

# MISSOURI



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2006**

***On the Cover:***

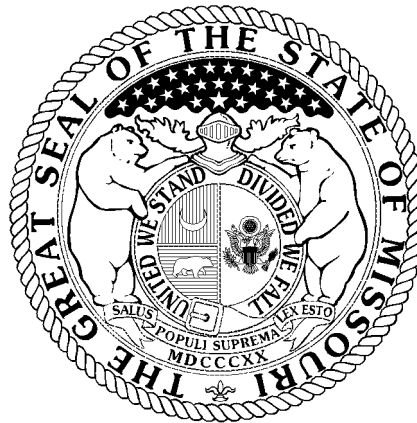
- Upper Left - Walt Disney boyhood home, Marceline
- Upper Right - Mark Twain House and Museum, Hannibal
- Center - Governor's Mansion, Jefferson City
- Lower Left - Truman's birthplace, Lamar
- Lower Right - Mississippi County Historical Society, Charleston

*Photos courtesy of the Missouri Division of Tourism*

This report can be viewed on the internet at <http://www.oe.mo.gov/acct/cafrfy2006/index.htm>

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

*Fiscal Year Ended June 30, 2006*



**MATT BLUNT**

*Governor*

**MICHAEL N. KEATHLEY**

*Commissioner*

*Office of Administration*

**THOMAS J. SADOWSKI**

*Director*

*Division of Accounting*

STATE OF MISSOURI  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2006

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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.*



**Matt Blunt**  
Governor



**Michael N. Keathley**  
Commissioner

State of Missouri  
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**Thomas J. Sadowski**  
Director

January 31, 2007

The Honorable Matt Blunt  
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 of the State of Missouri for the fiscal year ended June 30, 2006. 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 of Missouri Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and her 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 12, 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, law enforcement, 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. Budgetary control is maintained at the departmental level. Expenditures cannot exceed the appropriation amount at the individual appropriation level. Also, 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.

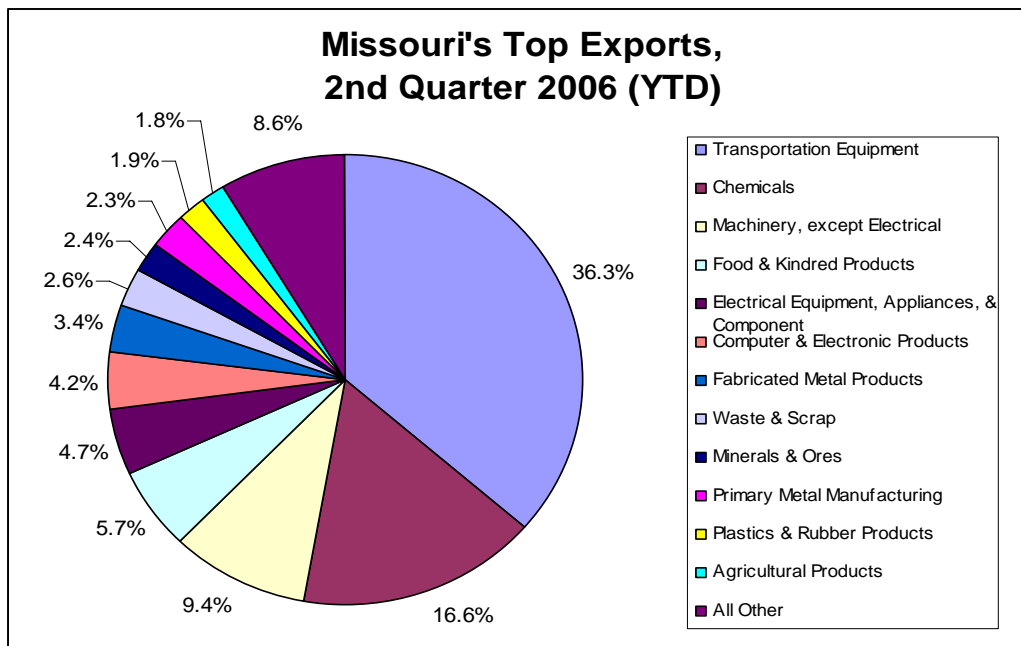
## ECONOMIC CONDITION

### State Economy

Missouri's economy has continued to remain strong and diverse, with Missouri having one of the most diversified economies in the nation. As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The national economy grew at a vigorous pace during the last half of fiscal year 2006, but is expected to slow to an average pace during the first part of fiscal year 2007.

Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 5.3% rate during calendar year 2005. Personal income trends indicate that Missouri can expect continued growth during fiscal year 2007. Along with higher personal income, Missourians also enjoy the fifth lowest cost of living in the United States.

Exports by Missouri companies topped \$6.0 billion from January through June 2006, up more than 18% compared to the same period in 2005. Missouri set a state record for exports in 2005 with \$10.5 billion in total global sales, and looks to exceed that mark in 2006. Twelve product categories had over \$100 million in export sales for the second quarter of 2006. The graph below shows Missouri's top categories of exports.



Source: MERIC and the World Institute for Strategic Economic Research (WISER)

Missouri continues to become more competitive in the global marketplace, as can be seen by the upward trend in export totals for the last five years. Figures for Missouri export totals have risen from \$6.2 billion in 2001 to \$10.5 billion in 2005. Ongoing efforts to identify new international markets and trade opportunities for Missouri products will benefit the State's economy.

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

Missouri funding priorities include education, healthcare, public safety, and economic development. Continued efforts within State government to provide more efficient and effective customer service while using fewer resources will save money that can be used for education and healthcare programs.

### **Relevant Financial Policies**

Article X of the Missouri Constitution 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 each fiscal year 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 1% 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 1% 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 adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor. The State has refunded money to income taxpayers for fiscal years 1995 through 1999, but has not exceeded the revenue limit in fiscal years 2000 through 2006. The State does not expect the limit to be exceeded in fiscal year 2007.

### **Major Initiatives**

Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives and streamlining government functions.

**Education.** Funding for education remains a top priority for Missouri. The fiscal year 2007 budget includes a \$173.4 million increase for public education as part of the revision to the school funding formula, and also a \$20 million increase for Missouri's public two and four year colleges and universities. Missouri's Department of Natural Resources has approved nearly \$9.3 million in low interest loans for schools and communities to make energy-efficiency improvements. These energy saving improvements allow school districts to improve classroom conditions for students and redirect the savings toward the priority needs of each school.

**Health.** The quality of healthcare continues to be a priority for Missouri. The Healthcare Technology Fund was created in 2006 to support projects to explore new and innovative ways that technology can improve the delivery of healthcare, reduce administrative costs, and eliminate waste and fraud. A task force was also established to analyze and develop recommendations to modernize Missouri's healthcare delivery system.

**Public Safety.** Ground breaking recently occurred for a new women's correctional center to replace one of the oldest facilities in the State system. The new Chillicothe Reception and Diagnostic Center will provide three times the capacity of the existing facility, as well as increase safety for Corrections employees and the public. The new facility is expected to open for operation by late 2008 or early 2009.

Over \$1.1 billion was allocated for road and bridge construction and maintenance, as part of a long range plan to improve highways using state gasoline tax revenues, sales tax revenues on motor vehicle sales and matching federal dollars.

**Economic Development.** The Missouri Energy Task Force was established to make recommendations for lessening Missouri's dependence on oil and other fossil fuels, as well as promote the development of alternative fuel sources in ways that strengthen the farm economy of rural Missouri. Missouri has also enacted legislation which establishes the Missouri Renewable Fuel Standard Act. This act requires most Missouri gasoline to contain at least 10% ethanol by January 1, 2008. Missouri farmers will benefit from the increased demand for their corn that will be used in the creation of ethanol. Missouri currently has four operating ethanol plants that produce approximately 160 million gallons annually.

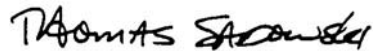
A new initiative has been developed to assist Missouri communities working to revitalize their downtowns and attract new private investment opportunities. The Downtown Revitalization and Economic Assistance for Missouri (DREAM) Initiative will help communities more efficiently and effectively engage in downtown redevelopment and revitalization efforts, thereby spurring growth and new jobs.

## **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 are greatly appreciative to all.

Sincerely,

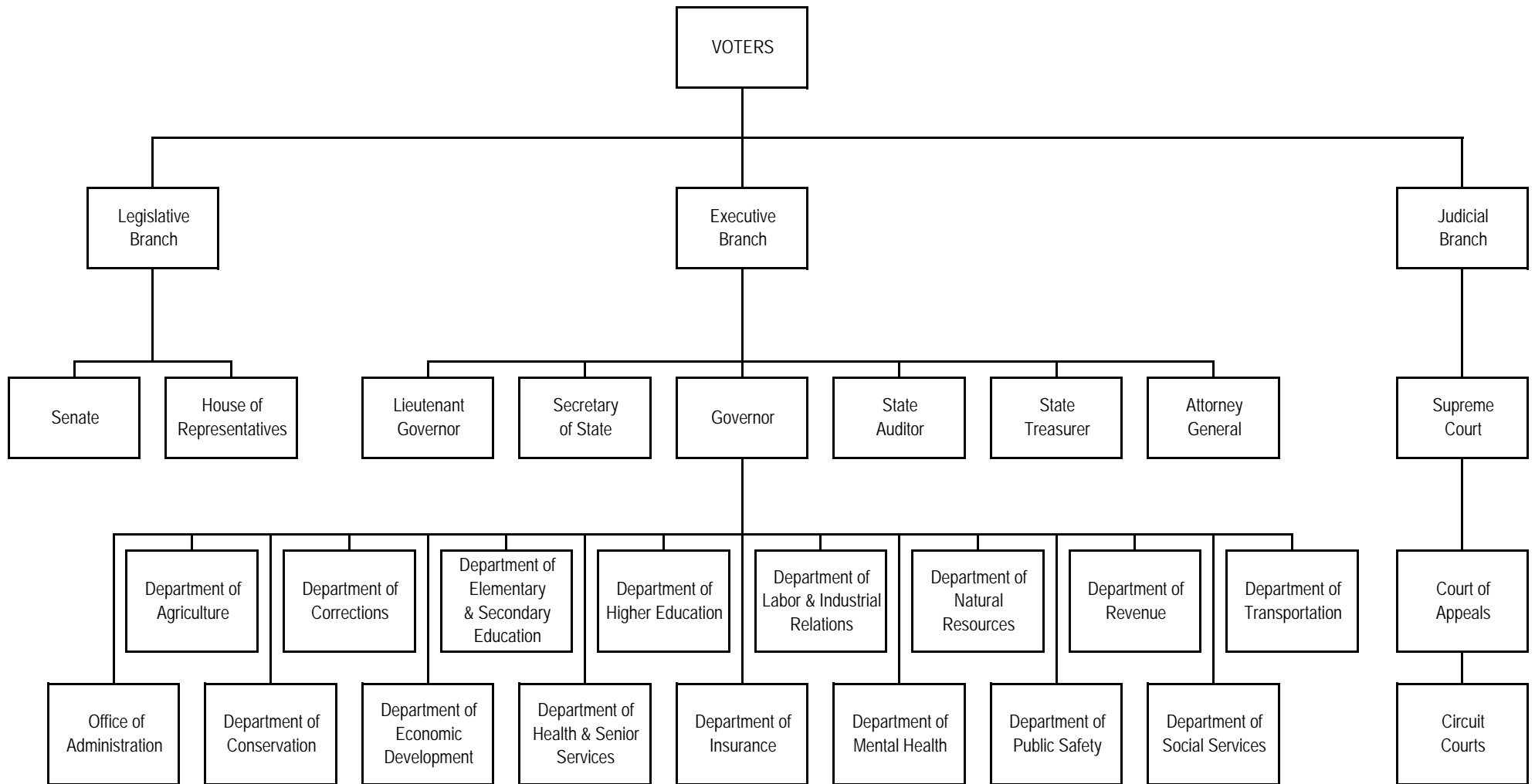
A handwritten signature in black ink that reads "THOMAS SADOWSKI". The letters are in all caps and have a cursive, slightly slanted appearance.

Thomas Sadowski, CGFM, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2006



**STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2006**

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**EXECUTIVE**

**Matt Blunt**  
*Governor*

**Peter Kinder**  
*Lieutenant Governor*

**Robin Carnahan**  
*Secretary of State*

**Claire McCaskill**  
*State Auditor*

**Sarah Steelman**  
*State Treasurer*

**Jeremiah W. (Jay) Nixon**  
*Attorney General*

**LEGISLATIVE**

**Michael Gibbons**  
*President Pro Tem of the Senate*

**Rod Jetton**  
*Speaker of the House of Representatives*

**JUDICIAL**

**Michael A. Wolff**  
*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.*



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT

Honorable Matt Blunt, 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, 2006, 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 the Missouri Department of Transportation, the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan, which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the financial statements of the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 34 percent and 60 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the financial statements of the component units. We did not audit the financial statements of the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 95 percent and 98 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors.

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. 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 by the Director of Revenue based on her 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 28 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means 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 above 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, 2006, 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. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; Statement No. 44, *Economic Condition Reporting: The Statistical Section*; and Technical Bulletin No. 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*. In addition, the state of Missouri will no longer present the agency funds State Retirement Contributions, Missouri State Employees' Deferred Compensation Incentive Plan Administration, and Missouri Consolidated Health Care Plan Benefit. Also, the state of Missouri will no longer discretely present the component units Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation.

In accordance with *Government Auditing Standards*, our report 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 the 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.

The management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the

United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, and except for the effects, if any, of the matter discussed in paragraph three, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information in the introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, appearing to read "Susan Montee".

Susan Montee, CPA  
State Auditor

January 31, 2007



*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 (the State's) financial activities for the fiscal year ended June 30, 2006. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## HIGHLIGHTS

### Government-Wide:

- Assets of the State's governmental activities exceeded liabilities by \$28.0 billion; this resulted in an increase in net assets of \$487.2 million or 1.8% from the prior year. This increase can be attributed to more tax revenues being collected due to a more aggressive approach to timely collections and an improved economy. This resulted in an increase in cash and cash equivalents of \$403.5 million.
- Assets of the State's business activities exceeded liabilities by \$77.5 million, an increase in net assets of \$173.2 million or 181.1% from the prior year. This increase can also be explained primarily by a significant increase in cash and cash equivalents due to more unemployment compensation tax collections.

### Fund-Level:

- Governmental fund assets exceeded liabilities by \$3.9 billion, an increase of \$817.3 million or 26.6% from the prior year. The increase was primarily due to a decrease of \$568.6 million in liabilities of which \$510.3 million was deferred revenue. This was because of more timely collections of taxes, mainly corporate income tax.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable increased \$212.4 million or 8.8% over the prior year. The outstanding bonds payable represents 42.6% of financial assets (cash, receivables, and investments) and 7.6% of total assets. The net increase in bonds payable resulted from decreases of \$138,310,000 due to bond payments and increases of \$350,660,000 due to issuances of State Road 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 or the Hancock Amendment. Excess revenue must be refunded to the taxpayers each year. During fiscal year 2006, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements comprise 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 themselves.

### 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*. Over time, 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 government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, insurance coverage, and the operation 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, Agricultural and Small Business Development Authority, and Missouri Transportation Finance Corporation.

### **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. All of the funds of the State can be divided into three categories: governmental, proprietary, and fiduciary funds.

*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, transportation and law enforcement, 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 these non-major governmental funds is provided in the form of combining statements in supplementary information.

In order for the user to 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 and operating state park facilities, fairgrounds, historical properties and office buildings, hospital services, warehousing, merchandising, publishing maps and documents, and the operation 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. All internal service funds are combined into a single column in the proprietary fund financial statements. Non-major enterprise funds are also combined into a single column for aggregated presentation. 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 accounting used for fiduciary funds is similar to that used for proprietary funds.

**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 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                |                      |
|                                | 2006                    | 2005*                | 2006                     | 2005*              | 2006                 | 2005*                |
| <b>ASSETS:</b>                 |                         |                      |                          |                    |                      |                      |
| Current and Other Assets       | \$ 5,728,275            | \$ 5,470,550         | \$ 518,706               | \$ 397,484         | \$ 6,246,981         | \$ 5,868,034         |
| Capital Assets, Net            | 28,012,060              | 27,514,455           | 39,607                   | 43,304             | 28,051,667           | 27,557,759           |
| <i>Total Assets</i>            | 33,740,335              | 32,985,005           | 558,313                  | 440,788            | 34,298,648           | 33,425,793           |
| <b>LIABILITIES:</b>            |                         |                      |                          |                    |                      |                      |
| Long-Term Liabilities          | 4,446,002               | 4,107,517            | 227,662                  | 233,646            | 4,673,664            | 4,341,163            |
| Other Liabilities              | 1,306,615               | 1,377,014            | 253,106                  | 302,754            | 1,559,721            | 1,679,768            |
| <i>Total Liabilities</i>       | 5,752,617               | 5,484,531            | 480,768                  | 536,400            | 6,233,385            | 6,020,931            |
| <b>NET ASSETS:</b>             |                         |                      |                          |                    |                      |                      |
| Invested in Capital Assets     | 25,840,886              | 25,572,008           | 39,599                   | 43,304             | 25,880,485           | 25,615,312           |
| Restricted                     | 3,813,145               | 3,250,204            | 3,942                    | 12,407             | 3,817,087            | 3,262,611            |
| Unrestricted                   | (1,666,313)             | (1,321,738)          | 34,004                   | (151,323)          | (1,632,309)          | (1,473,061)          |
| <i>Total Net Assets</i>        | <u>\$ 27,987,718</u>    | <u>\$ 27,500,474</u> | <u>\$ 77,545</u>         | <u>\$ (95,612)</u> | <u>\$ 28,065,263</u> | <u>\$ 27,404,862</u> |

\*Fiscal year 2005 amounts have been restated.

The State's total net assets increased \$660.4 million or 2.4% during fiscal year 2006. This increase resulted primarily from an increase of \$378.9 million in current and other assets. 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 \$819.6 million or 2.8%.

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 92.2% or \$25.9 billion. 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 \$3.8 billion or 13.6% of total net assets, vs. 11.9% from the prior year. Net assets are restricted for several reasons including constitutional, legal, 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.

**Changes in Net Assets:**

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                |                      |
|  | 2006                    | 2005*                | 2006                     | 2005*              | 2006                 | 2005*                |
| <b>REVENUES:</b>                         |                         |                      |                          |                    |                      |                      |
| Program Revenues:                        |                         |                      |                          |                    |                      |                      |
| Charges for Services                     | \$ 1,610,044            | \$ 1,453,667         | \$ 989,701               | \$ 857,674         | \$ 2,599,745         | \$ 2,311,341         |
| Operating Grants and Contributions       | 7,757,468               | 7,767,831            | 603,727                  | 542,984            | 8,361,195            | 8,310,815            |
| General Revenues:                        |                         |                      |                          |                    |                      |                      |
| Sales and Use Taxes                      | 2,974,842               | 3,003,405            | ---                      | ---                | 2,974,842            | 3,003,405            |
| Income Taxes                             | 5,654,104               | 5,172,616            | ---                      | ---                | 5,654,104            | 5,172,616            |
| Unemployment and Other Taxes             | 1,576,924               | 1,686,767            | ---                      | ---                | 1,576,924            | 1,686,767            |
| Other Revenues                           | 305,152                 | 238,301              | (2,154)                  | 3,213              | 302,998              | 241,514              |
| <i>Total Revenues</i>                    | <u>19,878,534</u>       | <u>19,322,587</u>    | <u>1,591,274</u>         | <u>1,403,871</u>   | <u>21,469,808</u>    | <u>20,726,458</u>    |
| <b>EXPENSES:</b>                         |                         |                      |                          |                    |                      |                      |
| General Government                       | 980,806                 | 1,035,396            | ---                      | ---                | 980,806              | 1,035,396            |
| Education                                | 5,773,117               | 5,669,627            | ---                      | ---                | 5,773,117            | 5,669,627            |
| Natural and Economic Resources           | 849,952                 | 834,269              | ---                      | ---                | 849,952              | 834,269              |
| Transportation and Law Enforcement       | 2,025,179               | 2,189,839            | ---                      | ---                | 2,025,179            | 2,189,839            |
| Human Services                           | 9,890,571               | 9,771,651            | ---                      | ---                | 9,890,571            | 9,771,651            |
| State Lottery                            | ---                     | ---                  | 665,846                  | 575,667            | 665,846              | 575,667              |
| Unemployment Compensation                | ---                     | ---                  | 412,937                  | 501,098            | 412,937              | 501,098              |
| Petroleum Storage Tank                   | ---                     | ---                  | 13,243                   | 25,944             | 13,243               | 25,944               |
| Veterans' Homes                          | ---                     | ---                  | 46,643                   | 58,760             | 46,643               | 58,760               |
| All Other Expenses                       | 130,438                 | 126,202              | 20,675                   | 13,345             | 151,113              | 139,547              |
| <i>Total Expenses</i>                    | <u>19,650,063</u>       | <u>19,626,984</u>    | <u>1,159,344</u>         | <u>1,174,814</u>   | <u>20,809,407</u>    | <u>20,801,798</u>    |
| Increase (Decrease) in Net Assets before |                         |                      |                          |                    |                      |                      |
| Contributions & Transfers                | 228,471                 | (304,397)            | 431,930                  | 229,057            | 660,401              | (75,340)             |
| <i>Transfers</i>                         | <u>258,773</u>          | <u>207,159</u>       | <u>(258,773)</u>         | <u>(207,159)</u>   | <u>---</u>           | <u>---</u>           |
| Change in Net Assets                     | 487,244                 | (97,238)             | 173,157                  | 21,898             | 660,401              | (75,340)             |
| <i>Net Assets - July 1</i>               | <u>27,500,474</u>       | <u>27,597,712</u>    | <u>(95,612)</u>          | <u>(117,510)</u>   | <u>27,404,862</u>    | <u>27,480,202</u>    |
| <i>Net Assets - June 30</i>              | <u>\$ 27,987,718</u>    | <u>\$ 27,500,474</u> | <u>\$ 77,545</u>         | <u>\$ (95,612)</u> | <u>\$ 28,065,263</u> | <u>\$ 27,404,862</u> |

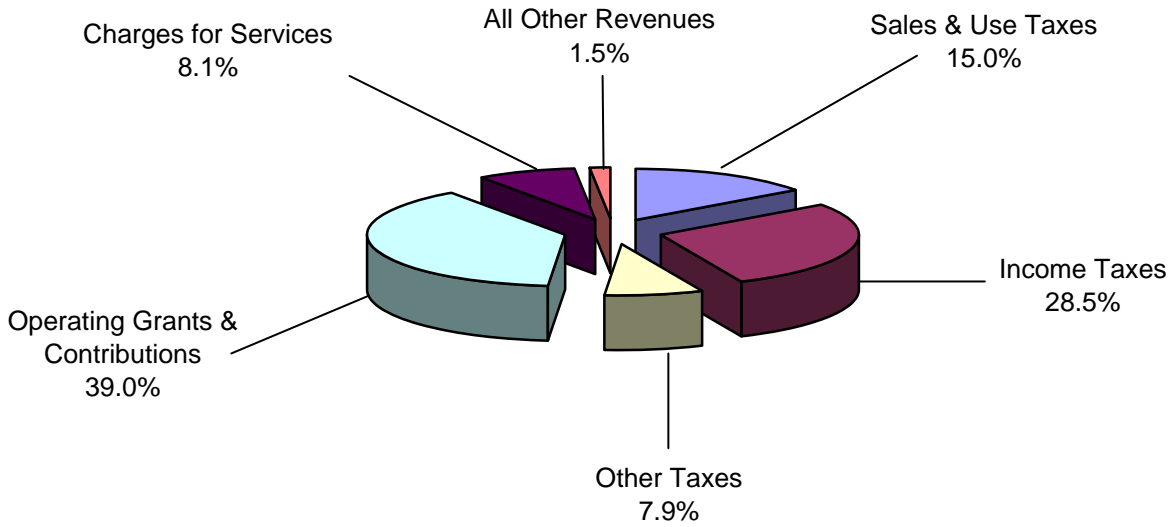
\*Fiscal year 2005 amounts have been restated.

As shown on the above schedule, total revenue collections increased by \$743.4 million or 3.6% during fiscal year 2006, while total expenses only increased by \$7.6 million. The increase in revenue was due primarily to an increase in income taxes of \$481.5 million or 9.3% from the prior fiscal year which was mainly caused by an increase in individual income tax. There was also an increase of \$288.4 million or 12.5% in charges for services which was primarily due to Medicaid revenues.

**Governmental Activities:**

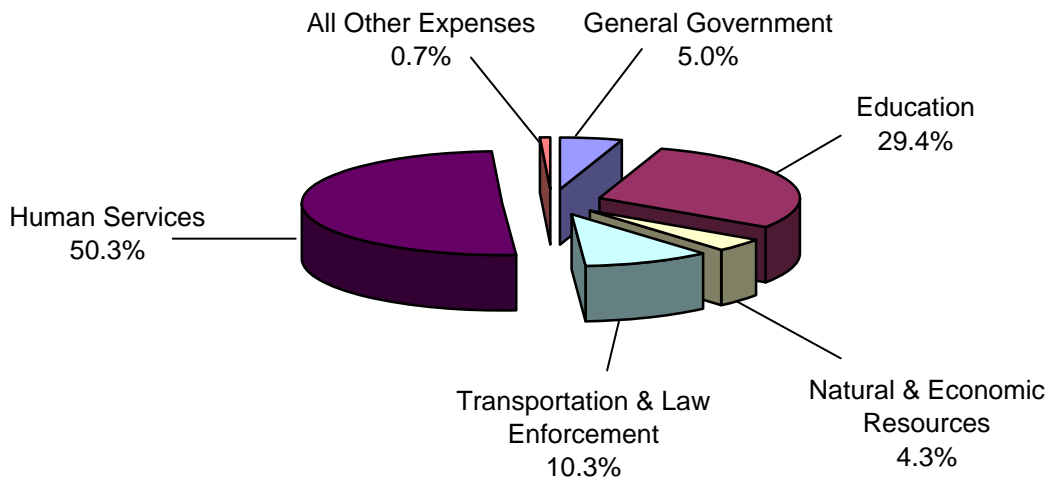
The following chart depicts revenues of the governmental activities for the fiscal year:

### Revenues by Source



The following chart depicts expenses of the governmental activities for the fiscal year:

### Expenses by Function

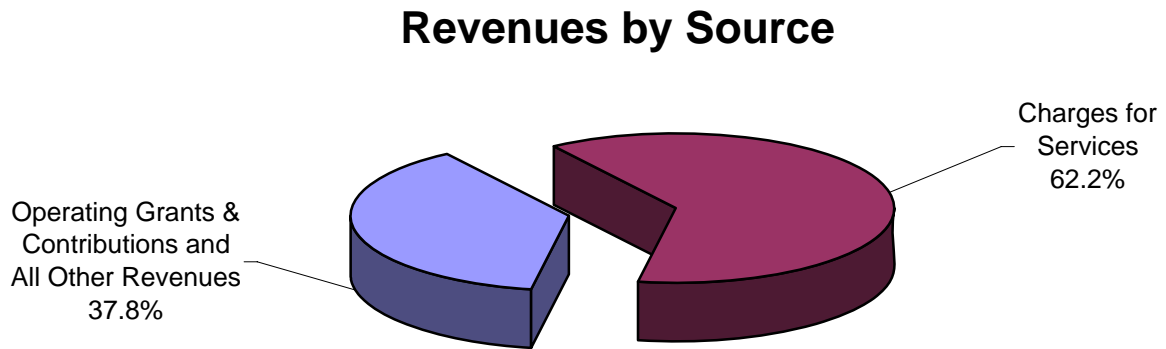




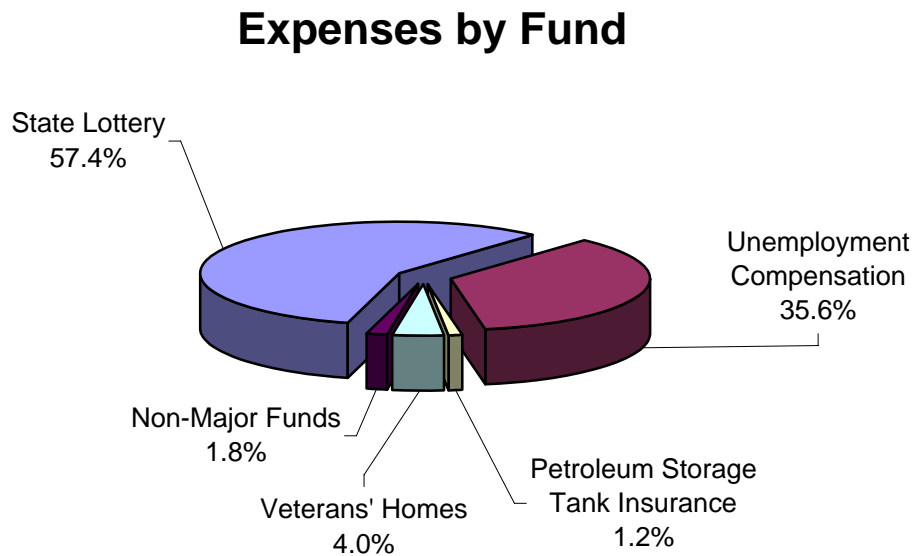
**Business-Type Activities:**

Net assets of the business-type activities increased by \$173.2 million during the fiscal year due primarily to an increase in unemployment compensation revenues and a decrease of unemployment compensation payments.

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



## FUND STATEMENT ANALYSIS

### Governmental Funds:

At the end of fiscal year 2006, the State's governmental funds reported combined ending fund balances of \$3.9 billion, an increase of \$817.3 million or 26.6% over fiscal year 2005. Approximately 61.1% is unreserved and available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 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<br>Fund     | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Transportation<br>and Law<br>Enforcement | Missouri<br>Road<br>Fund | Non-<br>Major     | Total               |
|--------------|---------------------|---------------------|--|--|--------------------------|-------------------|---------------------|
| Unreserved   | \$ 988,240          | \$ 254,239          | \$ 358,510   | \$ 300,428                               | \$ 150,059               | \$ 327,664        | \$ 2,379,140        |
| Reserved     | 526,159             | 46                  | 714,225  | 5,382                                    | 124,383                  | 144,457           | 1,514,652           |
| <b>Total</b> | <b>\$ 1,514,399</b> | <b>\$ 254,285</b>   | <b>\$ 1,072,735</b>                                | <b>\$ 305,810</b>                        | <b>\$ 274,442</b>        | <b>\$ 472,121</b> | <b>\$ 3,893,792</b> |

The general fund is the chief operating fund of the State. At the end of fiscal year 2006, the State's general fund reported a total fund balance of \$1.5 billion. The net increase in fund balance during fiscal year 2006 was \$609.9 million. Revenues of the general fund totaled \$15.8 billion in fiscal year 2006, an increase of \$933.4 million from fiscal year 2005. The major contributing factor to this was an increase in revenue from taxes of \$783.5 million from fiscal year 2005 to fiscal year 2006. The most significant increase was individual income tax, which increased \$492.1 million, and an increase of \$174.5 million in revenue from corporate income tax.

The public education fund category 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 increased by \$24.4 million. Expenditures of the public education funds totaled \$3.9 billion in fiscal year 2006, an increase of \$164.7 million from fiscal year 2005. The major factor that contributed to this was an increase of \$153.7 million in the education expenditures for an increase in aid to educational institutions and school districts.

The conservation and environmental protection fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by \$78.6 million. Revenues of the conservation and environmental protection funds totaled \$354.4 million for fiscal year 2006, an increase of \$30.6 million from fiscal year 2005. The major contributing factor was an increase of \$12.3 million in sales and use tax revenue relating to accounts receivable. Another factor was an increase of \$13.6 million in the contributions and intergovernmental revenues due mainly to an increase of \$8.6 million in federal receipts from the U.S. Environmental Protection Agency.

The transportation and law enforcement fund category provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance increased by \$111.2 million. Revenues increased \$94.3 million during fiscal year 2006. The major factor contributing to this was an increase of \$106.1 million in motor vehicle sales tax revenue relating to accounts receivable.

Expenditures of the transportation and law enforcement fund category totaled \$376.8 million for fiscal year 2006, a decrease of \$387.1 million. At the same time, transfers out from this fund category to the Missouri road fund increased by \$436.9 million to accommodate the increase in road construction expenditures under the "Smoother, Safer, Sooner" road construction initiative.

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 increased by \$15.9 million in fiscal year 2006. Revenues of the Missouri road fund increased during fiscal year 2006 by \$35.0 million primarily due to an increase of \$19.3 million in revenues from licenses, fees, and permits. Out of this amount, \$12.8 million of the increase is from motor vehicle licenses or permits.

Expenditures for the Missouri road fund totaled \$2.0 billion for fiscal year 2006, an increase of \$677.9 million. The expenditure increases were \$314.3 million in transportation and law enforcement and \$367.9 million in capital outlay. The major factor for the increase was significant progress made on the Department of Transportation's "Smoother, Safer, Sooner" road construction initiative.

#### **Proprietary Funds:**

The State has three major proprietary funds: State Lottery, Unemployment Compensation, and the Petroleum Storage Tank Insurance Fund. The State Lottery 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 from 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 tanks in the country.

The State Lottery Fund's net assets decreased by \$6.0 million. Expenses increased by \$90.2 million during the fiscal year which was partially offset by an increase in revenues. The increase in expenses was mainly due to an \$84.5 million increase in prizes expensed.

The Unemployment Compensation Fund's net assets increased by \$164.6 million due primarily to a decrease of \$88.2 million in unemployment benefit expenses and an increase in employer contributions of \$81.2 million.

The Petroleum Storage Tank Insurance Fund's net assets increased by \$13.7 million. Expenses decreased by \$12.7 million primarily due to a decrease of \$12.1 million in environmental cleanup.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget is the first complete appropriated budget that is truly agreed to and finally passed, and signed by the Governor. The final budget includes emergency and supplemental appropriations, transfers, and increases to estimated appropriations.

Budgeted appropriations for fiscal year 2006 from the general fund were \$16.8 billion original budget and \$17.2 billion revised budget. Actual spending was \$16.2 billion. Reasons for the budget variances include:

- Federal grants received were lower than appropriation authority.
- Multiple year grants are appropriated in one year but the expenditures may occur over several years.
- Appropriation authority exceeded cash available for expenditures.

Budgeted revenues/transfers in for fiscal year 2006 for the general fund was \$15.4 billion original budget and \$15.7 billion revised budget. Actual revenue/transfers in was \$16.7 billion. A reason for the budget variances is that revenue growth in fiscal year 2006 outpaced economic growth forecasts for the State. This was due to the 2005 hurricane season and the resulting spike in energy prices not having as severe an impact as feared. Corporate profits also surged nationally and contributed to robust gains in taxable receipts at both the state and national levels. Further, sustained strength of consumer spending, particularly in the housing sector, as well as continued business investment kept the economy growing at a steady pace.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 92 for more information on budgetary variances.

## 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, 2006, was \$28.1 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, and infrastructure.

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

|                                  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|----------------------------------|----------------------------|-----------------------------|----------------------|
| Construction in Progress         | \$ 565,743                 | \$ 4,544                    | \$ 570,287           |
| Infrastructure in Progress       | 2,797,922                  | ---                         | 2,797,922            |
| Land                             | 2,558,380                  | 6,463                       | 2,564,843            |
| Land Improvements                | 149,127                    | 6,846                       | 155,973              |
| Buildings and Improvements       | 2,381,243                  | 26,600                      | 2,407,843            |
| Equipment                        | 1,142,745                  | 47,310                      | 1,190,055            |
| Infrastructure                   | 39,108,601                 | ---                         | 39,108,601           |
| <i>Subtotal</i>                  | 48,703,761                 | 91,763                      | 48,795,524           |
| Less Accumulated Depreciation    | (20,691,701)               | (52,156)                    | (20,743,857)         |
| <b>Total Capital Assets, Net</b> | <b>\$ 28,012,060</b>       | <b>\$ 39,607</b>            | <b>\$ 28,051,667</b> |

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

### Long-Term Debt:

At the end of fiscal year 2006, the State had total general obligation and other bonded debt outstanding of \$2.6 billion. Of this amount, \$739.9 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2006 were \$50,975,000 for general obligation bonds and \$87,335,000 for other revenue bonds.

The State of Missouri is proud to be one of only six 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<br>Activities | Component<br>Units  | Total               |
|--------------------------|----------------------------|---------------------|---------------------|
| General Obligation Bonds | \$ 739,935                 | \$ ---              | \$ 739,935          |
| Other Bonds              | 1,873,140                  | 1,075,274           | 2,948,414           |
| <b>Total</b>             | <b>\$ 2,613,075</b>        | <b>\$ 1,075,274</b> | <b>\$ 3,688,349</b> |

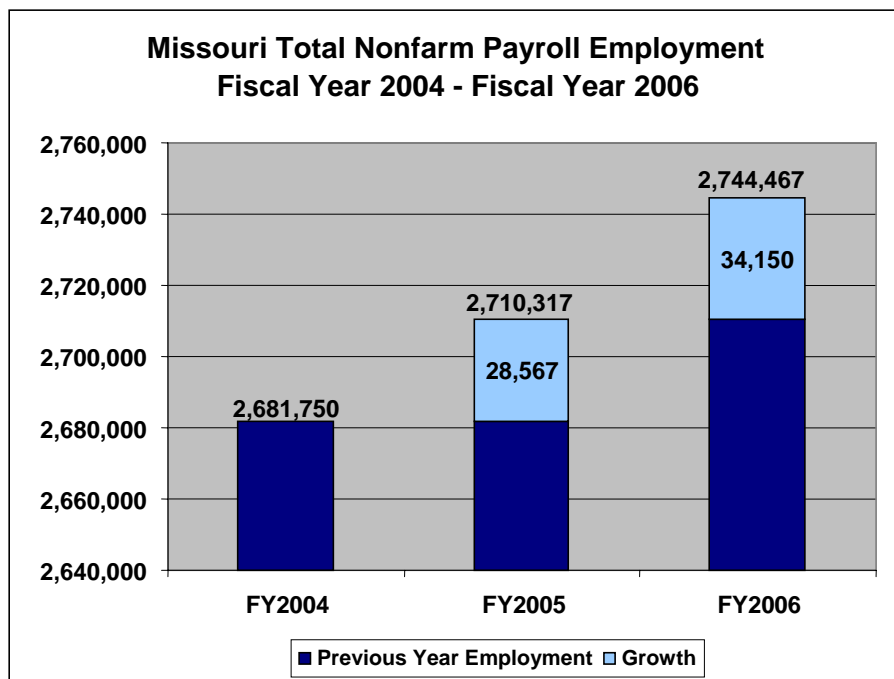
Additional information on long-term debt can be found in *Notes 11, 12, and 13* of this report.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State of Missouri completed fiscal year 2006 with a balanced budget. Net general revenue collections increased 9.2% from fiscal year 2005 ending with an amount of \$7.3 billion. Also, consumer spending kept the economy growing at a steady pace. The approved budget for fiscal year 2007 anticipates an increase of 0.4% from fiscal year 2006.

Missouri's economic future remains positive as evidenced by economic indicators and statistics. Personal income growth in the second quarter of 2006 was 1.8% compared to a national growth rate of 1.7%. Missouri ranked 9<sup>th</sup> among the states in quarter-to-quarter personal income growth. Exports increased from \$9.7 billion in fiscal year 2005 to \$11.4 billion in fiscal year 2006. The Purchasing Manager's Index, which measures key factors such as inventories, prices, and employment, remained above 50 during fiscal year 2006. A score above 50 indicates an expanding economy.

Missouri's unemployment rate continued to drop in fiscal year 2006. At June 2006, the unemployment rate was 4.7% compared to the June 2005 unemployment rate of 5.3%. The national unemployment rate was 4.6% in June 2006.



Sources: MERIC and U.S. Bureau of Labor Statistics

Due to the fact that Missouri is a manufacturing, financial, and agricultural state, its economy tends to mimic that of the nation. The national economy is expected to grow at a steadier pace in fiscal year 2007; consequently Missouri's employment is expected to continue to grow in 2007. The graph above shows total nonfarm employment in Missouri. At the end of fiscal year 2006, total employment was approximately 2.7 million, up 34,000 from fiscal year 2005. The increase in total employment for fiscal year 2006 was greater than the increase in fiscal year 2005. The increase was due to increased employment in all industries except manufacturing, information, and other services.

In spite of continued growth, Missouri faces several funding challenges in mandatory programs such as education, health care, and the prison system.

Funding remains a challenge for Missouri schools. A revision to the school funding formula was made in 2005 in response to a lawsuit filed by 257 of the 524 Missouri schools against the State in January of 2004 over both the equity in funding between schools and the overall adequacy of school funding. The revision in the school funding formula calls for \$800 million to be phased in by the 2012–2013 school year. However, an amended lawsuit was filed in November 2005 and is expected to go to trial in January 2007. Plaintiffs seek approximately \$2 billion annually. In fiscal year 2007, funding for Missouri Public schools increased by \$173.4 million for a total funding level of approximately \$1.07 billion.

State universities and community colleges have seen both substantial funding cuts and tuition increases during past years. In fiscal year 2007, funding for higher education in Missouri will increase by nearly \$20 million. This includes an increase of \$17.2 million for public four-year colleges and universities and \$2.7 million for community colleges.

Over 900,000, or 1 in 6, Missourians will receive Medicaid in fiscal year 2007. Expected Medicaid growth over expected revenue growth for the Medicare system in fiscal year 2006 prompted the State to implement changes to sustain the program, including reducing income eligibility levels, annual reverification of Medicaid eligibility, general relief medical assistance programs, and \$474 million in funding cuts. The Medicaid Reform Commission was also formed with the purpose of making recommendations to the General Assembly on redesigning, reforming, or restructuring a new Medicaid system to be enacted on June 30, 2008. For fiscal year 2007, the Medicare system is receiving increased funding of \$617 million, including increased funding for existing medicare programs and increased funding for pharmacy costs to fund drugs that are excluded under the Medicare Modernization Act – Part D.

The Medicare program is also at risk from potential changes at the federal level, which includes reducing the Medicaid provider rate cap from 6% to 3%, significantly affecting Missouri. This reduction would apply to hospitals, nursing homes, pharmacies, and managed care and could result in a loss of approximately \$500 million in provider taxes, plus federal match of approximately \$800 million, for a total loss of \$1.3 billion. The loss of these funds would have to be replaced by State funds or the Medicaid program would have to be significantly reduced.

Tougher crime laws, rising costs, and budgetary pressures have made it increasingly costly for the State's correctional facilities. The cost of maintaining these facilities will rise to approximately \$641 million for fiscal year 2007, up from \$589 million in fiscal year 2006. This is due partly to an increase in the prison population. The percentage increase in the male population from December 31, 2004 to December 31, 2005 was 0.008%, while the increase in the female prison population during that time period was 0.046%. In fiscal year 2007, \$120 million in revenue bonds were issued to build a new women's prison at Chillicothe.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In the past year, Missouri has passed House Bill 1270 which established the Missouri Renewable Fuel Standard Act, which requires most Missouri gasoline to contain at least 10% ethanol by January 1, 2008. This law benefits consumers, the economy, the environment, and Missouri farmers. Division of Facilities Management and Design & Construction were consolidated in fiscal year 2006, which eliminated the duplication of services that previously existed between the two divisions, increasing efficiency and decreasing costs. Also, Missouri created the Healthcare Technology Fund, which will recommend ways to encourage the implementation of technologies intended to improve the safety, quality, and costs of health care services in the State.

## **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 government's finances. Questions concerning any of the information provided in this report or request 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, 2006**  
**(In Thousands of Dollars)**

|   | Primary Government         |                             |                      | Component<br>Units  |
|---|----------------------------|-----------------------------|----------------------|---------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |                     |
| <b>Assets</b>                                   |                            |                             |                      |                     |
| Cash and Cash Equivalents (Note 3)              | \$ 1,179,985               | \$ 236,515                  | \$ 1,416,500         | \$ 157,432          |
| Investments (Note 3)                            | 1,991,161                  | 62,855                      | 2,054,016            | 1,007,319           |
| Receivables, Net (Note 14)                      | 2,334,878                  | 171,564                     | 2,506,442            | 399,827             |
| Internal Balances                               | 20,584                     | (20,584)                    | ---                  | ---                 |
| Inventories                                     | 77,643                     | 1,536                       | 79,179               | 44,905              |
| Deposits and Prepaid Expenses                   | 130                        | 147                         | 277                  | 19,475              |
| Invested Securities Lending Collateral (Note 3) | ---                        | ---                         | ---                  | 100,618             |
| Restricted Assets:                              |                            |                             |                      |                     |
| Cash and Cash Equivalents (Note 3)              | 25,856                     | ---                         | 25,856               | 242,031             |
| Investments (Note 3)                            | 58,935                     | 66,558                      | 125,493              | 931,757             |
| Receivables, Net                                | ---                        | ---                         | ---                  | 6,027               |
| Deferred Costs and Other Assets                 | 39,103                     | ---                         | 39,103               | 22,908              |
| Assets Held for Resale                          | ---                        | 115                         | 115                  | ---                 |
| Capital Assets (Note 5):                        |                            |                             |                      |                     |
| Non-depreciable                                 | 5,922,045                  | 11,007                      | 5,933,052            | 428,654             |
| Depreciable, Net                                | 22,090,015                 | 28,600                      | 22,118,615           | 2,751,507           |
| Total Assets                                    | <u>33,740,335</u>          | <u>558,313</u>              | <u>34,298,648</u>    | <u>6,112,460</u>    |
| <b>Liabilities</b>                              |                            |                             |                      |                     |
| Bank Overdraft (Notes 3 and 10)                 | 2                          | ---                         | 2                    | ---                 |
| Payables (Note 14)                              | 1,188,365                  | 252,458                     | 1,440,823            | 428,304             |
| Securities Lending Collateral (Note 3)          | ---                        | ---                         | ---                  | 100,618             |
| Unearned Revenue (Note 1)                       | 69,757                     | 648                         | 70,405               | 84,799              |
| Escheat/Unclaimed Property                      | 48,491                     | ---                         | 48,491               | ---                 |
| Long-Term Liabilities (Note 11):                |                            |                             |                      |                     |
| Due within one year                             | 488,003                    | 63,153                      | 551,156              | 80,646              |
| Due in more than one year                       | 3,957,999                  | 164,509                     | 4,122,508            | 1,126,266           |
| Total Liabilities                               | <u>5,752,617</u>           | <u>480,768</u>              | <u>6,233,385</u>     | <u>1,820,633</u>    |
| <b>Net Assets</b>                               |                            |                             |                      |                     |
| Invested in Capital Assets, Net of Related Debt | 25,840,886                 | 39,599                      | 25,880,485           | 2,134,910           |
| Restricted for:                                 |                            |                             |                      |                     |
| Budget Reserve                                  | 494,613                    | ---                         | 494,613              | ---                 |
| Debt Service                                    | 1,406,367                  | ---                         | 1,406,367            | ---                 |
| Loans Receivable                                | 713,830                    | ---                         | 713,830              | ---                 |
| Permanent Trusts:                               |                            |                             |                      |                     |
| Expendable                                      | 96                         | ---                         | 96                   | ---                 |
| Non-Expendable                                  | 50,995                     | ---                         | 50,995               | ---                 |
| College and Universities:                       |                            |                             |                      |                     |
| Expendable                                      | ---                        | ---                         | ---                  | 404,878             |
| Non-Expendable                                  | ---                        | ---                         | ---                  | 659,903             |
| Other Purposes                                  | 1,147,244                  | 3,942                       | 1,151,186            | 90,234              |
| Unrestricted                                    | (1,666,313)                | 34,004                      | (1,632,309)          | 1,001,902           |
| Total Net Assets                                | <u>\$ 27,987,718</u>       | <u>\$ 77,545</u>            | <u>\$ 28,065,263</u> | <u>\$ 4,291,827</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, 2006  
(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   | \$ 980,806           | \$ 724,060           | \$ 24,942                          | \$ ---                           | \$ (231,804)                                      | \$ ---                   | \$ (231,804)         | \$ ---              |
| Education  | 5,773,117            | 19,822               | 989,024                            | ---                              | (4,764,271)                                       | ---                      | (4,764,271)          | ---                 |
| Natural and Economic Resources                               | 849,952              | 134,083              | 315,973                            | ---                              | (399,896)   | ---                      | (399,896)            | ---                 |
| Transportation and Law Enforcement                           | 2,025,179            | 308,553              | 1,060,799                          | ---                              | (655,827)   | ---                      | (655,827)            | ---                 |
| Human Services   | 9,890,571            | 422,594              | 5,366,730                          | ---                              | (4,101,247)                                       | ---                      | (4,101,247)          | ---                 |
| Interest on Debt (Excluding Direct Expense)                  | 130,438              | 932                  | ---                                | ---                              | (129,506)   | ---                      | (129,506)            | ---                 |
| Total Governmental Activities                                | <u>19,650,063</u>    | <u>1,610,044</u>     | <u>7,757,468</u>                   | <u>---</u>                       | <u>(10,282,551)</u>                               | <u>---</u>               | <u>(10,282,551)</u>  | <u>---</u>          |
| Business-Type Activities:                                    |                      |                      |                                    |                                  |   |                          |                      |                     |
| State Lottery  | 665,846              | 925,079              | ---                                | ---                              | ---   | 259,233                  | 259,233              | ---                 |
| Unemployment Compensation                                    | 412,937              | ---                  | 577,540                            | ---                              | ---   | 164,603                  | 164,603              | ---                 |
| Petroleum Storage Tank Insurance                             | 13,243               | 24,513               | ---                                | ---                              | ---   | 11,270                   | 11,270               | ---                 |
| Missouri Veterans' Homes                                     | 46,643               | 23,503               | 24,572                             | ---                              | ---   | 1,432                    | 1,432                | ---                 |
| Non-Major Funds  | 20,675               | 16,606               | 1,615                              | ---                              | ---   | (2,454)                  | (2,454)              | ---                 |
| Total Business-Type Activities                               | <u>1,159,344</u>     | <u>989,701</u>       | <u>603,727</u>                     | <u>---</u>                       | <u>---</u>  | <u>434,084</u>           | <u>434,084</u>       | <u>---</u>          |
| Total Primary Government                                     | <u>\$ 20,809,407</u> | <u>\$ 2,599,745</u>  | <u>\$ 8,361,195</u>                | <u>\$ ---</u>                    | <u>(10,282,551)</u>                               | <u>434,084</u>           | <u>(9,848,467)</u>   | <u>---</u>          |
| Component Units:   |                      |                      |                                    |                                  |   |                          |                      |                     |
| College and Universities                                     | \$ 2,927,302         | \$ 1,714,819         | \$ 1,271,090                       | \$ 46,908                        | ---   | ---                      | ---                  | 105,515             |
| Non-Major Component Units                                    | 8,346                | 5,984                | 2,600                              | ---                              | ---   | ---                      | ---                  | 238                 |
| Total Component Units  | <u>\$ 2,935,648</u>  | <u>\$ 1,720,803</u>  | <u>\$ 1,273,690</u>                | <u>\$ 46,908</u>                 | <u>---</u>  | <u>---</u>               | <u>---</u>           | <u>105,753</u>      |
| General Revenues:  |                      |                      |                                    |                                  |   |                          |                      |                     |
| Taxes:   |                      |                      |                                    |                                  |   |                          |                      |                     |
| Sales and Use  |                      |                      |                                    |                                  | 2,974,842   | ---                      | 2,974,842            | ---                 |
| Individual Income  |                      |                      |                                    |                                  | 5,146,153   | ---                      | 5,146,153            | ---                 |
| Corporate Income   |                      |                      |                                    |                                  | 507,951   | ---                      | 507,951              | ---                 |
| County Foreign Insurance                                     |                      |                      |                                    |                                  | 182,209   | ---                      | 182,209              | ---                 |
| Alcoholic Beverage   |                      |                      |                                    |                                  | 28,377  | ---                      | 28,377               | ---                 |
| Corporate Franchise  |                      |                      |                                    |                                  | 74,753  | ---                      | 74,753               | ---                 |
| Inheritance  |                      |                      |                                    |                                  | 14,955  | ---                      | 14,955               | ---                 |
| Miscellaneous Taxes  |                      |                      |                                    |                                  | 1,276,630   | ---                      | 1,276,630            | ---                 |
| Grants and Contributions not Restricted to Specific Programs |                      |                      |                                    |                                  | 158,716   | ---                      | 158,716              | ---                 |
| Unrestricted Investment Earnings                             |                      |                      |                                    |                                  | 146,436   | (2,189)                  | 144,247              | 133,937             |
| Gain (Loss) on Sale of Capital Assets                        |                      |                      |                                    |                                  | ---   | ---                      | ---                  | (751)               |
| Extraordinary Items  |                      |                      |                                    |                                  | ---   | 35                       | 35                   | ---                 |
| Transfers  |                      |                      |                                    |                                  | 258,773   | (258,773)                | ---                  | ---                 |
| Total General Revenues and Transfers                         |                      |                      |                                    |                                  | <u>10,769,795</u>                                 | <u>(260,927)</u>         | <u>10,508,868</u>    | <u>133,186</u>      |
| Change in Net Assets   |                      |                      |                                    |                                  | 487,244   | 173,157                  | 660,401              | 238,939             |
| Net Assets - Beginning                                       |                      |                      |                                    |                                  | 27,500,474  | (95,612)                 | 27,404,862           | 4,052,888           |
| Net Assets - Ending  |                      |                      |                                    |                                  | <u>\$ 27,987,718</u>                              | <u>\$ 77,545</u>         | <u>\$ 28,065,263</u> | <u>\$ 4,291,827</u> |



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*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.

See the General Fund Combining Statements presented as part of Supplementary Information for listings of all funds included in the General Fund.

#### **Major Special Revenue Fund Categories:**

**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.

**Transportation and Law Enforcement** – Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas. See the following pages for a listing of the individual funds that make up our Major Special Revenue Fund categories.

#### **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 units: Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, Missouri State Highway Improvement Corporation, and the Wentzville Parkway 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.

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

*Marguerite Ross Barnett Scholarship* – Accounts for moneys refunded from scholarships to be reissued.

*School District Bond* – Accounts for moneys to be used by the Missouri Health and Educational Facilities Authority for the issuance of school district bonds.

*School Building Revolving* – Accounts for moneys transferred from the Gaming Proceeds for Education Fund to be used for loans to school districts for specific capital improvement projects.

*Gaming Proceeds for Education* – Accounts for proceeds of taxes paid and interest earned from taxes paid on the gross receipts of excursion boat gambling to be used for education.

*Outstanding Schools Trust* – Accounts for moneys to be used to revise the mechanism which distributes basic state aid to schools and for various education programs.

*Bingo Proceeds for Education* – Accounts for fees and taxes collected relating to bingo to be used for education.

*Lottery Proceeds* – Accounts for the net proceeds from the State Lottery to be used for public institutions of elementary, secondary, and higher education.

*Missouri Community College Job Training Program* – Accounts for moneys to be used for the New Jobs Training Program administered by the Department of Economic Development.

*Professional and Practical Nursing Student Loan and Nurse Loan Repayment* – Moneys will be used to make student loans to nursing students and for the repayment of principal and interest for students who work in specified areas of nursing.

*Video Instructional Development and Educational Opportunity* – Accounts for sales tax revenues on rental of sound or picture transcriptions and used for instructional television programming.

*Missouri Job Development* – Accounts for moneys from any source and used for vocational training or retraining.

*State School Money* – Accounts for funds distributed to public school districts.

*Department of Social Services Educational Improvement* – Accounts for moneys from the Department of Elementary and Secondary Education, and is used for school foundation money for children placed in Division of Youth Services' custody.

*State Seminary Money* – Accounts for interest earnings to be spent for maintenance of the State university.

*State Guaranty Student Loan* – Accounts for funds from any source to assist students in financing their education.

*Excellence in Education* – Accounts for moneys to be spent for education programs.

*Missouri Prospective Teachers Loan* – Accounts for funds from any source to assist students in financing their education to become teachers.

*Fair Share* – Accounts for additional tax on cigarettes for distribution to schools.

*School District Trust* – Accounts for sales tax moneys to be distributed to the public school districts of the State.

*GEAR UP Scholarship* – Accounts for moneys to be used for awarding scholarships who meet the requirements of the GEAR UP for Education Program.

*Schools for the Future* – Accounts for moneys received as a result of the amnesty program to be transferred to the State Schools Money Fund, and subsequently paid out to school districts as part of the monthly school foundation formula.

*Veterans' Historical Education Trust* – Accounts for moneys received for financing veterans' outreach and education programs.

*Library Networking* – Accounts for bequests received to be used for library networking expenses.

*Student Grant* – Accounts for moneys used to provide financial aid to eligible students.

*Academic Scholarship* – Accounts for moneys to be used to provide scholarships based on academic ability.

*U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Recall Account* – Accounts for Federal recalled reserve funds. The Coordinating Board for Higher Education will transfer an amount equal to 20% of the total recalled reserve to this fund. These funds cannot be withdrawn without the U.S. Department of Education's written approval.

*U.S. Department of Education/Coordinating Board for Higher Education P.L. 105-33 Interest Account* – Accounts for moneys earned on and transferred from the U.S. Department of Education P.L. 105-33 Recall Account Fund. The moneys are used for the sole purpose of performing default reduction activities applicable to the Title IV student loan programs.

*Advantage Missouri Trust* – Accounts for moneys to provide loans and loan forgiveness programs.

*Missouri College Guarantee* – Accounts for moneys transferred from the Gaming Commission Fund to be used by the Coordinating Board of Higher Education for awarding scholarships to eligible students.

*Early Childhood Development Education and Care* – Accounts for moneys transferred from the Gaming Commission Fund to be used for programs that prepare children for kindergarten.

*Kids Chance Scholarship* – Accounts for moneys transferred from the Workers' Compensation Fund to be used for children of job injured workers.

*Guaranty Agency Operating* – Accounts for moneys transferred from the State Guaranty Student Loan Fund to be used for administrative purposes.

*Federal Student Loan Reserve* – Accounts for moneys to pay lender claims.

*Secretary of State – Wolfner State Library* – Accounts for moneys to be used to ensure library services to the eligible blind and physically handicapped residents of the State.

**Special Revenue – Conservation and Environmental Protection:** Provides for the preservation of the State's wildlife and environment.

*Missouri Air Emission Reduction* – Accounts for fees collected under the Emissions Inspections Program.

*Natural Resources Protection* – Accounts for moneys collected for examinations, applications, certifications, and inspections used for the purpose of protecting the air, water, and land resources of the State.

*Natural Resources Protection – Water Pollution Permit Fee Subaccount* – Accounts for moneys to be used for the protection of State water.

*Solid Waste Management – Scrap Tire Subaccount* – Accounts for moneys to be used for the protection of the State's public health and safety in regards to the disposition of scrap tires.

*Solid Waste Management* – Accounts for moneys used to promote the development of markets for recovered materials and other activities to protect the environment.

*Metallic Minerals Waste Management* – Accounts for moneys collected from any forfeiture of a financial assurance instrument, civil penalties collected and administrative penalties collected for the safe disposal of waste from metallic minerals.

*Natural Resources Protection – Air Pollution Asbestos Fee Subaccount* – Accounts for moneys to be used to administer requirements relating to asbestos abatement projects that protect public health and the environment.

*Underground Storage Tank Regulation Program* – Accounts for fees collected for registration of underground storage tanks and used for costs related to their regulation.

*Chemical Emergency Preparedness* – Accounts for moneys provided to the Missouri Response Commission and Department of Natural Resources for expenses of the commission.

*Natural Resources Protection – Air Pollution Permit Fee Subaccount* – Accounts for moneys to be used to protect the air, water, and land resources of the State.

*Water and Wastewater Loan Revolving* – Accounts for loans and loan repayments under the Wastewater Loan Program.

*Conservation Commission* – Accounts for fees and a special sales tax used to administer laws and regulations pertaining to forestry and wildlife resources.

*Parks Sales Tax* – Accounts for sales tax moneys spent to control, manage, and regulate state parks.

*Soil and Water Sales Tax* – Accounts for sales tax moneys used for the conservation and management of the soil and water resources of the State.

*Water and Wastewater Loan* – Accounts for moneys from any source received for wastewater construction loans.

*Groundwater Protection* – Accounts for fees collected for permits and is used for the administration and enforcement of water well drillers' laws.

*Energy Set-Aside Program* – Accounts for moneys appropriated and any gifts, grants, and bequests. These moneys are loaned to public school districts to implement energy conservation projects.

*State Land Survey Program* – Accounts for fees collected from state recorders and used for land survey programs.

*Petroleum Violation Escrow* – Accounts for fines collected from petroleum companies for petroleum violations and is used for energy programs.

*Hazardous Waste* – Accounts for moneys from fees and permits and from any other source for hazardous waste management and cleanup.

*Safe Drinking Water* – Accounts for fees and grants from any source for the administration of safe drinking water laws.

*Coal Mine Land Reclamation* – Accounts for fees assessed on the amount of coal processed and is used to restore the land.

*Hazardous Waste Remedial* – Accounts for moneys from fees, penalties, and from any other source for administering hazardous waste services.

*Missouri Air Pollution Control* – Accounts for fees collected from automobile emissions inspection stations and is used for air pollution control programs.

*Meramec-Onondaga State Parks* – Accounts for proceeds from the sale of this land by the federal government and is used for the support and maintenance of these parks by the State.

*Oil and Gas Remedial* – Accounts for the proceeds from the sale of illegal oil products and used for costs of administering these laws.

*Biodiesel Fuel Revolving* – Accounts for moneys to be used to pay for incremental cost of biodiesel fuel for use in state vehicles, and for administration costs of the program.

*Stormwater Loan Revolving* – Accounts for the receipt of repayment for stormwater control project loans to be used for the construction of stormwater control projects.

*Rural Water and Sewer Loan Revolving* – Accounts for the receipt of repayment for rural water and sewer control project loans to be used for the construction of rural water and sewer loan projects.

*Concentrated Animal Feeding Operation Indemnity* – Accounts for moneys to be used to close concentrated animal feeding operation waste water lagoons.

*Missouri Alternative Fuel Vehicle Loan* – Accounts for moneys to be used to issue loans to political subdivisions in order to purchase new vehicles capable of using alternative fuels.

*Petroleum Violation Escrow Interest Subaccount* – Accounts for interest earnings to be used for administrative costs of energy programs.

*Missouri Lead Abatement Loan* – Accounts for moneys to be used in carrying out lead abatement projects.

*Dry-Cleaning Environmental Response Trust* – Accounts for moneys received from surcharges, fees, gifts, bequests, donations, and moneys recovered by the State to be used to protect human health and natural resources.

*Mined Land Reclamation* – Accounts for fees, forfeiture of bonds, penalties, and gifts and used for the administration and enforcement of these laws.

*Babler State Park* – Accounts for assets donated, bequeathed, or devised to the State for the benefit of the Doctor Edmund A. Babler Memorial State Park used solely for the maintenance and development of this park.

**Special Revenue – Transportation and Law Enforcement:** Provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

*Peace Officer Standards and Training Commission* – Accounts for fees assessed as court costs to be used for training peace officers or other law enforcement employees.

*Transportation Department Grade Crossing Safety Account* – Accounts for moneys to be used to improve safety at the crossings of public roads with railroad tracks.

*Highway Patrol Inspection* – Accounts for fees collected for certificates of inspection and approval used by the State Highway Patrol for administration and enforcement of the various motor vehicle inspection programs.

*Firing Range Fee* – Accounts for fees collected from law enforcement agencies for use of the firing range operated by the Department of Public Safety to be used for its operations.

*Highway and Transportation Department* – Accounts for fees paid by highway users to operate the Highway Commission and the Department of Transportation. Also used to administer and enforce state motor vehicle laws or traffic regulations.

*Railroad Expense* – Accounts for assessments used to administer and enforce railroad regulations.

*Motor Fuel Tax* – Accounts for motor fuel taxes to be distributed to other governments and to the Department of Transportation Funds.

*Highway Patrol Academy* – Accounts for fees charged for the training of peace officers and is used solely for the maintenance and operation of the Highway Patrol Academy.

*State Transportation* – Accounts for moneys from sales taxes and other sources to be used for state transportation purposes other than construction or maintenance of roads.

*Highway Patrol's Motor Vehicle and Aircraft Revolving* – Accounts for proceeds from government agencies to be used solely for the purchase of Highway Patrol vehicles or aircraft.

*Highway Patrol Traffic Records* – Accounts for copy fees received by the Highway Patrol for reports, photographs, and other data relating to investigated motor vehicle accidents.

*Antiterrorism* – Accounts for individual contributions received to be used for antiterrorism and emergency response activities undertaken by State and local law enforcement, fire protection, and public health agencies.

*Missouri Public Safety Officer Medal of Valor* – Accounts for moneys for members of the Medal of Valor Review Board.

*DNA Profiling Analysis* – Accounts for money collected from criminal cases in circuit courts for DNA profiling analysis of convicted offender samples.

*Department of Revenue Specialty Plate* – Accounts for moneys received by the Department of Revenue for the reviewing and development of specialty plates.

*Transportation Revenue Collection* – Accounts for moneys and transfers for expenses and equipment related to motor vehicles and drivers' licenses.

*MoDOT Memorial Highway Sign* – Accounts for deposits to designate the bridge or highway, with the fund being used to construct and maintain the sign.

*Highway Patrol Expense Fund* – Accounts for moneys advanced to employees for expenses, and moneys received for rewards, prizes, and gifts paid to Patrol member.

*State Transportation Assistance Revolving* – Accounts for moneys to be used for loans for the development of transportation of elderly or handicapped persons or the purchase of rolling stock for transit purposes.

*Aviation Trust* – Accounts for fuel taxes not refunded to the users of fuel used in aircraft engines. These moneys are used as matching funds for the preventive maintenance of runways, taxiways, aprons, and safety-related items.

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|  | General<br>Fund     | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Transportation<br>and Law<br>Enforcement | Missouri<br>Road<br>Fund | Non-Major<br>Funds | Totals<br>June 30,<br>2006 |
|--|---------------------|---------------------|--|--|--------------------------|--------------------|----------------------------|
| <b>ASSETS</b>                                  |                     |                     |  |  |                          |                    |                            |
| Cash and Cash Equivalents (Note 3)             | \$ 502,405          | \$ 66,276           | \$ 140,581   | \$ 19,867                                | \$ 155,167               | \$ 160,832         | \$ 1,045,128               |
| Investments (Note 3)                           | 1,049,333           | 132,941             | 200,584  | 42,153                                   | 106,306                  | 324,980            | 1,856,297                  |
| Accounts Receivable, Net                       | 1,102,498           | 84,702              | 37,949   | 246,867                                  | 77,437                   | 21,899             | 1,571,352                  |
| Interest Receivable                            | 12,124              | 1,269               | 3,177  | 550                                      | 1,504                    | 2,745              | 21,369                     |
| Due from Other Funds (Note 15)                 | 316                 | 19,085              | 70   | 4  | 1,776                    | 114                | 21,365                     |
| Due from Component Units (Note 15)             | ---                 | ---                 | 709  | ---                                      | ---                      | ---                | 709                        |
| Inventories                                    | 25,063              | 46                  | 612  | 3,247                                    | 37,673                   | 151                | 66,792                     |
| Advance to Component Units (Note 15)           | ---                 | ---                 | 3,166  | ---                                      | ---                      | ---                | 3,166                      |
| Loans Receivable                               | ---                 | ---                 | 711,134  | 2,135                                    | ---                      | 561                | 713,830                    |
| Restricted Assets:                             |                     |                     |  |  |                          |                    |                            |
| Cash and Cash Equivalents (Note 3)             | ---                 | ---                 | ---  | ---                                      | 22,489                   | ---                | 22,489                     |
| Investments (Note 3)                           | ---                 | ---                 | ---  | ---                                      | 58,635                   | ---                | 58,635                     |
| <b>Total Assets</b>                            | <b>\$ 2,691,739</b> | <b>\$ 304,319</b>   | <b>\$ 1,097,982</b>                                | <b>\$ 314,823</b>                        | <b>\$ 460,987</b>        | <b>\$ 511,282</b>  | <b>\$ 5,381,132</b>        |
| <b>LIABILITIES AND FUND BALANCES</b>           |                     |                     |  |  |                          |                    |                            |
| Liabilities:                                   |                     |                     |  |  |                          |                    |                            |
| Accounts Payable                               | \$ 825,566          | \$ 38,075           | \$ 2,407   | \$ 2,290                                 | \$ 120,900               | \$ 30,045          | \$ 1,019,283               |
| Accrued Payroll                                | 55,101              | 476                 | 4,911  | 5,011                                    | 15,825                   | 3,057              | 84,381                     |
| Due to Other Funds (Note 15)                   | 30,961              | 248                 | 1,543  | 834                                      | 1,284                    | 1,746              | 36,616                     |
| Deferred Revenue (Note 1)                      | 217,221             | 11,235              | 16,386   | 878                                      | 30,585                   | 4,313              | 280,618                    |
| Escheat/Unclaimed Property                     | 48,491              | ---                 | ---  | ---                                      | ---                      | ---                | 48,491                     |
| Advance from Component<br>Units (Note 15)      | ---                 | ---                 | ---  | ---                                      | 17,951                   | ---                | 17,951                     |
| <b>Total Liabilities</b>                       | <b>1,177,340</b>    | <b>50,034</b>       | <b>25,247</b>                                      | <b>9,013</b>                             | <b>186,545</b>           | <b>39,161</b>      | <b>1,487,340</b>           |
| Fund Balances:                                 |                     |                     |  |  |                          |                    |                            |
| Reserved for:                                  |                     |                     |  |  |                          |                    |                            |
| Budget Reserve                                 | 494,613             | ---                 | ---  | ---                                      | ---                      | ---                | 494,613                    |
| Inventories                                    | 25,063              | 46                  | 612  | 3,247                                    | 37,673                   | 151                | 66,792                     |
| Forfeited Assets                               | 941                 | ---                 | 2,479  | ---                                      | ---                      | ---                | 3,420                      |
| Taxes  | 5,542               | ---                 | ---  | ---                                      | ---                      | ---                | 5,542                      |
| Debt Service                                   | ---                 | ---                 | ---  | ---                                      | 86,710                   | 92,750             | 179,460                    |
| Loans Receivable                               | ---                 | ---                 | 711,134  | 2,135                                    | ---                      | 561                | 713,830                    |
| Trust Principal                                | ---                 | ---                 | ---  | ---                                      | ---                      | 50,995             | 50,995                     |
| Unreserved, Reported In:                       |                     |                     |  |  |                          |                    |                            |
| General Fund                                   | 988,240             | ---                 | ---  | ---                                      | ---                      | ---                | 988,240                    |
| Special Revenue Funds                          | ---                 | 254,239             | 358,510  | 300,428                                  | ---                      | 264,601            | 1,177,778                  |
| Capital Projects Funds                         | ---                 | ---                 | ---  | ---                                      | 150,059                  | 62,967             | 213,026                    |
| Permanent Funds                                | ---                 | ---                 | ---  | ---                                      | ---                      | 96                 | 96                         |
| <b>Total Fund Balances</b>                     | <b>1,514,399</b>    | <b>254,285</b>      | <b>1,072,735</b>                                   | <b>305,810</b>                           | <b>274,442</b>           | <b>472,121</b>     | <b>3,893,792</b>           |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 2,691,739</b> | <b>\$ 304,319</b>   | <b>\$ 1,097,982</b>                                | <b>\$ 314,823</b>                        | <b>\$ 460,987</b>        | <b>\$ 511,282</b>  | <b>\$ 5,381,132</b>        |

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, 2006  
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds \$ 3,893,792

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   | 421,168             |            |
| Infrastructure in Progress | 2,797,922           |            |
| Land                       | 2,549,945           |            |
| Land Improvements          | 145,932             |            |
| Buildings and Improvements | 2,111,406           |            |
| Equipment                  | 1,063,794           |            |
| Infrastructure             | 39,108,601          |            |
| Accumulated Depreciation   | <u>(20,479,774)</u> |            |
|                            |                     | 27,718,994 |

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1). 236,322

Bonds issued by the State have associated cost that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets. 39,103

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of (Notes 11 and 12):

|  |                  |             |
|--|------------------|-------------|
| Due to Other Entities                      | (31,261)         |             |
| General Obligation and Other Bonds Payable | (2,613,075)      |             |
| Obligation under Lease Purchases           | (229,898)        |             |
| Compensated Absences                       | (156,668)        |             |
| Net Pension Obligation                     | (103,794)        |             |
| Contingent Liabilities                     | (1,075,893)      |             |
| Claims Liability                           | (21,206)         |             |
| Accrued Interest on Bonds                  | (33,162)         |             |
| Unamortized Bond Premium                   | <u>(104,413)</u> |             |
|  |                  | (4,369,370) |

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. 468,877

Net Assets of Governmental Activities \$ 27,987,718

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, 2006**  
**(In Thousands of Dollars)**

|  | General<br>Fund     | Public<br>Education | Conservation<br>and<br>Environmental<br>Protection | Transportation<br>and Law<br>Enforcement | Missouri<br>Road<br>Fund | Non-Major<br>Funds | Totals<br>June 30,<br>2006 |
|--|---------------------|---------------------|--|--|--------------------------|--------------------|----------------------------|
| <b>Revenues:</b>   |                     |                     |  |  |                          |                    |                            |
| Taxes  | \$ 8,124,004        | \$ 1,161,520        | \$ 192,092   | \$ 872,682                               | \$ 139,709               | \$ 144,755         | \$ 10,634,762              |
| Licenses, Fees and Permits                               | 73,540              | 1,357               | 70,322   | 179,652                                  | 129,512                  | 168,432            | 622,815                    |
| Sales  | 2,121               | ---                 | 7,303  | 52                                       | ---                      | 1,845              | 11,321                     |
| Leases and Rentals                                       | 30                  | ---                 | 104  | 9  | ---                      | 12                 | 155                        |
| Services   | 240,574             | ---                 | ---  | ---                                      | ---                      | 283                | 240,857                    |
| Contributions and Intergovernmental                      | 7,020,281           | 56,413              | 67,164   | 1,416                                    | 768,154                  | 15,625             | 7,929,053                  |
| Investment Earnings:                                     |                     |                     |  |  |                          |                    |                            |
| Net Increase (Decrease) in the Fair Value of Investments | (3,095)             | (222)               | 691  | 26                                       | (925)                    | 3,412              | (113)                      |
| Interest   | 65,068              | 6,199               | 13,053   | 3,733                                    | 20,025                   | 29,002             | 137,080                    |
| Penalties and Unclaimed Properties                       | 62,076              | 2,161               | 537  | 115                                      | ---                      | 18,284             | 83,173                     |
| Cost Reimbursement/ Miscellaneous                        | 174,510             | 33,247              | 3,130  | 884                                      | 46,794                   | 168,504            | 427,069                    |
| Total Revenues   | <u>15,759,109</u>   | <u>1,260,675</u>    | <u>354,396</u>                                     | <u>1,058,569</u>                         | <u>1,103,269</u>         | <u>550,154</u>     | <u>20,086,172</u>          |
| <b>Expenditures:</b>                                     |                     |                     |  |  |                          |                    |                            |
| Current:   |                     |                     |  |  |                          |                    |                            |
| General Government                                       | 558,460             | 1,165               | 2,372  | 208,495                                  | ---                      | 38,369             | 808,861                    |
| Education  | 1,874,570           | 3,891,627           | 44   | 14                                       | ---                      | 3,273              | 5,769,528                  |
| Natural and Economic Resources                           | 272,437             | 12,938              | 232,351  | 5  | ---                      | 202,473            | 720,204                    |
| Transportation and Law Enforcement                       | 275,370             | 223                 | 726  | 153,088                                  | 687,663                  | 37,016             | 1,154,086                  |
| Human Services   | 9,563,919           | 18,171              | 644  | 63                                       | ---                      | 162,793            | 9,745,590                  |
| Capital Outlay:  |                     |                     |  |  |                          |                    |                            |
| Current Expenditures                                     | 91,752              | 4,001               | 36,868   | 14,281                                   | 1,224,997                | 43,181             | 1,415,080                  |
| Capital Lease Purchases                                  | 37,419              | ---                 | 1,690  | 171                                      | 2,644                    | ---                | 41,924                     |
| Debt Service:  |                     |                     |  |  |                          |                    |                            |
| Principal  | 46,288              | ---                 | 807  | 430                                      | 71,304                   | 51,466             | 170,295                    |
| Interest   | 32,238              | ---                 | 374  | 256                                      | 53,589                   | 34,844             | 121,301                    |
| Bond Issuance Costs                                      | ---                 | ---                 | ---  | ---                                      | 1,821                    | ---                | 1,821                      |
| Total Expenditures                                       | <u>12,752,453</u>   | <u>3,928,125</u>    | <u>275,876</u>                                     | <u>376,803</u>                           | <u>2,042,018</u>         | <u>573,415</u>     | <u>19,948,690</u>          |
| Excess Revenues (Expenditures)                           | <u>3,006,656</u>    | <u>(2,667,450)</u>  | <u>78,520</u>                                      | <u>681,766</u>                           | <u>(938,749)</u>         | <u>(23,261)</u>    | <u>137,482</u>             |
| <b>Other Financing Sources (Uses):</b>                   |                     |                     |  |  |                          |                    |                            |
| Proceeds from Capital Leases                             | 37,419              | ---                 | 1,690  | 171                                      | 2,644                    | ---                | 41,924                     |
| Proceeds from Bonds                                      | ---                 | ---                 | ---  | ---                                      | 350,660                  | ---                | 350,660                    |
| Bond Premium   | ---                 | ---                 | ---  | ---                                      | 21,336                   | ---                | 21,336                     |
| Proceeds from Capital Asset Sale                         | ---                 | ---                 | ---  | ---                                      | 6,634                    | ---                | 6,634                      |
| Transfers In (Note 16)                                   | 101,645             | 2,694,541           | 48   | 3,857                                    | 573,434                  | 147,503            | 3,521,028                  |
| Transfers Out (Note 16)                                  | (2,537,238)         | (2,737)             | (1,656)  | (573,439)                                | (25)                     | (146,564)          | (3,261,659)                |
| Total Other Financing Sources (Uses)                     | <u>(2,398,174)</u>  | <u>2,691,804</u>    | <u>82</u>  | <u>(569,411)</u>                         | <u>954,683</u>           | <u>939</u>         | <u>679,923</u>             |
| Net Change in Fund Balances                              | 608,482             | 24,354              | 78,602   | 112,355                                  | 15,934                   | (22,322)           | 817,405                    |
| Fund Balances – Beginning (Note 17)                      | 904,481             | 229,931             | 994,145  | 194,615                                  | 258,508                  | 494,836            | 3,076,516                  |
| Increase (Decrease) in Reserve for Inventory             | 1,436               | ---                 | (12)   | (1,160)                                  | ---                      | (393)              | (129)                      |
| Fund Balances – Ending                                   | <u>\$ 1,514,399</u> | <u>\$ 254,285</u>   | <u>\$ 1,072,735</u>                                | <u>\$ 305,810</u>                        | <u>\$ 274,442</u>        | <u>\$ 472,121</u>  | <u>\$ 3,893,792</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, 2006  
(In Thousands of Dollars)**

---

|   |           |           |
|---|-----------|-----------|
| Net Change in Fund Balances – Total Governmental Funds  | \$        | 817,405   |
| 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. |           | (129)     |
| 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 expense. This is the amount that capital outlays of \$1,442,810 is exceeded by depreciation of \$940,008 in the current period.          |           | 502,802   |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.  |           | (505,104) |
| 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 12).                          |           |           |
| Bonds Issued  | (350,660) |           |
| Bond Premiums, Issuance, and Refunding Costs  | (19,515)  |           |
| Bond Principal Payments   | 138,310   |           |
| Capital Leases Issued   | (41,924)  |           |
| Capital Lease Payments  | 41,687    |           |
|   | (232,102) | (232,102) |
| 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 (Notes 11 and 12).   |           |           |
| Amortization of Bond Premiums, Issuance, and Refunding Costs  | 10,439    |           |
| Decrease in Restricted Cash   | (19,112)  |           |
| Decrease in Accrued Interest  | (766)     |           |
| Decrease in Due to Other Entities   | 50        |           |
| Decrease in Compensated Absences  | 1,350     |           |
| Increase in Contingent Liabilities  | (103,928) |           |
| Increase in Claims Liability  | (6,589)   |           |
| Increase in Net Pension Obligation  | (2,528)   |           |
|   | (121,084) | (121,084) |
| 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.  |           | 25,456    |
| Change in Net Assets of Governmental Activities   | \$        | 487,244   |

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, 2006  
(In Thousands of Dollars)**

|   | Business-Type Activities – Enterprise Funds |                              |   |                    |   |   |
|---|---|------------------------------|---|--------------------|---|---|
|   | Major Funds                                 |                              |   |                    | Totals<br>June 30,<br>2006  | Governmental<br>Activities –<br>Internal<br>Service Funds |
|   | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds |   |   |
| <b>ASSETS</b>   |   |                              |   |                    |   |   |
| Current Assets:   |   |                              |   |                    |   |   |
| Cash and Cash Equivalents (Note 3)                        | \$ 21,956                                   | \$ 188,196                   | \$ 22,514                                 | \$ 3,849           | \$ 236,515  | \$ 134,857  |
| Investments (Note 3)                                      | 11,162                                      | ---                          | 44,091                                    | 7,602              | 62,855  | 134,864   |
| Accounts Receivable, Net                                  | 35,908                                      | 129,945                      | 3,832                                     | 701                | 170,386   | 24,076  |
| Interest Receivable                                       | 153   | ---                          | 473                                       | 65                 | 691   | 371   |
| Due from Other Funds (Note 15)                            | ---   | ---                          | ---                                       | 60                 | 60  | 20,401  |
| Inventories   | ---   | ---                          | ---                                       | 1,536              | 1,536   | 10,851  |
| Prepaid Items   | 126   | ---                          | ---                                       | 21                 | 147   | 130   |
| Loans Receivable  | ---   | ---                          | ---                                       | 487                | 487   | ---   |
| Non-Current Assets:                                       |   |                              |   |                    |   |   |
| Restricted:   |   |                              |   |                    |   |   |
| Cash and Cash Equivalents (Note 3)                        | ---   | ---                          | ---                                       | ---                | ---   | 3,367   |
| Investments (Note 3)                                      | 66,558                                      | ---                          | ---                                       | ---                | 66,558  | 300   |
| Assets Held for Resale                                    | ---   | ---                          | ---                                       | 115                | 115   | ---   |
| Capital Assets (Note 5):                                  |   |                              |   |                    |   |   |
| Construction in Progress                                  | 18  | ---                          | ---                                       | 4,526              | 4,544   | 144,575   |
| Land  | 353   | ---                          | ---                                       | 6,110              | 6,463   | 8,435   |
| Land Improvements   | ---   | ---                          | ---                                       | 6,846              | 6,846   | 3,195   |
| Buildings   | 4,441                                       | ---                          | ---                                       | 22,159             | 26,600  | 269,837   |
| Equipment   | 15,543                                      | ---                          | 228                                       | 31,539             | 47,310  | 78,951  |
| Less Accumulated Depreciation (Note 5)                    | (17,286)                                    | ---                          | (196)                                     | (34,674)           | (52,156)  | (211,927)   |
| Total Capital Assets (Net of<br>Accumulated Depreciation) | 3,069                                       | ---                          | 32  | 36,506             | 39,607  | 293,066   |
| Total Assets  | <u>138,932</u>                              | <u>318,141</u>               | <u>70,942</u>                             | <u>50,942</u>      | <u>578,957</u>  | <u>622,283</u>  |
| <b>LIABILITIES</b>  |   |                              |   |                    |   |   |
| Current Liabilities:                                      |   |                              |   |                    |   |   |
| Bank Overdraft (Note 3)                                   | ---   | ---                          | ---                                       | ---                | ---   | 2   |
| Accounts Payable  | 2,563                                       | 247,174                      | 7   | 616                | 250,360   | 17,235  |
| Accrued Payroll   | 269   | ---                          | 14  | 1,469              | 1,752   | 1,309   |
| Due to Other Funds (Note 15)                              | 19,190                                      | ---                          | 9   | 680                | 19,879  | 716   |
| Unearned Revenue (Note 1)                                 | ---   | ---                          | 554                                       | 94                 | 648   | 25,461  |
| Claims Liability (Note 11)                                | ---   | ---                          | 15,000                                    | ---                | 15,000  | 60,928  |
| Grand Prize Winner Liability (Note 11)                    | 46,007                                      | ---                          | ---                                       | ---                | 46,007  | ---   |
| Obligations under Lease Purchase (Note 11)                | ---   | ---                          | ---                                       | ---                | ---   | 186   |
| Compensated Absences (Note 11)                            | 570   | ---                          | 54  | 1,522              | 2,146   | 2,694   |
| Notes Payable (Note 11)                                   | ---   | ---                          | ---                                       | ---                | ---   | 142   |
| Non-Current Liabilities:                                  |   |                              |   |                    |   |   |
| Claims Liability (Note 11)                                | ---   | ---                          | 101,929                                   | ---                | 101,929   | 40,666  |
| Grand Prize Winner Liability (Note 11)                    | 62,572                                      | ---                          | ---                                       | ---                | 62,572  | ---   |
| Obligations under Lease Purchase (Note 11)                | ---   | ---                          | 8   | ---                | 8   | 875   |
| Compensated Absences (Note 11)                            | ---   | ---                          | ---                                       | ---                | ---   | 398   |
| Notes Payable (Note 11)                                   | ---   | ---                          | ---                                       | ---                | ---   | 3,905   |
| Total Liabilities   | <u>131,171</u>                              | <u>247,174</u>               | <u>117,575</u>                            | <u>4,381</u>       | <u>500,301</u>  | <u>154,517</u>  |
| <b>NET ASSETS</b>   |   |                              |   |                    |   |   |
| Invested in Capital Assets, Net of Related Debt           | 3,069                                       | ---                          | 24  | 36,506             | 39,599  | 292,005   |
| Restricted for:   |   |                              |   |                    |   |   |
| Revenue Bonds   | ---   | ---                          | ---                                       | ---                | ---   | 2,911   |
| Other Purposes  | 3,942                                       | ---                          | ---                                       | ---                | 3,942   | 377   |
| Unrestricted  | 750   | 70,967                       | (46,657)                                  | 10,055             | 35,115  | 172,473   |
| Total Net Assets  | <u>\$ 7,761</u>                             | <u>\$ 70,967</u>             | <u>\$ (46,633)</u>                        | <u>\$ 46,561</u>   | <u>\$ 78,656</u>  | <u>\$ 467,766</u>   |
|   |   |                              |   |                    | Total Net Assets Reported Above   | \$ 78,656   |
|   |   |                              |   |                    | Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds | (1,111)   |
|   |   |                              |   |                    | Net Assets of Business-Type Activities  | <u>\$ 77,545</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, 2006**  
**(In Thousands of Dollars)**

|  | Business-Type Activities – Enterprise Funds |                              |   |                    |                   | Governmental<br>Activities –<br>Internal<br>Service Funds |
|--|---|------------------------------|---|--------------------|-------------------|---|
|  | Major Funds                                 |                              |   |                    | Totals            |   |
|  | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds | June 30,<br>2006  |   |
| <b>Operating Revenues:</b>   |   |                              |   |                    |                   |   |
| Employer Contributions   | \$ ---                                      | \$ 580,462                   | \$ ---                                    | \$ ---             | \$ 580,462        | \$ 433,087  |
| Employee Contributions   | ---   | ---                          | ---                                       | ---                | ---               | 141,684   |
| Medicare Part D Subsidy  | ---   | ---                          | ---                                       | ---                | ---               | 4,124   |
| Licenses, Fees and Permits   | ---   | ---                          | 24,495                                    | 7,720              | 32,215            | 10,333  |
| Sales  | 913,518                                     | ---                          | ---                                       | 5,984              | 919,502           | 28,226  |
| Leases and Rentals   | ---   | ---                          | ---                                       | 2,913              | 2,913             | 19,694  |
| Charges for Services   | ---   | ---                          | ---                                       | 23,294             | 23,294            | 104,175   |
| Cost Reimbursement/Miscellaneous   | 168   | ---                          | 16  | 212                | 396               | 4,161   |
| Total Operating Revenues   | <u>913,686</u>                              | <u>580,462</u>               | <u>24,511</u>                             | <u>40,123</u>      | <u>1,558,782</u>  | <u>745,484</u>  |
| <b>Operating Expenses:</b>   |   |                              |   |                    |                   |   |
| Cost of Goods Sold   | 16,283                                      | ---                          | ---                                       | 2,166              | 18,449            | 14,360  |
| Personal Service   | 8,886                                       | ---                          | 981                                       | 46,886             | 56,753            | 49,088  |
| Operations   | 58,650                                      | ---                          | 3,590                                     | 13,806             | 76,046            | 116,685   |
| Prizes Expense   | 572,768                                     | ---                          | ---                                       | ---                | 572,768           | ---   |
| Inventories  | ---   | ---                          | ---                                       | 762                | 762               | 1,546   |
| Specific Programs  | ---   | ---                          | 8,647                                     | 273                | 8,920             | 3,213   |
| Insurance Benefits   | ---   | ---                          | ---                                       | ---                | ---               | 524,739   |
| Unemployment Benefits  | ---   | 412,937                      | ---                                       | ---                | 412,937           | ---   |
| Depreciation   | 819   | ---                          | 19  | 2,890              | 3,728             | 15,092  |
| Other Charges  | 8,479                                       | ---                          | 3   | 552                | 9,034             | 3,152   |
| Total Operating Expenses   | <u>665,885</u>                              | <u>412,937</u>               | <u>13,240</u>                             | <u>67,335</u>      | <u>1,159,397</u>  | <u>727,875</u>  |
| Operating Income (Loss)  | <u>247,801</u>                              | <u>167,525</u>               | <u>11,271</u>                             | <u>(27,212)</u>    | <u>399,385</u>    | <u>17,609</u>   |
| <b>Non-Operating Revenues (Expenses):</b>  |   |                              |   |                    |                   |   |
| Contributions and Intergovernmental  | ---   | (2,922)                      | ---                                       | 26,187             | 23,265            | 238   |
| Interest Expense   | ---   | ---                          | ---                                       | ---                | ---               | (294)   |
| Investment Earnings:   |   |                              |   |                    |                   |   |
| Net Increase (Decrease) in the Fair Value<br>of Investments                          | (6,381)                                     | ---                          | (108)                                     | (23)               | (6,512)           | 2,235   |
| Interest   | 1,532                                       | ---                          | 2,494                                     | 297                | 4,323             | 6,398   |
| Penalties and Unclaimed Properties   | ---   | ---                          | ---                                       | 1                  | 1                 | ---   |
| Disposal of Capital Assets   | 15  | ---                          | ---                                       | (10)               | 5                 | (134)   |
| Miscellaneous Revenues   | 11,393                                      | ---                          | ---                                       | ---                | 11,393            | ---   |
| Extraordinary Items  | ---   | ---                          | ---                                       | 35                 | 35                | ---   |
| Total Non-Operating Revenues (Expenses)  | <u>6,559</u>                                | <u>(2,922)</u>               | <u>2,386</u>                              | <u>26,487</u>      | <u>32,510</u>     | <u>8,443</u>  |
| Income (Loss) Before Transfers   | 254,360                                     | 164,603                      | 13,657                                    | (725)              | 431,895           | 26,052  |
| Transfers In (Note 16)   | ---   | ---                          | ---                                       | 1,597              | 1,597             | ---   |
| Transfers Out (Note 16)  | (260,340)                                   | ---                          | ---                                       | (30)               | (260,370)         | (561)   |
| Change in Net Assets   | (5,980)                                     | 164,603                      | 13,657                                    | 842                | 173,122           | 25,491  |
| Total Net Assets – Beginning (Note 17)   | 13,741                                      | (93,636)                     | (60,290)                                  | 45,719             | (94,466)          | 442,275   |
| Total Net Assets – Ending  | <u>\$ 7,761</u>                             | <u>\$ 70,967</u>             | <u>\$ (46,633)</u>                        | <u>\$ 46,561</u>   | <u>\$ 78,656</u>  | <u>\$ 467,766</u>   |
| Total Net Change in Net Assets Reported Above  |   |                              |   |                    | \$ 173,122        |   |
| Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds |   |                              |   |                    | 35                |   |
| Change in Net Assets of Business-Type Activities                                     |   |                              |   |                    | <u>\$ 173,157</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, 2006  
(In Thousands of Dollars)**

|  | Business-Type Activities – Enterprise Funds |                              |   |                    |                   |   |
|--|---|------------------------------|---|--------------------|-------------------|---|
|  | Major Funds                                 |                              |   |                    | Totals            | Governmental<br>Activities –<br>Internal<br>Service Funds |
|  | State<br>Lottery                            | Unemployment<br>Compensation | Petroleum<br>Storage<br>Tank<br>Insurance | Non-Major<br>Funds | June 30,<br>2006  |   |
| <b>Cash Flows from Operating Activities:</b>   |   |                              |   |                    |                   |   |
| Receipts from Customers and Users  | \$ 918,031                                  | \$ 579,701                   | \$ 24,691                                 | \$ 39,745          | \$ 1,562,168      | \$ 732,166  |
| Payments to Suppliers  | (648,397)                                   | ---                          | (3,583)                                   | (16,288)           | (668,268)         | (129,022)   |
| Payments to Employees  | (8,856)                                     | ---                          | (1,028)                                   | (47,140)           | (57,024)          | (49,534)  |
| Payments Made for Program Expense  | ---   | (462,961)                    | (12,772)                                  | (273)              | (476,006)         | (521,389)   |
| Other Receipts (Payments)  | (8,311)                                     | ---                          | 13  | (340)              | (8,638)           | 2,568   |
| Net Cash Provided (Used) by Operating Activities   | <u>252,467</u>                              | <u>116,740</u>               | <u>7,321</u>                              | <u>(24,296)</u>    | <u>352,232</u>    | <u>34,789</u>   |
| <b>Cash Flows from Non-Capital Financing Activities:</b>   |   |                              |   |                    |                   |   |
| Due to/from Other Funds  | 29  | ---                          | (12)                                      | 13                 | 30                | (1,850)   |
| Contributions and Intergovernmental  | ---   | (2,922)                      | ---                                       | 26,187             | 23,265            | 238   |
| Transfers to/from Other Funds  | (260,340)                                   | ---                          | ---                                       | 1,567              | (258,773)         | (561)   |
| Other Receipts (Expenses)  | 11,393                                      | ---                          | ---                                       | 13                 | 11,406            | ---   |
| Net Cash Provided (Used) by<br>Non-Capital Financing Activities                                    | <u>(248,918)</u>                            | <u>(2,922)</u>               | <u>(12)</u>                               | <u>27,780</u>      | <u>(224,072)</u>  | <u>(2,173)</u>  |
| <b>Cash Flows from Capital and Related Financing<br/>Activities:</b>                               |   |                              |   |                    |                   |   |
| Interest Expense   | ---   | ---                          | ---                                       | ---                | ---               | (294)   |
| Purchases and Construction of Capital Assets   | (592)                                       | ---                          | (13)                                      | (1,112)            | (1,717)           | (10,060)  |
| Bonds and Notes Payable  | ---   | ---                          | ---                                       | ---                | ---               | 4,047   |
| Capital Lease Downpayment/Obligations  | ---   | ---                          | ---                                       | ---                | ---               | (1,413)   |
| Disposal of Capital Assets   | 15  | ---                          | ---                                       | 1,719              | 1,734             | 29  |
| Net Cash Provided (Used) by Capital and Related<br>Financing Activities                            | <u>(577)</u>                                | <u>---</u>                   | <u>(13)</u>                               | <u>607</u>         | <u>17</u>         | <u>(7,691)</u>  |
| <b>Cash Flows from Investing Activities:</b>   |   |                              |   |                    |                   |   |
| Proceeds from Investment Maturities  | ---   | ---                          | ---                                       | 444                | 444               | 859,322   |
| Purchase of Investments  | 6,260                                       | ---                          | (2,543)                                   | (2,991)            | 726               | (925,664)   |
| Interest and Dividends Received  | 1,459                                       | ---                          | 2,341                                     | 261                | 4,061             | 8,280   |
| Other Receipts   | ---   | ---                          | ---                                       | 1                  | 1                 | ---   |
| Net Cash Provided (Used) by Investing Activities   | <u>7,719</u>                                | <u>---</u>                   | <u>(202)</u>                              | <u>(2,285)</u>     | <u>5,232</u>      | <u>(58,062)</u>   |
| Net Increase (Decrease) in Cash  | 10,691                                      | 113,818                      | 7,094                                     | 1,806              | 133,409           | (33,137)  |
| Cash and Cash Equivalents, Beginning of Year   | 11,265                                      | 74,378                       | 15,420                                    | 2,043              | 103,106           | 171,359   |
| Cash and Cash Equivalents, End of Year   | <u>\$ 21,956</u>                            | <u>\$ 188,196</u>            | <u>\$ 22,514</u>                          | <u>\$ 3,849</u>    | <u>\$ 236,515</u> | <u>\$ 138,222</u>   |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities:</b> |   |                              |   |                    |                   |   |
| Operating Income (Loss)  | \$ 247,801                                  | \$ 167,525                   | \$ 11,271                                 | \$ (27,212)        | \$ 399,385        | \$ 17,609   |
| Depreciation Expense   | 819   | ---                          | 19  | 2,890              | 3,728             | 15,092  |
| Changes in Assets and Liabilities:   |   |                              |   |                    |                   |   |
| Accounts Receivable  | 4,513                                       | (761)                        | 197                                       | (219)              | 3,730             | (9,012)   |
| Inventories  | ---   | ---                          | ---                                       | 76                 | 76                | 450   |
| Prepaid Items  | 599   | ---                          | ---                                       | 2                  | 601               | (79)  |
| Accounts Payable   | 371   | (50,024)                     | 7   | 368                | (49,278)          | 3,197   |
| Accrued Payroll  | 9   | ---                          | (31)                                      | (48)               | (70)              | (66)  |
| Unearned Revenue   | ---   | ---                          | (1)                                       | 53                 | 52                | 1,414   |
| Grand Prize Winner Liability   | (1,666)                                     | ---                          | ---                                       | ---                | (1,666)           | ---   |
| Claims Liability   | ---   | ---                          | (4,125)                                   | ---                | (4,125)           | 6,564   |
| Compensated Absences   | 21  | ---                          | (16)                                      | (206)              | (201)             | (380)   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u>\$ 252,467</u>                           | <u>\$ 116,740</u>            | <u>\$ 7,321</u>                           | <u>\$ (24,296)</u> | <u>\$ 352,232</u> | <u>\$ 34,789</u>  |

**Non-Cash Financing Activities:**

During fiscal year 2006, the Office of Administration Revolving Fund executed a capital lease buyout for \$323,000 less than the original lease agreement.

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



*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, 2006**  
**(In Thousands of Dollars)**

|   | Pension (and Other<br>Employee Benefit)<br>Trust Funds | Private-<br>Purpose<br>Trust Funds | Agency<br>Funds   |
|---|--|------------------------------------|-------------------|
| <b>ASSETS</b>   |  |                                    |                   |
| Cash and Cash Equivalents (Note 3)                          | \$ 690,917   | \$ 15,878                          | \$ 31,993         |
| Investments at Fair Value: (Note 3)                         |  |                                    |                   |
| U.S. Government Securities                                  | 958,066  | 15,855                             | 34                |
| Repurchase Agreements                                       | 1,937  | 3,797                              | 350,446           |
| Stocks  | 1,573,421  | ---                                | 43                |
| Bonds   | 563,171  | ---                                | ---               |
| International Equities                                      | 1,225,696  | ---                                | ---               |
| Mutual and Index Funds                                      | 1,243,107  | ---                                | ---               |
| Venture Capital Limited Partnership                         | 2,707,522  | ---                                | ---               |
| Other Investments   | 972,054  | 11,523                             | 1,056             |
| Receivables:  |  |                                    |                   |
| Accounts Receivable   | 190,844  | ---                                | 203,731           |
| Interest Receivable   | 14,641   | 26                                 | 1,119             |
| Due from Other Funds (Note 15)                              | 9,119  | ---                                | 5,812             |
| Inventories   | ---  | 1                                  | ---               |
| Invested Securities Lending Collateral (Note 3)             | 1,271,219  | ---                                | ---               |
| Prepaid Expenses  | 56   | ---                                | ---               |
| Capital Assets:   |  |                                    |                   |
| Land  | 351  | ---                                | ---               |
| Buildings   | 3,946  | ---                                | ---               |
| Equipment   | 1,743  | 19                                 | ---               |
| Accumulated Depreciation                                    | (2,112)  | (12)                               | ---               |
| Total Capital Assets, Net                                   | <u>3,928</u>   | <u>7</u>                           | <u>---</u>        |
| Total Assets  | <u>11,425,698</u>                                      | <u>47,087</u>                      | <u>\$ 594,234</u> |
| <b>LIABILITIES</b>  |  |                                    |                   |
| Accounts Payable  | 262,828  | 673                                | \$ 39             |
| Accrued Payroll   | ---  | 18                                 | ---               |
| Securities Lending Collateral (Note 3)                      | 1,271,008  | ---                                | ---               |
| Due to Other Entities                                       | ---  | ---                                | 566,757           |
| Due to Individuals  | ---  | ---                                | 27,438            |
| Due to Other Funds (Note 15)                                | ---  | 8                                  | ---               |
| Obligations under Lease Purchase                            | 10   | ---                                | ---               |
| Compensated Absences  | 326  | ---                                | ---               |
| Total Liabilities   | <u>1,534,172</u>                                       | <u>699</u>                         | <u>\$ 594,234</u> |
| Net Assets Held in Trust for<br>Benefits and Other Purposes | <u>\$ 9,891,526</u>                                    | <u>\$ 46,388</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, 2006**  
**(In Thousands of Dollars)**

|  | Pension (and Other<br>Employee Benefit)<br>Trust Funds | Private-<br>Purpose<br>Trust Funds |
|--|--|------------------------------------|
| <b>Additions:</b>                                      |  |                                    |
| Contributions:   |  |                                    |
| Employer   | \$ 370,354   | \$ ---                             |
| Plan Member  | 65,528   | ---                                |
| Other  | 24,997   | ---                                |
| Investment Earnings:                                   |  |                                    |
| Increase in Appreciation of Assets                     | 1,112,180  | 30                                 |
| Securities Lending Income                              | 59,166   | ---                                |
| Total Investment Earnings                              | 1,171,346  | 30                                 |
| Less Investment Expenses:                              |  |                                    |
| Investment Activity Expense                            | (92,849)   | ---                                |
| Securities Lending Expense                             | (54,995)   | ---                                |
| Total Investment Expense                               | (147,844)  | ---                                |
| Net Investment Earnings                                | 1,023,502  | 30                                 |
| Unclaimed Property                                     | ---  | 25,871                             |
| Cost Reimbursement/Miscellaneous                       | 547  | 10,703                             |
| Total Additions  | 1,484,928  | 36,604                             |
| <b>Deductions:</b>                                     |  |                                    |
| Benefits   | 598,989  | ---                                |
| Administrative Expenses                                | 13,122   | 2,321                              |
| Program Distributions                                  | 54,730   | 10,566                             |
| Service Transfer Payments                              | 134  | ---                                |
| Depreciation   | 281  | 3                                  |
| Total Deductions                                       | 667,256  | 12,890                             |
| Change in Net Assets                                   | 817,672  | 23,714                             |
| Net Assets held in Trust – Beginning of Year (Note 17) | 9,073,854  | 22,674                             |
| Net Assets held in Trust – End of Year                 | \$ 9,891,526   | \$ 46,388                          |

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, 2006  
(In Thousands of Dollars)**

|  | College and<br>Universities | Non-Major         | Totals<br>June 30,<br>2006 |
|--|-----------------------------|-------------------|----------------------------|
| <b>ASSETS</b>  |                             |                   |                            |
| Current Assets:  |                             |                   |                            |
| Cash and Cash Equivalents (Note 3)                       | \$ 129,627                  | \$ 27,805         | \$ 157,432                 |
| Investments (Note 3)                                     | 229,520                     | 17,764            | 247,284                    |
| Receivables, Net   | 270,213                     | 3,936             | 274,149                    |
| Invested Securities Lending Collateral (Note 3)          | 100,618                     | ---               | 100,618                    |
| Inventories  | 44,905                      | ---               | 44,905                     |
| Restricted Assets:                                       |                             |                   |                            |
| Cash and Cash Equivalents (Note 3)                       | 190,494                     | ---               | 190,494                    |
| Investments (Note 3)                                     | 119,628                     | ---               | 119,628                    |
| Receivables, Net   | 43                          | ---               | 43                         |
| Deposits and Prepaid Expenses                            | 18,228                      | 124               | 18,352                     |
| Deferred Costs and Other Assets                          | 1,219                       | ---               | 1,219                      |
| Noncurrent Assets:                                       |                             |                   |                            |
| Investments (Note 3)                                     | 760,035                     | ---               | 760,035                    |
| Receivables, Net   | 94,441                      | 13,286            | 107,727                    |
| Advance to Primary Government (Note 15)                  | ---                         | 17,951            | 17,951                     |
| Restricted Assets:                                       |                             |                   |                            |
| Cash and Cash Equivalents (Note 3)                       | 4,883                       | 46,654            | 51,537                     |
| Investments (Note 3)                                     | 765,524                     | 46,605            | 812,129                    |
| Receivables, Net   | 5,984                       | ---               | 5,984                      |
| Deposits and Prepaid Expenses                            | 1,123                       | ---               | 1,123                      |
| Deferred Costs and Other Assets                          | 21,684                      | 5                 | 21,689                     |
| Capital Assets, Net of Accumulated Depreciation (Note 5) | 3,128,993                   | 51,168            | 3,180,161                  |
| Total Assets   | <u>5,887,162</u>            | <u>225,298</u>    | <u>6,112,460</u>           |
| <b>LIABILITIES</b>                                       |                             |                   |                            |
| Current Liabilities:                                     |                             |                   |                            |
| Accounts Payable and Accrued Liabilities                 | 277,555                     | 363               | 277,918                    |
| Securities Lending Collateral (Note 3)                   | 100,618                     | ---               | 100,618                    |
| Due to Primary Government (Note 15)                      | ---                         | 710               | 710                        |
| Unearned Revenue (Note 1)                                | 82,194                      | ---               | 82,194                     |
| Deposits   | 69,169                      | ---               | 69,169                     |
| Claims Liability (Note 21)                               | 33,067                      | ---               | 33,067                     |
| Compensated Absences                                     | 14,738                      | ---               | 14,738                     |
| Capital Lease Obligations (Note 6)                       | 769                         | ---               | 769                        |
| Bonds and Notes Payable (Note 12)                        | 32,072                      | ---               | 32,072                     |
| Noncurrent Liabilities:                                  |                             |                   |                            |
| Accounts Payable and Accrued Liabilities                 | 45,177                      | ---               | 45,177                     |
| Advance from Primary Government (Note 15)                | ---                         | 3,166             | 3,166                      |
| Unearned Revenue (Note 1)                                | 2,605                       | ---               | 2,605                      |
| Deposits and Reserves                                    | 298                         | 31,866            | 32,164                     |
| Claims Liability (Note 21)                               | 53,783                      | ---               | 53,783                     |
| Compensated Absences                                     | 6,374                       | ---               | 6,374                      |
| Capital Lease Obligations (Note 6)                       | 20,506                      | ---               | 20,506                     |
| Bonds and Notes Payable (Note 12)                        | 1,013,753                   | 31,850            | 1,045,603                  |
| Total Liabilities  | <u>1,752,678</u>            | <u>67,955</u>     | <u>1,820,633</u>           |
| <b>NET ASSETS</b>  |                             |                   |                            |
| Invested in Capital Assets, Net                          | 2,115,592                   | 19,318            | 2,134,910                  |
| Restricted for:  |                             |                   |                            |
| Expendable   | 404,878                     | ---               | 404,878                    |
| Non-Expendable   | 659,903                     | ---               | 659,903                    |
| Other Purposes   | ---                         | 90,234            | 90,234                     |
| Unrestricted   | 954,111                     | 47,791            | 1,001,902                  |
| Total Net Assets   | <u>\$ 4,134,484</u>         | <u>\$ 157,343</u> | <u>\$ 4,291,827</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, 2006**  
**(In Thousands of Dollars)**

|  | College and<br>Universities | Non-Major         | Totals<br>June 30,<br>2006 | Adjustments      | Statement of<br>Activities |
|--|-----------------------------|-------------------|----------------------------|------------------|----------------------------|
| <b>Revenues:</b>   |                             |                   |                            |                  |                            |
| Operating Revenues:  |                             |                   |                            |                  |                            |
| Licenses, Fees and Permits                                   | \$ ---                      | \$ 3,519          | \$ 3,519                   | \$ ---           | \$ 3,519                   |
| Student Tuition and Fees (Net of Scholarship Allow.)         | 623,036                     | ---               | 623,036                    | ---              | 623,036                    |
| Sales and Services of Educational Departments                | 36,564                      | ---               | 36,564                     | ---              | 36,564                     |
| Auxiliary Enterprises  | 977,540                     | ---               | 977,540                    | ---              | 977,540                    |
| Leases and Rentals   | ---                         | 2,346             | 2,346                      | ---              | 2,346                      |
| Cost Reimbursement/Miscellaneous                             | 75,987                      | 119               | 76,106                     | 1,692            | 77,798                     |
| Total Charges for Services                                   |                             |                   |                            |                  | <u>1,720,803</u>           |
| Federal Appropriations, Grants and Contracts                 | 267,977                     | ---               | 267,977                    | 42,899           | 310,876                    |
| State Grants and Contracts                                   | 50,278                      | ---               | 50,278                     | 745,966          | 796,244                    |
| Private Gifts, Grants and Contracts                          | 55,331                      | ---               | 55,331                     | 69,707           | 125,038                    |
| Additions to Endowments                                      | ---                         | ---               | ---                        | 38,932           | 38,932                     |
| Contributions and Intergovernmental                          | ---                         | ---               | ---                        | 2,600            | 2,600                      |
| Total Operating Grants and Contributions                     |                             |                   |                            |                  | <u>1,273,690</u>           |
| Interest Revenue   | <u>343</u>                  | <u>1,480</u>      | <u>1,823</u>               | <u>(1,823)</u>   | ---                        |
| Total Operating Revenues                                     | <u>2,087,056</u>            | <u>7,464</u>      | <u>2,094,520</u>           | <u>899,973</u>   |                            |
| <b>Expenses:</b>   |                             |                   |                            |                  |                            |
| Operating Expenses:  |                             |                   |                            |                  |                            |
| Personal Service   | 1,801,226                   | 894               | 1,802,120                  | ---              | 1,802,120                  |
| Operations   | ---                         | 1,182             | 1,182                      | ---              | 1,182                      |
| Specific Programs  | ---                         | 1,132             | 1,132                      | ---              | 1,132                      |
| Scholarships and Fellowships                                 | 74,741                      | ---               | 74,741                     | ---              | 74,741                     |
| Utilities  | 26,887                      | ---               | 26,887                     | ---              | 26,887                     |
| Supplies and Other Services                                  | 763,717                     | ---               | 763,717                    | ---              | 763,717                    |
| Contracted Services  | 19,883                      | ---               | 19,883                     | ---              | 19,883                     |
| Interest Expense   | ---                         | ---               | ---                        | 43,391           | 43,391                     |
| Depreciation and Amortization                                | 171,607                     | 743               | 172,350                    | ---              | 172,350                    |
| Bad Debt Expense   | ---                         | 3,498             | 3,498                      | ---              | 3,498                      |
| Miscellaneous  | 26,653                      | 31                | 26,684                     | 28               | 26,712                     |
| Transfers Out  | ---                         | ---               | ---                        | 35               | 35                         |
| Total Operating Expenses                                     | <u>2,884,714</u>            | <u>7,480</u>      | <u>2,892,194</u>           | <u>43,454</u>    | <u>2,935,648</u>           |
| Operating Loss   | <u>(797,658)</u>            | <u>(16)</u>       | <u>(797,674)</u>           | <u>856,519</u>   |                            |
| <b>Non-Operating Revenues (Expenses):</b>                    |                             |                   |                            |                  |                            |
| Federal Appropriations, Grants and Contracts                 | 42,899                      | ---               | 42,899                     | (42,899)         | ---                        |
| State Appropriations, Grants and Contracts                   | 745,966                     | ---               | 745,966                    | (745,966)        | ---                        |
| Private Gifts, Grants and Contracts                          | 69,707                      | ---               | 69,707                     | (69,707)         | ---                        |
| Contributions and Intergovernmental                          | ---                         | 2,600             | 2,600                      | (2,600)          | ---                        |
| Investment Earnings:   |                             |                   |                            |                  |                            |
| Increase in the Fair Value of Investments                    | ---                         | 982               | 982                        | ---              | 982                        |
| Interest/Investment and Endowment Income                     | 127,886                     | 3,246             | 131,132                    | 1,823            | 132,955                    |
| Interest and Bond Related Expenses                           | (42,588)                    | (803)             | (43,391)                   | 43,391           | ---                        |
| Gain (Loss) on Sale of Capital Assets                        | (751)                       | ---               | (751)                      | ---              | (751)                      |
| Miscellaneous Revenues                                       | 1,692                       | ---               | 1,692                      | (1,692)          | ---                        |
| Miscellaneous Expenses                                       | ---                         | (28)              | (28)                       | 28               | ---                        |
| Total General Revenues                                       |                             |                   |                            |                  | <u>133,186</u>             |
| Total Non-Operating Revenues (Expenses)                      | <u>944,811</u>              | <u>5,997</u>      | <u>950,808</u>             | <u>(817,622)</u> |                            |
| Income Before Other Revenues (Expenses)<br>Or Gains (Losses) | 147,153                     | 5,981             | 153,134                    | 38,897           |                            |
| State Capital Appropriations                                 | 46,908                      | ---               | 46,908                     | ---              | <u>46,908</u>              |
| Total Capital Grants and Contributions                       |                             |                   |                            |                  | <u>46,908</u>              |
| Additions to Endowments                                      | 38,932                      | ---               | 38,932                     | (38,932)         | ---                        |
| Transfers Out (Note 16)                                      | ---                         | (35)              | (35)                       | 35               | ---                        |
| Change in Net Assets   | <u>232,993</u>              | <u>5,946</u>      | <u>238,939</u>             | <u>---</u>       | <u>238,939</u>             |
| Net Assets - Beginning of Year (Note 17)                     | <u>3,901,491</u>            | <u>151,397</u>    | <u>4,052,888</u>           | <u>---</u>       | <u>4,052,888</u>           |
| Net Assets - End of Year                                     | <u>\$ 4,134,484</u>         | <u>\$ 157,343</u> | <u>\$ 4,291,827</u>        | <u>\$ ---</u>    | <u>\$ 4,291,827</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, 2006

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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:

Capital Projects Funds:

Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation – these are reported as a part of the Missouri Road Fund. These transportation corporations are not-for-profit corporations organized under the Missouri Transportation Corporation Act. The corporations were formed to facilitate the construction of highway projects. When the purpose for which each 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  
Resource Management  
P.O. Box 270  
Jefferson City, Missouri 65102



STATE OF MISSOURI  
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**Note 1 – Significant Accounting Policies (cont.)**

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. Copies of the Board of Public Buildings' financial statements may be requested from:

Office of Administration  
Division of Accounting  
P.O. Box 809  
Jefferson City, Missouri 65102

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 determined by the Board and Commission from insurance members, the Business and Support Services Chief, the Human Resources Division Administrator, 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 Risk Management Division of the Missouri Department of Transportation. Additional information may be requested from:

Missouri Department of Transportation  
Controller's Division  
P.O. Box 270  
Jefferson City, Missouri 65102

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, 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 and 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  
Controller's 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  
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 Highway Patrol employees, and one retired member elected by retirees of the system. 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  
June 30, 2006

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

Missouri State Public Employees' Deferred Compensation Commission – The Commission offers all employees the opportunity to participate in the Missouri State Public Employees' Deferred Compensation Plan. Under this Plan, employees are permitted to defer a portion of their current salary until future years. This Plan's fiscal year ends December 31, therefore, financial statements for its reporting period ending December 31, 2005, have been included in this report. In addition, the Commission offers eligible employees the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25 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. The Commission consists of one member of the House of Representatives, one member of the Senate, and three other members appointed by the Governor with the advice and consent of the Senate. Copies of financial statements for both Plans may be requested from:

PEBSCO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

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.

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:

**Central Missouri State University**  
213 Administration Building  
Warrensburg, Missouri 64093

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

**Lincoln University**  
207 Young Hall  
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 65804

**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 3000  
Cape Girardeau, Missouri 63701

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

**University of Missouri System**  
118 University Hall  
Columbia, Missouri 65211-3020

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

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 and tax-exempt 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 and the Department of Agriculture, who serve as ex-officio voting members, and nine 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

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  
Highway Building, 2<sup>nd</sup> Floor  
105 West Capitol Avenue  
Jefferson City, Missouri 65101

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

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.

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.

Public School Retirement System – provides retirement benefits to employees of public school districts except those in St. Louis and Kansas City.

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, Inc. – 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.

Highway 19 Missouri River Bridge Transportation Corporation – organized to acquire, construct, own, and operate highway projects and facilities.

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

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

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 Access to Higher Education Trust Board – responsible for administering the funds of the Higher Education Trust.

**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 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 fund categories, with each displayed in a separate column. All remaining governmental and enterprise fund categories are aggregated and reported as non-major funds. Internal service fund categories 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, 2006

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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 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.

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.

Transportation and Law Enforcement – provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

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.

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.

Unemployment Compensation – accounts for contributions, payments, and federal loans 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.

**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 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 Fund Net Assets.

Non-Major

Non-Major Component Units account for moneys from bond proceeds, loans, contributions, gifts, and grants. 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 Fund Net Assets.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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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 Fund 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 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*).

**F. Interfund Receivables/Payables**

The State makes various transactions between funds or between 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 Statements of Net Assets. Payables are classified as “due to other funds” or “due to primary government” on the Balance Sheet and Statements of Net Assets (see *Note 15*).

**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 Statements of Net Assets. Long-term interfund payables are classified as “advances from primary government/component units” on the Balance Sheet and Statements of Net Assets (see *Note 15*).

**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. Reserves of fund balance have been established for the inventory balances in governmental funds. 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. Restricted Assets**

These moneys are restricted by donors and applicable bond indentures:

Reserved for Budget Reserve – An account used to meet the cash flow requirements and program funding requirements of the State.

Reserved for Inventories – An account used to segregate a portion of fund balance to indicate that inventories do not represent available, spendable resources.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

Reserved for Forfeited Assets – An account used to segregate a portion of fund balance to pay postclosure costs for landfill owners that have defaulted on their obligation to pay postclosure care costs (see *Note 22*) and mining reclamation costs.

Reserved for Taxes – An account used to segregate a portion of fund balance for taxes received for which payment was made under protest and for bonds filed by license holders for security against default of payment of tax liabilities.

Reserved for Debt Service – An account used to segregate a portion of fund balance for debt service resources legally restricted to the payment of general long-term debt principal and interest amounts maturing in future years.

Reserved for Loans Receivable – An account used to segregate a portion of fund balance to indicate that loans receivable do not represent available, spendable resources.

Reserved for Trust Principal – An account used to segregate a portion of fund balance to indicate the principal amount of permanent funds that is legally restricted for a specific future purpose.

**J. Capital Assets**

Capital assets, which include construction in progress, infrastructure in progress, land, land improvements, buildings, equipment, 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, and equipment – \$1,000. No dollar threshold is set for land or infrastructure.

Capital assets are depreciated using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, equipment – 5 years, and infrastructure 12 to 50 years. Construction in progress, infrastructure in progress, and land are not depreciated.

Most works of art and historical treasures are not capitalized or depreciated. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, monuments, and other art throughout the capital 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 using the straight-line method of depreciation over the following useful lives: buildings – 40 years, land improvements and building improvements – 20 years, and equipment – 5 years.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

**K. 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 \$184,158,000 within the General Fund, \$27,714,000 within the major special revenue funds, \$20,137,000 within the Missouri Road Fund, and \$4,313,000 within non-major governmental funds which totals \$236,322,000 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 of \$33,063,000 within the General Fund, \$785,000 within major special revenue funds, \$10,448,000 within the Missouri Road Fund.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$25,461,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$648,000 which includes \$554,000 within the Petroleum Storage Tank Insurance Fund, \$94,000 within the non-major enterprise funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$84,799,000 within the college and universities which is the total unearned revenue amount for component units.

**L. 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, contractual obligations to other governments, and loans from other entities. 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*).
3. Outstanding principal for revenue bonds issued by the Board of Public Buildings, State Road Bonds issued by the Missouri Highways and Transportation Commission, and bonds issued by the Health and Educational Facilities Authority and the Regional Convention and Sports Complex Authority. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

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, and the Missouri Road Fund (see *Notes 6 and 11*).
6. 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.

7. 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*).

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

**M. Net Assets**

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, 2006, net assets restricted by enabling legislation equaled \$850,878,000 for governmental activities and \$1,589,000 for business-type activities.

**N. Revenues**

The revenues of the General Fund include federal grants and contributions of \$7,004,623,000. Revenues for all funds are reported net of refunds of \$1,809,239,000.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

**O. 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, construct assets, and service debt. Interfund transactions basically consist of these two 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.
2. Transfers from funds receiving revenues to funds through which the resources are to be expended and operating subsidies are classified as transfers (see *Note 16*).

**P. Expenditures and Expenses**

Expenditures and expenses are reported net of revenue over collections of \$1,255,788,000 and \$191,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts and for cost reimbursements of \$552,428,000 and \$832,000, respectively.

**Q. 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 unit 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 standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2006:

- Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

Statement No. 42 amends Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and FASB Interpretation No. 30, *Accounting for Involuntary Conversions of Nonmonetary Assets to Monetary Assets*.

Statement No. 34 requires that capital assets (with the exception of inexhaustible assets and those accounted for using the modified approach) be depreciated over their useful lives and does not have a specific requirement to reduce the carrying value of a capital asset other than through the application of depreciation. Statement No. 42, established accounting and reporting requirements for the impairment of capital assets.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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**Note 2 – Reporting Changes and Classifications (cont.)**

Interpretation No. 30 provides guidance on accounting for insurance recoveries, but only for government-wide and proprietary funds, not governmental funds. Statement No. 42 clarifies guidance for accounting for insurance recoveries for all funds and activities.

- Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

Statement No. 44 amends NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*.

NCGA Statement 1 was issued in 1979 and guides the preparation of the statistical section. It was geared toward general-purpose governments and lacked clarification on the nature of the information contained in the statistical schedules causing a lack of comparability between governments. Statement No. 44 established statistical objectives, five categories of statistical information, and government-wide accrual-based information required by GASB Statement No. 34.

- GASB Technical Bulletin No. 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*.

GASB Technical Bulletin No. 2006-1 clarifies the application of existing standards of accounting and financial reporting to payments that an employer or a defined benefit other postemployment benefit (OPEB) plan receives from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D, as established in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

Due to an accounting presentation change, the agency funds State Retirement Contributions, Missouri State Employees' Deferred Compensation Incentive Plan Administration, and Missouri Consolidated Health Care Plan Benefit are not discretely presented.

Component units Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation, previously discretely presented, are now blended and a part of the Missouri Road Fund due to a change in accounting principle.

**Note 3 – Deposits, Investments and Securities Lending Program**

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds. 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, 2006.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

**A. Deposits**

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. 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 a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

**Primary Government**

At June 30, 2006, the reported amount of the primary government's deposits was \$683,351,000 and the bank balance was \$692,755,000. Of the bank amount, \$296,000 was uncollateralized, \$470,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name, and \$12,000 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

**Fiduciary**

At June 30, 2006, the reported amount of the deposits of the fiduciary funds was \$72,641,000 and the bank balance was \$84,265,000. Of the bank amount, \$2,431,000 was uncollateralized, and \$43,000 was collateralized with securities held by the counterparty's trust department or agent in the State's name.

**Component Units**

At June 30, 2006, the reported amount of the deposits of the component units was \$351,971,000 and the bank balance was \$358,129,000. Of the bank amount, \$5,656,000 was uncollateralized, and \$33,126,000 was collateralized with securities held by the counterparty's trust department or agent in the component units' name.

**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 2006.

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, 2006**

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**Note 3 – Deposits, Investments and Securities Lending Program (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, 2006, the reported amount of the primary government's investments was \$2,938,512,000. No amount was both uninsured and unregistered.

Fiduciary

At June 30, 2006, the reported amount of the fiduciary funds investments was \$10,293,875,000. Of the amount, \$5,909,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name.

Component Units

At June 30, 2006, the reported amount of the component units investments was \$1,986,568,000. Of the amount, \$130,765,000 was uninsured and unregistered, \$51,260,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent in the component units' name, and \$7,417,000 was uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the component units' name.

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 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 1.5 years, and holding at least 40% 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<br>Fiduciary Funds and<br>Component Units: |                     |                |               |              |               |                  |
| U.S. Government Securities                                       | \$ 909,845          | \$ 543,828     | \$ 16,023     | \$ 8,467     | \$ 67         | \$ 1,478,230     |
| Repurchase Agreements  | 503,271             | ---            | ---           | ---          | ---           | 503,271          |
| Stocks   | ---                 | ---            | ---           | ---          | 3,069         | 3,069            |
| Commercial Paper   | 926,307             | ---            | ---           | ---          | ---           | 926,307          |
| Mutual Funds   | ---                 | ---            | ---           | ---          | 27,635        | 27,635           |
| Subtotal   | <u>2,339,423</u>    | <u>543,828</u> | <u>16,023</u> | <u>8,467</u> | <u>30,771</u> | <u>2,938,512</u> |



**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

|                                     | Maturities in Years |                     |                   |                   |                     | Total Fair Value     |
|-------------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
|                                     | Less than 1         | 1-5                 | 6-10              | More than 10      | No Maturity         |                      |
| <b>Fiduciary Funds:</b>             |                     |                     |                   |                   |                     |                      |
| U.S. Government Securities          | 12,920              | 229,889             | 725,825           | 5,321             | ---                 | 973,955              |
| Repurchase Agreements               | 356,180             | ---                 | ---               | ---               | ---                 | 356,180              |
| Stocks                              | ---                 | ---                 | ---               | ---               | 1,573,464           | 1,573,464            |
| Commercial Paper                    | 11,546              | ---                 | ---               | ---               | ---                 | 11,546               |
| Bonds                               | ---                 | 547,376             | 4,354             | 11,441            | ---                 | 563,171              |
| International Equities              | 1,225,696           | ---                 | ---               | ---               | ---                 | 1,225,696            |
| Mortgages/Real Estate               | ---                 | 123,452             | 1,770             | 48,274            | 231,154             | 404,650              |
| Short-Term Securities               | 805,895             | ---                 | ---               | ---               | ---                 | 805,895              |
| Deferred Compensation               | ---                 | ---                 | ---               | ---               | 6,601               | 6,601                |
| Foreign Securities                  | ---                 | ---                 | ---               | ---               | 97,654              | 97,654               |
| Mutual Funds                        | ---                 | ---                 | ---               | ---               | 1,243,107           | 1,243,107            |
| Venture Capital Limited Partnership | ---                 | ---                 | ---               | ---               | 2,707,522           | 2,707,522            |
| Absolute Return                     | ---                 | ---                 | ---               | ---               | 249,144             | 249,144              |
| Tactical Fixed Income               | ---                 | ---                 | ---               | ---               | 75,290              | 75,290               |
| Subtotal                            | <u>2,412,237</u>    | <u>900,717</u>      | <u>731,949</u>    | <u>65,036</u>     | <u>6,183,936</u>    | <u>10,293,875</u>    |
| <b>Component Units:</b>             |                     |                     |                   |                   |                     |                      |
| U.S. Government Securities          | 242,580             | 559,225             | 73,330            | 46,506            | ---                 | 921,641              |
| Repurchase Agreements               | 6,706               | ---                 | ---               | ---               | ---                 | 6,706                |
| Stocks                              | 22                  | ---                 | ---               | ---               | 647,677             | 647,699              |
| Bonds                               | 66,840              | 124,874             | 22,578            | 16,472            | ---                 | 230,764              |
| Mortgages                           | ---                 | ---                 | ---               | ---               | 5,605               | 5,605                |
| Mutual Funds                        | 1,970               | ---                 | ---               | ---               | 6,794               | 8,764                |
| Commercial Paper                    | 130,765             | ---                 | ---               | ---               | ---                 | 130,765              |
| Other                               | ---                 | ---                 | ---               | ---               | 34,624              | 34,624               |
| Subtotal                            | <u>448,883</u>      | <u>684,099</u>      | <u>95,908</u>     | <u>62,978</u>     | <u>694,700</u>      | <u>1,986,568</u>     |
| Total Investments                   | <u>\$ 5,200,543</u> | <u>\$ 2,128,644</u> | <u>\$ 843,880</u> | <u>\$ 136,481</u> | <u>\$ 6,909,407</u> | <u>\$ 15,218,955</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. During fiscal year 2006, 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, 2006**

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

The State Treasurer requires investments in commercial paper and bankers' acceptances 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>Fitch</u> | <u>Fair Value</u> |
|-------------------------------|----------------|------------------|--------------|-------------------|
| Primary Government/Fiduciary: |                |                  |              |                   |
| Bonds                         | Aaa            | AAA              |              | \$ 1,279,058      |
|                               |                | AAA              |              | 370,755           |
|                               |                | AA               |              | 405,925           |
|                               |                | A+               |              | 1,195             |
|                               |                | A                |              | 498,619           |
|                               |                | A-               |              | 3,252             |
|                               |                | BBB+             |              | 2,718             |
|                               |                | BBB              |              | 37,718            |
|                               |                | BBB-             |              | 2,813             |
|                               |                | BB+              |              | 1,230             |
|                               |                | BB               |              | 106,015           |
|                               |                | B                |              | 168,977           |
|                               |                | CCC              |              | 15,439            |
|                               |                | D                |              | 109               |
|                               |                | unrated          |              | 10,358            |
| Commercial Paper              | P-1            | A-1+             |              | 519,165           |
|                               | P-1            | A-1              |              | 410,488           |
|                               |                | Tier 1           |              | 14,596            |
|                               |                | Tier 2           |              | 232,878           |
| Mortgage/Real Estate          |                | AAA              |              | 35,336            |
|                               |                | AA               |              | 495               |
|                               |                | Agency           |              | 178,127           |
|                               |                | unrated          |              | 8,104             |
| Asset Backed Securities       |                | AAA              |              | 186,008           |
|                               |                | AA               |              | 7,452             |
|                               |                | A                |              | 135               |
|                               |                | BB               |              | 1,496             |
|                               |                | Agency           |              | 13,996            |
| Pooled Investments            |                | unrated          |              | 75,290            |
| Repurchase Agreements         | P-1            | A-1              |              | 306,261           |
| U.S. Security                 |                | AAA              |              | 79,725            |
| Stock                         |                | AAA              |              | 61,200            |
|                               |                | BB               |              | 704               |
|                               |                | CCC              |              | 8                 |
| Subtotal                      |                |                  |              | 5,035,645         |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

|                           | Moody's | S & P   | Fitch   | Fair Value          |
|---------------------------|---------|---------|---------|---------------------|
| Component Units:          |         |         |         |                     |
| Bonds                     | AAA     | AAA     |         | 41,602              |
|                           | AAA     |         |         | 53                  |
|                           | Aa3     | A+      |         | 157                 |
|                           | Aa3     | AA-     |         | 111                 |
|                           | Aa1     | AA-     |         | 51                  |
|                           | Aa      |         |         | 70                  |
|                           | A2      | A       |         | 187                 |
|                           | A1      | A+      |         | 31                  |
|                           | A       |         |         | 92                  |
|                           | Baa     |         |         | 2                   |
|                           |         |         | AAA     | 2                   |
|                           |         |         | AA      | 2                   |
|                           |         |         | AA-     | 3                   |
|                           | unrated | unrated |         | 7                   |
| Mutual Funds              | unrated | unrated | unrated | 27                  |
| U.S. Treasury Obligations | AAA     | AAA     |         | 16,515              |
|                           | AAA     |         |         | 185                 |
| U.S. Agency Obligations   | AAA     | AAA     |         | 20,714              |
|                           | AAA     | A1+     |         | 41,782              |
| U.S. Securities           | AAA     |         |         | 14,919              |
|                           | Aa      |         |         | 53                  |
|                           | A       |         |         | 19                  |
|                           | Baa     |         |         | 1                   |
|                           |         | AAA     |         | 34,714              |
|                           | unrated | unrated | unrated | 30                  |
| Subtotal                  |         |         |         | <u>171,329</u>      |
| Total Rated Investments   |         |         |         | <u>\$ 5,206,974</u> |

The State Treasurer does not have a policy regarding foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. 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. The State Treasurer's Office does not have any deposits or investments in foreign currency, however, 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. In addition to the amounts provided in the table, the University of Missouri System had \$85,248,000 in government obligations, \$15,518,000 in bonds and notes, \$119,782,000 in corporate stocks, and \$3,563,000 in cash and cash equivalents held in foreign currencies as of June 30, 2006.

| Currency               | Investment Type |          |              | Total   |
|------------------------|-----------------|----------|--------------|---------|
|                        | Cash            | Equities | Fixed Income |         |
| Argentina Peso         | \$ 28           | \$ ---   | \$ ---       | \$ 28   |
| Australian Dollar      | 1,293           | 26,621   | ---          | 27,914  |
| Brazilian Real         | 89              | 22,277   | ---          | 22,366  |
| British Pound Sterling | (55,950)        | 286,344  | 925          | 231,319 |
| Canadian Dollar        | 1,410           | 67,624   | ---          | 69,034  |
| China Renminbi         | 11,411          | ---      | ---          | 11,411  |
| Columbian Peso         | 53              | ---      | ---          | 53      |
| Czech Koruna           | (705)           | 2,135    | ---          | 1,430   |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

| Currency           | Investment Type   |                     |                 | Total               |
|--------------------|-------------------|---------------------|-----------------|---------------------|
|                    | Cash              | Equities            | Fixed Income    |                     |
| Danish Krone       | 128               | 14,268              | ---             | 14,396              |
| Euro               | 2,669             | 395,443             | ---             | 398,112             |
| Hong Kong Dollar   | 907               | 91,829              | ---             | 92,736              |
| Hungarian Forint   | 1                 | ---                 | ---             | 1                   |
| Indian Rupee       | 8,884             | 4,414               | ---             | 13,298              |
| Indonesion Rupiah  | (1)               | 512                 | ---             | 511                 |
| Israeli Shekel     | ---               | 902                 | ---             | 902                 |
| Japenese Yen       | 178,679           | 344,234             | ---             | 522,913             |
| Malaysian Ringgit  | 3,790             | ---                 | ---             | 3,790               |
| Maltise Lira       | ---               | 219                 | ---             | 219                 |
| Malysian Ringgit   | ---               | 7,350               | ---             | 7,350               |
| Mexican Peso       | 10                | 15,765              | ---             | 15,775              |
| New Zealand Dollar | 24                | 462                 | ---             | 486                 |
| Norwegian krone    | 1,711             | 2,477               | ---             | 4,188               |
| Norweign Krone     | ---               | 19,265              | ---             | 19,265              |
| Philippine Peso    | ---               | 752                 | ---             | 752                 |
| Pilippine peso     | ---               | 132                 | ---             | 132                 |
| Polish Zloty       | (816)             | 169                 | ---             | (647)               |
| Russian Ruble      | ---               | 18                  | ---             | 18                  |
| Singapore Dollar   | 297               | 79,962              | ---             | 80,259              |
| South African Rand | 4                 | 10,296              | 74              | 10,374              |
| South Korean Won   | 21,796            | 36,299              | 4,585           | 62,680              |
| Sri Lanka Rupee    | ---               | 2                   | ---             | 2                   |
| Swedish Krona      | 277               | 31,009              | ---             | 31,286              |
| Swiss Franc        | (1,174)           | 108,305             | 1,635           | 108,766             |
| Taiwan New Dollar  | 18,583            | 27,173              | ---             | 45,756              |
| Thai Baht          | 1                 | 6,458               | ---             | 6,459               |
| Turkish Lira       | (427)             | 5,224               | ---             | 4,797               |
| <b>Total</b>       | <b>\$ 192,972</b> | <b>\$ 1,607,940</b> | <b>\$ 7,219</b> | <b>\$ 1,808,131</b> |

**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 October 2004, Bank of New York 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, 2006, the State Treasurer's Office had an aggregate fair value of securities lent of \$137,688,000 and an aggregate fair value of collateral received of \$140,671,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

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, 2006, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Credit Suisse/First Boston, New York Branch (CSFBNY) served as the agent for the fixed income domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing CSFBNY to lend these securities to a diverse group of dealers on behalf of MOSERS. CSFBNY 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 CSFBNY. On June 30, 2006, the cash collateral fund had a market value of \$1,152,400,000 and a weighted average maturity of 31 days. At June 30, 2006 and 2005, MOSERS earned \$3,677,000 and \$3,251,000, respectively, on the securities lending program.

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 did not have the ability to pledge or sell collateral securities absent a borrower default. 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. The collateral held at June 30, 2006, was \$124,266,000 and the market value of securities on loan for the System was \$118,819,000.

At June 30, 2006 and 2005, the System earned \$494,000 and \$506,000, respectively, on the securities lending program.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 3 – Deposits, Investments and Securities Lending Program (cont.)**

University of Missouri System:

The University participates in a securities lending program to augment income. The program is administered by the University's custodial agent bank, which lends certain securities for a predetermined period of time, to an independent broker/dealer (borrower) in exchange for collateral. Collateral may be cash, U.S. government securities, defined letters of credit, or other collateral approved by the University. Loans of domestic securities are initially collateralized at 102% of the fair value of securities lent. Loans of international securities are initially collateralized at 105% of the fair value of securities lent. The University has minimized its exposure to credit risk from borrower default by having the custodial agent bank determine daily that required collateral meets a minimum of 100% of the market value of securities on loan for domestic securities lent and 105% for international securities lent.

The University continues to receive interest and dividends during the loan period as well as a fee from the borrower. The maturities of the investments made with the cash collateral generally match the maturities of the securities lent. At June 30, 2006, the University has no credit risk exposure since the collateral held exceeds the value of the securities lent. The University is fully indemnified by its custodial bank against any losses incurred as a result of borrower default. The University can pledge or sell cash and securities received as collateral absent a borrower default.

At June 30, 2006, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled \$3,993,000. At June 30, 2006, the aggregate fair value of the securities lent was \$100,618,000 and the aggregate fair value of the collateral received was \$100,873,000.

**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.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2006. The investments are reported at fair value and are included on the Statement of Net Assets of the pension trust funds.

Futures Contracts:

| <u>Notional Amount</u> | <u>Exposure</u> |
|------------------------|-----------------|
| \$480,893              | \$505           |

Swaps:

| <u>Notional Amount</u> | <u>Counterparty<br/>Exposure</u> |
|------------------------|----------------------------------|
| \$1,611,336            | \$(10,677)                       |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 4 – Federal Surplus Commodities Inventory**

The federal surplus commodities inventory for the Department of Social Services and the Department of Health and Senior Services were \$185,000 and \$4,918,000, respectively, as of June 30, 2006. This inventory is not considered to be an asset of the State and is not included in the financial statements.

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2006, was as follows (in thousands of dollars):

|   | *Balance<br>July 1, 2005 | Increases           | Decreases             | Balance<br>June 30, 2006 |
|---|--------------------------|---------------------|-----------------------|--------------------------|
| <b>Governmental Activities:</b>                   |                          |                     |                       |                          |
| Capital Assets not being Depreciated:             |                          |                     |                       |                          |
| Construction in Progress .....                    | \$ 858,481               | \$ 145,937          | \$ (438,675)          | \$ 565,743               |
| Infrastructure in Progress .....                  | 2,748,643                | 1,100,162           | (1,050,883)           | 2,797,922                |
| Land.....   | 2,400,892                | 160,493             | (3,005)               | 2,558,380                |
| Total Capital Assets not being Depreciated .....  | <u>6,008,016</u>         | <u>1,406,592</u>    | <u>(1,492,563)</u>    | <u>5,922,045</u>         |
| Capital Assets being Depreciated:                 |                          |                     |                       |                          |
| Land Improvements.....                            | 127,020                  | 22,388              | (281)                 | 149,127                  |
| Buildings and Improvements .....                  | 2,056,882                | 334,843             | (10,482)              | 2,381,243                |
| Equipment .....                                   | 1,120,283                | 109,129             | (86,667)              | 1,142,745                |
| Infrastructure .....                              | 38,064,363               | 1,082,939           | (38,701)              | 39,108,601               |
| Total Capital Assets being Depreciated .....      | <u>41,368,548</u>        | <u>1,549,299</u>    | <u>(136,131)</u>      | <u>42,781,716</u>        |
| Less Accumulated Depreciation for:                |                          |                     |                       |                          |
| Land Improvements.....                            | (61,847)                 | (4,690)             | 162                   | (66,375)                 |
| Buildings and Improvements .....                  | (768,447)                | (70,372)            | 7,097                 | (831,722)                |
| Equipment .....                                   | (764,475)                | (97,754)            | 79,548                | (782,681)                |
| Infrastructure .....                              | (18,267,340)             | (782,284)           | 38,701                | (19,010,923)             |
| Total Accumulated Depreciation.....               | <u>(19,862,109)</u>      | <u>(955,100)</u>    | <u>125,508</u>        | <u>(20,691,701)</u>      |
| Total Capital Assets being Depreciated, Net ..... | <u>21,506,439</u>        | <u>594,199</u>      | <u>(10,623)</u>       | <u>22,090,015</u>        |
| Governmental Activities Capital Assets, Net.....  | <u>\$ 27,514,455</u>     | <u>\$ 2,000,791</u> | <u>\$ (1,503,186)</u> | <u>\$ 28,012,060</u>     |
| <b>Business-Type Activities:</b>                  |                          |                     |                       |                          |
| Capital Assets not being Depreciated:             |                          |                     |                       |                          |
| Construction in Progress .....                    | \$ 7,639                 | \$ 1,520            | \$ (4,615)            | \$ 4,544                 |
| Land.....   | 5,748                    | 715                 | ---                   | 6,463                    |
| Total Capital Assets not being Depreciated .....  | <u>13,387</u>            | <u>2,235</u>        | <u>(4,615)</u>        | <u>11,007</u>            |
| Capital Assets being Depreciated:                 |                          |                     |                       |                          |
| Land Improvements.....                            | 6,765                    | 81                  | ---                   | 6,846                    |
| Buildings and Improvements .....                  | 26,513                   | 87                  | ---                   | 26,600                   |
| Equipment .....                                   | 46,842                   | 2,260               | (1,792)               | 47,310                   |
| Total Capital Assets being Depreciated .....      | <u>80,120</u>            | <u>2,428</u>        | <u>(1,792)</u>        | <u>80,756</u>            |
| Less Accumulated Depreciation for:                |                          |                     |                       |                          |
| Land Improvements.....                            | (2,837)                  | (242)               | ---                   | (3,079)                  |
| Buildings and Improvements .....                  | (11,630)                 | (777)               | ---                   | (12,407)                 |
| Equipment .....                                   | (35,736)                 | (2,705)             | 1,771                 | (36,670)                 |
| Total Accumulated Depreciation.....               | <u>(50,203)</u>          | <u>(3,724)</u>      | <u>1,771</u>          | <u>(52,156)</u>          |
| Total Capital Assets being Depreciated, Net ..... | <u>29,917</u>            | <u>(1,296)</u>      | <u>(21)</u>           | <u>28,600</u>            |
| Business-Type Activities Capital Assets, Net..... | <u>\$ 43,304</u>         | <u>\$ 939</u>       | <u>\$ (4,636)</u>     | <u>\$ 39,607</u>         |

\*Beginning balances as of July 1, 2005 have been restated (see *Note 17*).

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 5 – Capital Assets (cont.)**

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

|  |                   |
|--|-------------------|
| General Government.....                  | \$ 27,344         |
| Education .....                          | 3,355             |
| Natural and Economic Resources.....      | 13,111            |
| Transportation and Law Enforcement ..... | 847,802           |
| Human Services.....                      | <u>63,488</u>     |
| Total .....                              | <u>\$ 955,100</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<br>Universities | Non-Major<br>Component<br>Units | Total               |
|---|-----------------------------|---------------------------------|---------------------|
| Capital Assets not being Depreciated:                               |                             |                                 |                     |
| Construction in Progress .....                                      | \$ 210,058                  | \$ 16,348                       | \$ 226,406          |
| Land.....   | 126,387                     | 9,271                           | 135,658             |
| Other Non-Depreciable Assets .....                                  | <u>66,590</u>               | <u>---</u>                      | <u>66,590</u>       |
| Total Capital Assets not being Depreciated ....                     | <u>403,035</u>              | <u>25,619</u>                   | <u>428,654</u>      |
| Capital Assets being Depreciated:                                   |                             |                                 |                     |
| Land Improvements.....  | 18,319                      | ---                             | 18,319              |
| Buildings and Improvements .....                                    | 3,387,414                   | 28,632                          | 3,416,046           |
| Equipment, Fixtures, and Books .....                                | 956,846                     | 112                             | 956,958             |
| Infrastructure .....  | <u>314,419</u>              | <u>---</u>                      | <u>314,419</u>      |
| Total Capital Assets being Depreciated .....                        | <u>4,676,998</u>            | <u>28,744</u>                   | <u>4,705,742</u>    |
| Less Total Accumulated Depreciation.....                            | <u>(1,951,040)</u>          | <u>(3,195)</u>                  | <u>(1,954,235)</u>  |
| Total Capital Assets being Depreciated, Net...                      | <u>2,725,958</u>            | <u>25,549</u>                   | <u>2,751,507</u>    |
| Discretely Presented Component Units -<br>Capital Assets, Net ..... | <u>\$ 3,128,993</u>         | <u>\$ 51,168</u>                | <u>\$ 3,180,161</u> |

**Capital Asset Impairments**

The net gain after insurance recovery of \$35,000 is reported as an extraordinary item in the statement of net activities, due to replacement of two vehicles that were destroyed after the Taum Sauk Reservoir breach.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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 and college and universities 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):

| <u>Fiscal Year</u><br><u>Ending June 30</u>    | <u>Governmental</u><br><u>Funds</u> | <u>Internal Service</u><br><u>Funds</u> | <u>College and</u><br><u>Universities</u> |
|--|-------------------------------------|---|---|
| 2007   | \$ 15,945                           | \$ 210                                  | \$ 2,689                                  |
| 2008   | 13,374                              | 168                                     | 2,594                                     |
| 2009   | 12,640                              | 114                                     | 2,513                                     |
| 2010   | 12,210                              | 112                                     | 2,500                                     |
| 2011   | 11,485                              | 112                                     | 2,451                                     |
| 2012–2016                                      | 17,181                              | 524                                     | 12,130                                    |
| 2017–2021                                      | 3,355                               | ---                                     | 9,725                                     |
| 2022–2026                                      | 89                                  | ---                                     | ---                                       |
| Total Minimum Lease Payments                   | <u>86,279</u>                       | <u>1,240</u>                            | <u>34,602</u>                             |
| Less Amount Representing Interest              | <u>(14,223)</u>                     | <u>(179)</u>                            | <u>(13,327)</u>                           |
| Present Value of Net<br>Minimum Lease Payments | <u>\$ 72,056</u>                    | <u>\$ 1,061</u>                         | <u>\$ 21,275</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 one building in Florissant, one building in St. Louis, and one building in 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, 2006**

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**Note 6 – Leases (cont.)**

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

| <u>Fiscal Year<br/>Ending June 30</u>          | <u>Governmental<br/>Funds</u> | <u>Enterprise<br/>Funds</u> |
|--|-------------------------------|-----------------------------|
| 2007   | \$ 2,646                      | \$ ---                      |
| 2008   | 2,637                         | ---                         |
| 2009   | 2,623                         | 1                           |
| 2010   | 2,613                         | 1                           |
| 2011   | 2,600                         | 1                           |
| 2012–2016                                      | 12,977                        | 3                           |
| 2017–2021                                      | 12,877                        | 3                           |
| 2022–2026                                      | 12,854                        | 3                           |
| 2027–2031                                      | 12,827                        | 2                           |
| Total Minimum Lease Payments                   | <u>64,654</u>                 | <u>14</u>                   |
| Less Amount Representing Interest              | <u>(25,802)</u>               | <u>(6)</u>                  |
| Present Value of Net<br>Minimum Lease Payments | <u>\$ 38,852</u>              | <u>\$ 8</u>                 |

The State issued Refunding Certificates of Participation Series A 2005 dated March 1, 2005, in the amount of \$120,490,000. The Refunding Certificates of Participation 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's obligation under the lease 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.

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

| <u>Fiscal Year<br/>Ending June 30</u>          | <u>Governmental<br/>Funds</u> |
|--|-------------------------------|
| 2007   | \$ 13,182                     |
| 2008   | 13,179                        |
| 2009   | 13,181                        |
| 2010   | 13,178                        |
| 2011   | 13,183                        |
| 2012–2016                                      | 64,084                        |
| 2017–2019                                      | 25,384                        |
| Total Minimum Lease Payments                   | <u>155,371</u>                |
| Less Amount Representing Interest              | <u>(36,381)</u>               |
| Present Value of Net<br>Minimum Lease Payments | <u>\$ 118,990</u>             |

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 6 – Leases (cont.)**

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, 2006 (in thousands of dollars):

|           | <u>Governmental<br/>Funds</u> | <u>Internal Service<br/>Funds</u> | <u>Enterprise<br/>Funds</u> | <u>College and<br/>Universities</u> |
|-----------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| Buildings | \$ 225,876                    | \$ 1,321                          | \$ 8                        | \$ 25,831                           |
| Equipment | 44,579                        | 5,691                             | ---                         | 1,498                               |
|           | <u>\$ 270,455</u>             | <u>\$ 7,012</u>                   | <u>\$ 8</u>                 | <u>\$ 27,329</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, 2006, were as follows (in thousands of dollars):

| <u>Year Ending<br/>June 30</u> | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--------------------------------|-------------------------------|----------------------------|
| 2007                           | \$ 38,308                     | \$ 2,085*                  |
| 2008                           | 809                           | 1,595                      |
| 2009                           | 272                           | 1,333                      |
| 2010                           | 158                           | 879                        |
| 2011                           | 146                           | 615                        |
| 2012–2016                      | 745                           | 2,424                      |
| 2017–2021                      | 760                           | 158                        |
| 2022–2026                      | 776                           | ---                        |
| After 2026                     | 791                           | ---                        |
| Total Minimum Commitments      | <u>\$ 42,765</u>              | <u>\$ 9,089</u>            |

\*Component units have a contingent lease for 2007 in the amount of \$195,767 that is not included in the operating lease total above.

Expenditures for rent under operating leases for the years ended June 30, 2006 and June 30, 2005 were \$37,240,000 and \$36,187,000, 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. Future minimum receivables, payable from lessor arrangements as of June 30, 2006, were as follows (in thousands of dollars):

| <u>Year Ending<br/>June 30</u> | <u>Primary<br/>Government</u> | <u>Component<br/>Units</u> |
|--------------------------------|-------------------------------|----------------------------|
| 2007                           | \$ 572                        | \$ 920                     |
| 2008                           | 476                           | 1,122                      |
| 2009                           | 380                           | 1,122                      |
| 2010                           | 316                           | 1,100                      |
| 2011                           | 313                           | 1,097                      |
| 2012–2016                      | 1,527                         | 4,975                      |
| 2017–2021                      | 1,527                         | 4,678                      |
| 2022–2026                      | 1,400                         | 4,436                      |
| After 2026                     | <u>145</u>                    | <u>14,661</u>              |
| Total Minimum Receivables      | <u>\$ 6,656</u>               | <u>\$ 34,111</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 as 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 the Revised Statutes of Missouri Sections 104.010 and 104.312–104.1215, and 476.445–476.690, respectively.

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). 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. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the Judicial Plan are administered and paid by MOSERS.

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

MOSERS provides retirement, death, and disability benefits to its members. MOSERS employees are fully vested after 5 years of creditable service (4 years for elected officials and 6 years for legislators). 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.

**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 reduced benefit  
that is based upon years of service relative to  
12 or 15 years.

For members hired 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 floor of 4% and a ceiling of 5%, until the cumulative amount of COLAs equal 65% of the original benefit, thereafter the 4% floor is eliminated. For members hired on or after August 28, 1997, COLAs are provided annually based on 80% of the change in the CPI 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.

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 the Revised Statutes of Missouri Sections 104.010-104.1093.

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, death, and disability benefits to its members. Employees are fully vested after 5 years of creditable service. The MPERS has two benefit structures known as the Closed Plan and the Year 2000 Plan. 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.

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

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 hired 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 hired 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 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 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%.

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

Missouri State Employees' Retirement System  
P.O. Box 209  
907 Wildwood  
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 Requirement**

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 System. 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 12.59% and 55.76%, respectively. Actual contribution rates are the same as the actuarially determined rates.

The State of Missouri makes all required contributions to MPERS. Current year calculated contribution rates are 44.27% for uniformed members of the Highway Patrol and 30.49% 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.

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

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>MSEP</u>      | <u>Judicial Plan</u> | <u>MPERS</u>     |
|---|------------------|----------------------|------------------|
| Annual required contribution                            | \$ 227,233       | \$ 22,402            | \$ 111,272       |
| Interest on net pension obligation                      | 5,097            | 3,511                | ---              |
| Actuarial adjustment to annual<br>required contribution | <u>(3,600)</u>   | <u>(2,480)</u>       | <u>---</u>       |
| Annual pension cost                                     | 228,730          | 23,433               | 111,272          |
| Contributions made                                      | <u>(227,233)</u> | <u>(22,402)</u>      | <u>(111,272)</u> |
| Increase in net pension obligation                      | 1,497            | 1,031                | ---              |
| Net pension obligation, beginning<br>of year            | <u>59,966</u>    | <u>41,300</u>        | <u>---</u>       |
| Net pension obligation, end of year                     | <u>\$ 61,463</u> | <u>\$ 42,331</u>     | <u>\$ ---</u>    |

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, 2004, 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% to 2.7% 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.

The actuarial valuation of the System dated June 30, 2006, will set the required contribution rates for the fiscal year ending June 30, 2008. The actuarial value of assets was determined using a 5-year valuation method which fully recognizes expected investment return and averages unanticipated market return. The unfunded actuarial accrued liabilities are amortized on a closed basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current year was determined as part of an actuarial valuation as of June 30, 2004, using the normal entry age actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include: (a) rate of return on the investment of 8.25%, and (b) projected wage inflation rate of 4.00%.

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

As of June 30, 2006, the actuarial valuation of assets was determined using a 3-year smoothed market average. The unfunded actuarial accrued liabilities are amortized as closed, level percentage over 30 years.

Trend Information (in thousands of dollars)

|                               | MSEP               |            |            | Judicial Plan      |           |           |
|-------------------------------|--------------------|------------|------------|--------------------|-----------|-----------|
|                               | Fiscal Year Ending |            |            | Fiscal Year Ending |           |           |
|                               | 06/30/06           | 06/30/05   | 06/30/04   | 06/30/06           | 06/30/05  | 06/30/04  |
| Annual Pension Cost (APC)     | \$ 228,730         | \$ 196,980 | \$ 167,120 | \$ 23,433          | \$ 22,770 | \$ 21,656 |
| Percentage of APC Contributed | 99.35%             | 99.32%     | 99.11%     | 95.60%             | 95.97%    | 95.29%    |
| Net Pension Obligation        | \$ 61,463          | \$ 59,966* | \$ 58,635  | \$ 42,331          | \$ 41,300 | \$ 40,383 |

\*Restated

|                               | MPERS              |            |           |
|-------------------------------|--------------------|------------|-----------|
|                               | Fiscal Year Ending |            |           |
|                               | 06/30/06           | 06/30/05   | 06/30/04  |
| Annual Pension Cost (APC)     | \$ 111,272         | \$ 102,240 | \$ 86,725 |
| Percentage of APC Contributed | 100%               | 100%       | 100%      |
| Net Pension Obligation        | \$ ---             | \$ ---     | \$ ---    |

**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 elect to remain with the Public School Retirement System under the Revised Statutes of Missouri, Section 104.342, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$2,776,000, \$2,179,000, and \$2,752,000 for the years ending June 30, 2006, 2005, and 2004, respectively, to the System. These were equal to the required contributions for 2006 and 2004. Required contributions for 2005 were \$2,218,000.

Copies of the System's June 30, 2006, 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 65109



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

**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.

All full-time employees are eligible for benefits after five years of credited service. Full benefits are available to members who retire at age 65 or after. Early retirement may be taken, at member's option, after age 55 with at least ten years of credited service, or age 60 with five years of credited service. Benefits are reduced for those who retire early, unless they retire at age 62 or later with at least 25 years of credited service. At retirement, up to 30% of the value of the retirement annuity can be taken in a lump sum; also the single life annuity can be exchanged for an actuarially equivalent annuity option.

Separate financial statements and supplemental schedules are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2006 financial report, which is publicly available. Copies of this report may be requested from:

University of Missouri System  
Office of the Controller  
118 University Hall  
Columbia, Missouri 65211

Funding Requirement

The University's contributions to the Plan are equal to the actuarially determined contribution requirement, as a percent of payroll, which averaged 7.9% for the year ended June 30, 2006. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually at the beginning of the University's fiscal year on July 1 to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1, and the adoption of any Plan amendments during the interim.

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):

|   |           |
|---|-----------|
| Annual required contribution                            | \$ 63,552 |
| Interest on net pension obligation                      | ---       |
| Actuarial adjustment to annual<br>required contribution | 847       |
| Annual pension cost                                     | 64,399    |
| Contributions made                                      | (64,399)  |
| Change in net pension obligation                        | ---       |
| Net pension obligation, beginning of year               | ---       |
| Net pension obligation, end of year                     | \$ ---    |

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

The annual required contribution for the University for the current year was determined as part of an actuarial valuation of the System as of October 1, 2004, 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 5.2% 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.

Trend Information (in thousands of dollars)

|                               | Fiscal Year Ending |           |           |
|-------------------------------|--------------------|-----------|-----------|
|                               | 06/30/06           | 06/30/05  | 06/30/04  |
| Annual Pension Cost (APC)     | \$ 64,399          | \$ 49,075 | \$ 48,521 |
| Percentage of APC Contributed | 100%               | 100%      | 100%      |
| Net Pension Obligation        | \$ ---             | \$ ---    | \$ ---    |

**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 13,037, 5,203, and 522, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 15,369, 3,293, and 354, respectively. Health care benefits are funded through both employer and employee contributions. MOSERS life insurance benefits are funded through employer and employee contributions. MHPML and CEIP life insurance benefits are funded through employee contributions. Employer contribution rates are set in accordance with Section 103.100 of the Revised Statutes of Missouri. 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 2006 the State's contributions were 55.22% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating in each plan is as follows:

|        | Health Care | Life Insurance |
|--------|-------------|----------------|
| MCHCP  | 13,037      | ---            |
| MOSERS | ---         | 15,369         |
| MHPML  | 5,203       | 3,293          |
| CEIP   | 522         | 354            |
| Total  | 18,762      | 19,016         |

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 8 – Other Postemployment Benefits (cont.)**

During fiscal year 2006, the State contributed the following amounts (in thousands of dollars):

|        | <u>Health Care</u> | <u>Life Insurance</u> |
|--------|--------------------|-----------------------|
| MCHCP  | \$ 48,185          | \$ ---                |
| MOSERS | ---                | 1,769                 |
| MHPML  | 12,280             | ---                   |
| CEIP   | <u>1,440</u>       | <u>---</u>            |
| Total  | <u>\$ 61,905</u>   | <u>\$ 1,769</u>       |

During fiscal year 2006, the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

|        | <u>Health Care</u> | <u>Life Insurance</u> |
|--------|--------------------|-----------------------|
| MCHCP  | \$ 84,334          | \$ ---                |
| MOSERS | ---                | ---                   |
| MHPML  | 29,507             | 1,827                 |
| CEIP   | <u>2,769</u>       | <u>220</u>            |
| Total  | <u>\$ 116,610</u>  | <u>\$ 2,047</u>       |

The MCHCP retained PricewaterhouseCoopers LLP to perform an actuarial valuation of its Post-employment Medical Plan for fiscal year July 1, 2007 through June 30, 2008. The valuation report provides a preliminary estimate of the State's obligations for fiscal year 2008 in accordance with GASB 45. The valuation was performed using census data and plan provisions as of July 1, 2005; the results were projected to June 30, 2008, using open group projection methodology and assuming a stable active employee population. Since the GASB requires that any such valuation must be done within 24 months of the end of the valuation year, the results are labeled "preliminary" and are not the final numbers to be used in fiscal year 2008. The valuation was performed using all six prescribed actuarial cost methods and two prescribed spread methods. The actuarial cost method chosen by the State and MCHCP is the Entry-Age Normal method. This method will produce a relatively stable normal cost as a percentage of payroll. The Annual Required Contribution (ARC) for fiscal year 2008 is projected to be \$159 million without pre-funding and \$103.3 million with pre-funding. If the obligation is fully funded each year (the State contributes the ARC to a qualified trust), then the Net OPEB Obligation (NOO) is \$0. If pre-funding does not occur for fiscal year 2008, the NOO as of June 30, 2008, is projected to be \$96.5 million. The State is planning to fully fund the ARC in fiscal year 2008.

**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, 5,736 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2006 the University's contributions were 53.01% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,824 for medical care, 4,504 for dental care, 2,673 for life insurance, and 3,968 for accidental death and dismemberment, dependent life and long-term care insurance. During fiscal year 2006, the University contributed \$14,310,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$31,474,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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

PEBSCO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

**Missouri State 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. It is administered by the Public Employees Benefit Services Corporation (PEBSCO).

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 immediately 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 per month for each employee that meets these requirements. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. During fiscal year 2006, employer contributions to PEBSCO were \$9,447,000. No employee contributions are made to the Plan.

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

PEBSCO – A Division of Nationwide  
Retirement Solutions, Inc.  
One Nationwide Plaza, 1-13-G1  
Columbus, Ohio 43215-2220

On December 12, 2005, the Missouri Deferred Compensation Commission awarded the third-party administrator (TPA) contract to CitiStreet and the Fixed Annuity contract to ING Life Insurance and Annuity Company, effective June 1, 2006. The 401(a) deferred compensation plan displayed in the Pension (and Other Employee Benefit) Trust Funds statement presents 11 months of activity ended May 31, 2006, whereas the 457 deferred compensation plan presents 12 months of activity ended December 31, 2005.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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. Budget reserve loans are issued to the General Revenue Fund and other funds to maintain adequate cash balances for anticipated payments.

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2006 (in thousands of dollars):

|                                 | <u>Balance</u><br><u>July 1, 2005</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Balance</u><br><u>June 30, 2006</u> |
|---------------------------------|---------------------------------------|-------------------|---------------------|--|
| <b>Governmental Activities:</b> |                                       |                   |                     |  |
| Bank Overdraft                  | \$ ---                                | \$ 512,589        | \$ (512,587)        | \$ 2                                   |
| Budget Reserve Loans            | ---                                   | <u>365,292</u>    | <u>(365,292)</u>    | ---                                    |
| Total Governmental Activities   | <u>\$ ---</u>                         | <u>\$ 877,881</u> | <u>\$ (877,879)</u> | <u>\$ 2</u>                            |

**Note 11 – Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2006 (in thousands of dollars):

|                                   | <u>*Balance</u><br><u>July 1, 2005</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Balance</u><br><u>June 30, 2006</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|-----------------------------------|--|---------------------|-----------------------|--|--|
| <b>Governmental Activities:</b>   |  |                     |                       |  |  |
| Due to Other Entities             | \$ 31,311                              | \$ 5,832            | \$ (1,835)            | \$ 35,308                              | \$ 1,036                                       |
| General Obligation Bonds Payable  | 790,910                                | ---                 | (50,975)              | 739,935                                | 55,420   |
| Other Bonds Payable               | 1,609,815                              | 350,660             | (87,335)              | 1,873,140                              | 118,705  |
| Unamortized Bond Premium          | 98,977                                 | 21,335              | (15,899)              | 104,413                                | ---  |
| Obligations Under Lease/Purchases | 232,137                                | 41,967              | (43,145)              | 230,959                                | 21,747   |
| Compensated Absences              | 161,490                                | 135,791             | (137,521)             | 159,760                                | 137,521  |
| Claims Liabilities                | 109,647                                | 411,278             | (398,125)             | 122,800                                | 83,306   |
| Contingent Liabilities            | 117,631                                | 1,663               | (7,892)               | 111,402                                | 7,892  |
| 2 <sup>nd</sup> Injury Fund       |  |                     |                       |  |  |
| Contingent Liabilities            | 854,334                                | 172,533             | (62,376)              | 964,491                                | 62,376   |
| Net Pension Obligation            | <u>101,266</u>                         | <u>363,435</u>      | <u>(360,907)</u>      | <u>103,794</u>                         | ---  |
| Total Governmental Activities     | <u>\$ 4,107,518</u>                    | <u>\$ 1,504,494</u> | <u>\$ (1,166,010)</u> | <u>\$ 4,446,002</u>                    | <u>\$ 488,003</u>                              |
| <b>Business-Type Activities:</b>  |  |                     |                       |  |  |
| Obligations Under Lease/Purchases | \$ ---                                 | \$ 8                | \$ ---                | \$ 8                                   | \$ ---   |
| Claims Liabilities                | 121,054                                | 8,722               | (12,847)              | 116,929                                | 15,000   |
| Grand Prize Winner Liability      | 110,245                                | 39,757              | (41,423)              | 108,579                                | 46,007   |
| Compensated Absences              | <u>2,347</u>                           | <u>3,468</u>        | <u>(3,669)</u>        | <u>2,146</u>                           | <u>2,146</u>                                   |
| Total Business-Type Activities    | <u>\$ 233,646</u>                      | <u>\$ 51,955</u>    | <u>\$ (57,939)</u>    | <u>\$ 227,662</u>                      | <u>\$ 63,153</u>                               |

\*Beginning balances as of July 1, 2005 have been restated (see *Note 17*).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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 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<br/>Issued</u> | <u>Amount<br/>Issued</u> | <u>Series<br/>Refunded</u> | <u>Amount<br/>Refunded</u> |
|---------------------------------------|------------------------|--------------------------|----------------------------|----------------------------|
| <b>Water Pollution Control Bonds:</b> |                        |                          |                            |                            |
| 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                     |

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

|                              | Date<br>Issued | Amount<br>Issued | Series<br>Refunded | Amount<br>Refunded |
|------------------------------|----------------|------------------|--------------------|--------------------|
| 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             |
| Stormwater Control Bonds:    |                |                  |                    |                    |
| Series A 2005 Refunding      | 6/29/05        | 17,175           | A 1999             | 17,595             |

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

As of June 30, 2006, \$544,494,240 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 \$180,505,760 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.

General obligation bonds issued and outstanding as of June 30, 2006, were as follows (in thousands of dollars):

|   | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued            | Outstanding       |
|---|-------------------|------------------|---------------|---------------------------|-------------------|-------------------|
| Water Pollution Control Bonds:                              |                   |                  |               |                           |                   |                   |
| Series A 2001   | 4.0 – 7.0%        | 12/1; 6/1        | 6/01          | 6/1/26                    | \$ 20,000         | \$ 17,485         |
| Series A 2002   | 3.0 – 5.25%       | 2/1; 8/1         | 8/02          | 8/1/27                    | 30,000            | 27,815            |
| Series B 2002 – Refunding                                   | 3.375 – 5.0%      | 4/1; 10/1        | 10/02         | 10/1/21                   | 147,710           | 132,255           |
| 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            | 95,100            |
| Third State Building Bonds:                                 |                   |                  |               |                           |                   |                   |
| Series A 2002 – Refunding                                   | 4.0 – 5.0%        | 4/1; 10/1        | 10/02         | 10/1/12                   | 211,630           | 153,210           |
| Series A 2003 – Refunding                                   | 3.25 – 6.0%       | 2/1; 8/1         | 10/03         | 8/1/12                    | 75,650            | 53,670            |
| Fourth State Building Bonds:                                |                   |                  |               |                           |                   |                   |
| Series A 2002 – Refunding                                   | 3.375 – 5.0%      | 4/1; 10/1        | 10/02         | 10/1/21                   | 154,840           | 154,840           |
| Series A 2005 – Refunding                                   | 5.0%              | 10/1; 4/1        | 6/05          | 10/1/16                   | 45,330            | 45,330            |
| Stormwater Control Bonds:                                   |                   |                  |               |                           |                   |                   |
| Series A 2001   | 4.0 – 7.0%        | 12/1; 6/1        | 6/01          | 6/1/26                    | 10,000            | 8,740             |
| Series A 2002   | 3.0 – 5.25%       | 2/1; 8/1         | 8/02          | 8/1/27                    | 15,000            | 13,910            |
| Series A 2005 – Refunding                                   | 5.0%              | 10/1; 4/1        | 6/05          | 10/1/15                   | 17,175            | 17,175            |
| Total General<br>Obligation Bonds                           |                   |                  |               |                           | <u>\$ 897,090</u> | <u>\$ 739,935</u> |
| Less: Amount in Sinking<br>Fund for payment of<br>Principal |                   |                  |               |                           |                   | <u>(55,420)</u>   |
|   |                   |                  |               |                           |                   | <u>\$ 684,515</u> |

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 12 – Bonds Payable (cont.)**

As of June 30, 2006, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Totals</u>     |
|--------------------------------------|-------------------|-------------------|-------------------|
| 2007                                 | \$ 55,420         | \$ 33,999         | \$ 89,419         |
| 2008                                 | 66,395            | 31,231            | 97,626            |
| 2009                                 | 63,950            | 28,250            | 92,200            |
| 2010                                 | 70,010            | 24,904            | 94,914            |
| 2011                                 | 68,440            | 21,445            | 89,885            |
| 2012–2016                            | 246,420           | 68,485            | 314,905           |
| 2017–2021                            | 131,050           | 21,157            | 152,207           |
| 2022–2026                            | 32,485            | 4,598             | 37,083            |
| 2027–2029                            | 5,765             | 292               | 6,057             |
| <b>Totals</b>                        | <b>\$ 739,935</b> | <b>\$ 234,361</b> | <b>\$ 974,296</b> |

**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):

|                            | <u>Date<br/>Issued</u> | <u>Amount<br/>Issued</u> | <u>Series<br/>Refunded</u> | <u>Amount<br/>Refunded</u> |
|----------------------------|------------------------|--------------------------|----------------------------|----------------------------|
| Board of Public Buildings: |                        |                          |                            |                            |
| Series A 1983 Refunding    | 10/1/83                | \$ 43,445                | A 1981                     | \$ 43,445                  |
| Series A 1985 Refunding    | 12/1/85                | 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    | 12/1/91                | 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                     |

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

As of June 30, 2006, the Board of Public Buildings Bonds had issued \$751,205,000 of the bond authorization. The remaining authorization is \$193,795,000.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 12 – Bonds Payable (cont.)**

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2006, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued            | Outstanding       |
|--|-------------------|------------------|---------------|---------------------------|-------------------|-------------------|
| Board of Public Buildings:               |                   |                  |               |                           |                   |                   |
| Series A 2001                            | 4.25 – 5.5%       | 5/1; 11/1        | 5/01          | 5/1/26                    | \$ 173,870        | \$ 153,040        |
| Series B 2001 – Refunding                | 3.5 – 5.5%        | 6/1; 12/1        | 10/01         | 12/1/12                   | 83,465            | 48,325            |
| Series A 2003                            | 4.0 – 6.0%        | 4/15;10/15       | 4/03          | 10/15/28                  | <u>387,425</u>    | <u>387,425</u>    |
| Total Board of Public<br>Buildings Bonds |                   |                  |               |                           | <u>\$ 644,760</u> | <u>\$ 588,790</u> |

As of June 30, 2006, 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):

| Fiscal Year<br>Ended June 30 | Principal         | Interest          | Totals            |
|------------------------------|-------------------|-------------------|-------------------|
| 2007                         | \$ 25,715         | \$ 29,043         | \$ 54,758         |
| 2008                         | 26,535            | 27,764            | 54,299            |
| 2009                         | 27,500            | 26,353            | 53,853            |
| 2010                         | 28,560            | 24,860            | 53,420            |
| 2011                         | 19,900            | 23,550            | 43,450            |
| 2012–2016                    | 104,650           | 101,346           | 205,996           |
| 2017–2021                    | 124,265           | 73,065            | 197,330           |
| 2022–2026                    | 156,710           | 39,453            | 196,163           |
| 2027–2029                    | <u>74,955</u>     | <u>5,577</u>      | <u>80,532</u>     |
| Totals                       | <u>\$ 588,790</u> | <u>\$ 351,011</u> | <u>\$ 939,801</u> |

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 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 dated November 1, 2001, 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, 2006, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued           | Outstanding      |
|--|-------------------|------------------|---------------|---------------------------|------------------|------------------|
| Educational Facilities<br>Revenue Bonds: |                   |                  |               |                           |                  |                  |
| Series 2001                              | 3.0 – 5.0%        | 5/1; 11/1        | 11/01         | 11/1/21                   | <u>\$ 35,000</u> | <u>\$ 32,285</u> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 12 – Bonds Payable (cont.)**

As of June 30, 2006, 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<br/>Ended June 30</u> | <u>Principal</u> | <u>Interest</u>  | <u>Totals</u>    |
|--------------------------------------|------------------|------------------|------------------|
| 2007                                 | \$ 1,430         | \$ 1,450         | \$ 2,880         |
| 2008                                 | 1,485            | 1,402            | 2,887            |
| 2009                                 | 1,545            | 1,349            | 2,894            |
| 2010                                 | 1,610            | 1,281            | 2,891            |
| 2011                                 | 1,685            | 1,199            | 2,884            |
| 2012–2016                            | 9,605            | 4,744            | 14,349           |
| 2017–2021                            | 12,120           | 2,211            | 14,331           |
| 2022                                 | 2,805            | 67               | 2,872            |
| <b>Totals</b>                        | <b>\$ 32,285</b> | <b>\$ 13,703</b> | <b>\$ 45,988</b> |

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. 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, 2006, were as follows (in thousands of dollars):

|  | <u>Interest<br/>Rates</u> | <u>Payment<br/>Dates</u> | <u>Issue<br/>Date</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Issued</u>     | <u>Outstanding</u> |
|--|---------------------------|--------------------------|-----------------------|------------------------------------|-------------------|--------------------|
| Convention and Sports<br>Facility Project Bonds: |                           |                          |                       |                                    |                   |                    |
| Series A 2003 – Refunding                        | 1.42–5.375%               | 2/15; 8/15               | 8/03                  | 8/15/21                            | <u>\$ 116,030</u> | <u>\$ 107,520</u>  |

As of June 30, 2006, the debt service requirements for these bonds are as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Totals</u>     |
|--------------------------------------|-------------------|------------------|-------------------|
| 2007                                 | \$ 4,565          | \$ 5,336         | \$ 9,901          |
| 2008                                 | 4,755             | 5,127            | 9,882             |
| 2009                                 | 4,985             | 4,894            | 9,879             |
| 2010                                 | 5,225             | 4,654            | 9,879             |
| 2011                                 | 5,465             | 4,392            | 9,857             |
| 2012–2016                            | 31,860            | 17,297           | 49,157            |
| 2017–2021                            | 41,110            | 7,800            | 48,910            |
| 2022                                 | 9,555             | 221              | 9,776             |
| <b>Totals</b>                        | <b>\$ 107,520</b> | <b>\$ 49,721</b> | <b>\$ 157,241</b> |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

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**Note 12 – Bonds Payable (cont.)**

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):

| <u>Fiscal Year</u><br><u>Ended June 30</u> | <u>State</u><br><u>Debt Service</u><br><u>Payments</u> |
|--|--|
| 2007                                       | \$ 10,000  |
| 2008                                       | 10,000   |
| 2009                                       | 10,000   |
| 2010                                       | 10,000   |
| 2011                                       | 10,000   |
| 2012–2016                                  | 50,000   |
| 2017–2021                                  | 50,000   |
| 2022                                       | <u>5,000</u>   |
| Total                                      | <u>\$ 155,000</u>                                      |

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29–34 of the Missouri Constitution and Section 226.133 and 226.134 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.

The total amount authorized for the Commission equals \$2,250,000,000. On December 1, 2000, the Commission issued \$250,000,000 of State Road Bonds, Series A 2000. In October 2001, the Commission issued \$200,000,000 of State Road Bonds, Series A 2001. State Road Bonds, Series A 2002, were issued by the Commission in June 2002 with a principal amount of \$203,000,000. In November 2003, the Commission issued \$254,000,000 of State Road Bonds, Series A 2003. The Commission issued \$278,660,000 of Series A 2005 First Lien State Road Bonds in July 2005. Also in July 2005, the Commission issued \$72,000,000 of Third Lien State Road Bonds, Series B 2005. This is a variable rate bond with interest accruing daily and weekly.

The Senior Bonds are comprised of the Series A 2000, Series A 2001, Series A 2002, and Series A 2003. No new bonds may be added to the Senior Bonds. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. As of June 30, 2006, the Missouri Highways and Transportation Commission had used \$1,257,660,000 of the bond authorization.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

**Note 12 – Bonds Payable (cont.)**

The State Road Bonds issued and outstanding as of June 30, 2006, were as follows (in thousands of dollars):

|   | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued              | Outstanding         |
|---|-------------------|------------------|---------------|---------------------------|---------------------|---------------------|
| Missouri Highways and Transportation Commission:      |                   |                  |               |                           |                     |                     |
| State Road Bonds                                      |                   |                  |               |                           |                     |                     |
| Series A 2000   | 4.30–5.625%       | 2/1; 8/1         | 12/00         | 2/1/20                    | \$ 250,000          | \$ 206,805          |
| Series A 2001   | 2.25–5.125%       | 2/1; 8/1         | 10/01         | 2/1/21                    | 200,000             | 170,365             |
| Series A 2002   | 3.00–5.25%        | 2/1; 8/1         | 6/02          | 2/1/22                    | 203,000             | 180,115             |
| Series A 2003   | 2.00–5.00%        | 2/1; 8/1         | 11/03         | 2/1/23                    | 254,000             | 235,775             |
| Series A 2005–First Lien                              | 2.50–5.00%        | 11/1; 5/1        | 7/05          | 5/1/15                    | 278,660             | 254,825             |
| Series B 2005–Third Lien                              | Variable          | Variable         | 7/05          | 5/1/15                    | <u>72,000</u>       | <u>72,000</u>       |
| Total Missouri Highways and Transportation Commission |                   |                  |               |                           | <u>\$ 1,257,660</u> | <u>\$ 1,119,885</u> |

As of June 30, 2006, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

| Fiscal Year<br>Ended June 30 | Principal           | Interest <sup>(1)</sup> | Totals              |
|------------------------------|---------------------|-------------------------|---------------------|
| 2007                         | \$ 73,350           | \$ 54,011               | \$ 127,361          |
| 2008                         | 69,105              | 50,943                  | 120,048             |
| 2009                         | 71,920              | 47,840                  | 119,760             |
| 2010                         | 75,020              | 44,469                  | 119,489             |
| 2011                         | 78,380              | 40,856                  | 119,236             |
| 2012–2016                    | 405,495             | 143,511                 | 549,006             |
| 2017–2021                    | 293,810             | 55,823                  | 349,633             |
| 2022–2023                    | <u>52,805</u>       | <u>3,376</u>            | <u>56,181</u>       |
| Totals                       | <u>\$ 1,119,885</u> | <u>\$ 440,829</u>       | <u>\$ 1,560,714</u> |

<sup>(1)</sup> The annual debt service schedule assumes an interest rate of 3.95%, representing the interest rate at June 30, 2006, for the Series B 2005 bonds.

In addition, several of the blended component units of the Missouri Road Fund had revenue bonds issued and outstanding as of June 30, 2006.

The Fulton 54 Transportation Corporation, a blended component unit of the Missouri Road Fund, issued \$8,705,000 of Highway Revenue Bonds, Series 2000 dated November 1, 2000. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Missouri Highway 179 Transportation Corporation, a blended component unit of the Missouri Road Fund, issued \$22,930,000 of Highway Revenue Bonds, Series 1997 dated December 1, 1997. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

The Wentzville Parkway Transportation Corporation, a blended component unit of the Missouri Road Fund, issued \$12,935,000 of Transportation Revenue Bonds, Series 2001 dated May 1, 2001. These bonds are not an obligation of the Corporation and do not constitute a pledge of the full faith and credit of the State.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 12 – Bonds Payable (cont.)**

The revenue bonds issued and outstanding as of June 30, 2006, were as follows (in thousands of dollars):

|  | <u>Interest<br/>Rates</u> | <u>Payment<br/>Dates</u> | <u>Issue<br/>Date</u> | <u>Final<br/>Maturity<br/>Date</u> | <u>Issued</u> | <u>Outstanding</u> |
|--|---------------------------|--------------------------|-----------------------|------------------------------------|---------------|--------------------|
| Fulton 54 Transportation Corporation:<br>Highway Revenue Bonds Series 2000                 | 4.60 – 5.00%              | 9/1                      | 11/00                 | 9/1/07                             | \$ 8,705      | \$ 4,375           |
| Missouri Highway 179 Transportation Corporation:<br>Highway Revenue Bonds Series 1997      | 3.95 – 5.25%              | 3/1; 9/1                 | 12/97                 | 9/1/08                             | \$ 22,930     | \$ 7,960           |
| Wentzville Parkway Transportation Corporation:<br>Transportation Revenue Bonds Series 2001 | 3.4 – 4.9%                | 2/1; 8/1                 | 5/01                  | 8/1/10                             | \$ 12,935     | \$ 12,325          |

As of June 30, 2006, debt service requirements for principal and interest in future years for the bonds of the blended component units of the Missouri Road Fund were as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Totals</u>    |
|--------------------------------------|------------------|-----------------|------------------|
| 2007                                 | \$ 13,645        | \$ 863          | \$ 14,508        |
| 2008                                 | 5,325            | 419             | 5,744            |
| 2009                                 | 3,300            | 202             | 3,502            |
| 2010                                 | 535              | 104             | 639              |
| 2011                                 | 1,855            | 45              | 1,900            |
| Totals                               | <u>\$ 24,660</u> | <u>\$ 1,633</u> | <u>\$ 26,293</u> |

Under a financing agreement dated September 1, 2000, the City of Fulton will make payments to the Fulton 54 Transportation Corporation in the amount of \$1,010,000 to pay a portion of the principal on the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>City<br/>Payments</u> |
|--------------------------------------|--------------------------|
| 2007                                 | \$ 15                    |
| 2008                                 | 995                      |
| Total                                | <u>\$ 1,010</u>          |

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

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**Note 12 – Bonds Payable (cont.)**

Under a funding agreement dated April 6, 2001, the City of Wentzville will make payments to the Wentzville Parkway Transportation Corporation in the amount of \$4,119,000 to pay a portion of the principal of the bonds. The future payments to the Corporation are as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>City's<br/>Total<br/>Payments</u> |
|--------------------------------------|------------------|-----------------|--------------------------------------|
| 2007                                 | \$ 119           | \$ 329          | \$ 448                               |
| 2008                                 | 485              | 152             | 637                                  |
| 2009                                 | 515              | 129             | 644                                  |
| 2010                                 | 535              | 104             | 639                                  |
| 2011                                 | <u>1,855</u>     | <u>45</u>       | <u>1,900</u>                         |
| Totals                               | <u>\$ 3,509</u>  | <u>\$ 759</u>   | <u>\$ 4,268</u>                      |

**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, 2006, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

| <u>Fiscal Year<br/>Ended June 30</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Totals</u>       |
|--------------------------------------|---------------------|-------------------|---------------------|
| 2007                                 | \$ 30,736           | \$ 46,308         | \$ 77,044           |
| 2008                                 | 31,680              | 45,205            | 76,885              |
| 2009                                 | 32,974              | 43,930            | 76,904              |
| 2010                                 | 34,048              | 42,530            | 76,578              |
| 2011                                 | 34,482              | 41,065            | 75,547              |
| 2012–2016                            | 177,661             | 182,331           | 359,992             |
| 2017–2021                            | 188,053             | 139,989           | 328,042             |
| 2022–2026                            | 231,645             | 91,323            | 322,968             |
| 2027–2031                            | 184,470             | 39,604            | 224,074             |
| 2032–2036                            | <u>97,675</u>       | <u>7,294</u>      | <u>104,969</u>      |
| Totals <sup>(1)</sup>                | <u>\$ 1,043,424</u> | <u>\$ 679,579</u> | <u>\$ 1,723,003</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, 2006**

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**Note 12 – Bonds Payable (cont.)**

Non-Major

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 and \$14,600,000 in Facilities Revenue Bonds Series 2000B and 2000C, respectively for the purpose of paying the costs of acquiring land and constructing parking garages. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the parking garages.

In October 2004, the Board issued \$9,500,000 in Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and \$7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds.

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2006, were as follows (in thousands of dollars):

|  | Interest<br>Rates | Payment<br>Dates | Issue<br>Date | Final<br>Maturity<br>Date | Issued           | Outstanding      |
|--|-------------------|------------------|---------------|---------------------------|------------------|------------------|
| Missouri Development<br>Finance Board:                       |                   |                  |               |                           |                  |                  |
| Revenue Bonds  |                   |                  |               |                           |                  |                  |
| Series 2000B   | up to 8.5%        | 12/1             | 12/00         | 12/1/20                   | \$ 6,500         | \$ 3,910         |
| Series 2000C   | up to 6.7%        | 12/1             | 12/00         | 12/1/20                   | 14,600           | 11,440           |
| Series 2004A   | up to 10%         | 10/1             | 10/04         | 10/1/34                   | 9,500            | 9,500            |
| Series 2004B   | up to 10%         | 10/1             | 10/04         | 10/1/34                   | 7,000            | 7,000            |
| Total Missouri<br>Development Finance<br>Board Revenue Bonds |                   |                  |               |                           | <u>\$ 37,600</u> | <u>\$ 31,850</u> |

As of June 30, 2006, 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):

| Fiscal Year<br>Ended June 30 | Principal        | Interest         | Totals           |
|------------------------------|------------------|------------------|------------------|
| 2007                         | \$ ---           | \$ 660           | \$ 660           |
| 2008                         | ---              | 660              | 660              |
| 2009                         | 240              | 4,208            | 4,448            |
| 2010                         | 255              | 1,348            | 1,603            |
| 2011                         | 270              | 1,337            | 1,607            |
| 2012-2016                    | 1,630            | 6,465            | 8,095            |
| 2017-2021                    | 17,605           | 5,775            | 23,380           |
| 2022-2026                    | 3,095            | 2,165            | 5,260            |
| 2027-2031                    | 4,270            | 1,354            | 5,624            |
| 2032-2034                    | 4,485            | 302              | 4,787            |
| Totals                       | <u>\$ 31,850</u> | <u>\$ 24,274</u> | <u>\$ 56,124</u> |

In December 2002, the Missouri Development Finance Board purchased a rate cap agreement of 8.5% for Series 2000B bonds and 6.7% for Series 2000C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate. The annual debt service schedule assumes an interest rate of 4.3%, representing the interest rate at June 30, 2006, for the Series 2000B and Series 2000C bonds. The annual debt service schedule also assumes an interest rate of 4.3%, representing the interest rate as of June 30, 2006, for the Ninth Street Garage Series 2004A and 2004B bonds.

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

**Bond Transactions of the State of Missouri** – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2006 (in thousands of dollars):

|   | <u>Governmental Funds</u>               |                        | <u>Component Units</u> |                     |
|---|---|------------------------|------------------------|---------------------|
|   | <u>General<br/>Obligation<br/>Bonds</u> | <u>Other<br/>Bonds</u> | <u>Revenue Bonds</u>   | <u>Totals</u>       |
| Bonds Payable at July 1, 2005           | \$ 790,910                              | \$ 1,609,815           | \$ ---                 | \$ 2,400,725        |
| Bond Issuance                           | ---                                     | 350,660                | ---                    | 350,660             |
| Bonds Retired                           | <u>(50,975)</u>                         | <u>(87,335)</u>        | <u>---</u>             | <u>(138,310)</u>    |
| Subtotal                                | 739,935                                 | 1,873,140              | ---                    | 2,613,075           |
| College and Universities <sup>(1)</sup> | ---                                     | ---                    | 1,043,424              | 1,043,424           |
| Missouri Development Finance Board      | <u>---</u>                              | <u>---</u>             | <u>31,850</u>          | <u>31,850</u>       |
| Bonds Payable at June 30, 2006          | <u>\$ 739,935</u>                       | <u>\$ 1,873,140</u>    | <u>\$ 1,075,274</u>    | <u>\$ 3,688,349</u> |

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

**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On July 6, 2005, the Missouri Southern State University issued \$3,630,000 of bonds as the Series 2005 B. The Series 2005 B bonds refunded \$3,555,000 of outstanding 1997 series bonds. The economic gain on the refunding is \$114,000. The economic gain is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new debt. The difference in cash flows between the old debt service requirements and the new debt requirements is \$172,000.

On September 29, 2005, Lincoln University issued \$9,800,000 of bonds as Series 2005. The Series 2005 bonds refunded \$5,100,000 and \$3,635,000 of Series 2000 and 2001, respectively. The outstanding balance of the defeased bonds are not reflected on the Statement of Net Assets of the University. The University reduced its total debt service payments over the next 17 years by \$357,000 to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$275,000.

On February 7, 2006, the University of Missouri issued \$300,680,000 of bonds consisting of \$260,975,000 in Series 2006 A bonds at interest cost of 3.1% and \$39,705,000 of Series 2006 B bonds with variable rates. A portion of the proceeds from the issuance of the Series 2006 A bonds were used to advance refund and defease a portion of the St. Louis campus debt issued in the University of Missouri System Facilities Revenue Bonds, Series 1998 in the amount of \$30,150,000 and Health Facilities Series Revenue Bonds, Series 1996 and Series 1998 of \$161,685,000 and to finance certain costs of issuance. The University reduced its total debt service payments by \$22,597,000 resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$15,905,000.



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**Note 13 – Defeased Debt (cont.)**

**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, 2006, bonds outstanding of \$272,210,000 are defeased.

College and Universities – As of June 30, 2006, bonds outstanding of \$309,155,000 are defeased.

**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2006, is shown below (in thousands of dollars):

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Balance<br/>June 30, 2006</u> |
|---|------------------------------------|-------------------------------------|----------------------------------|
| Accounts Payable:                       |                                    |                                     |                                  |
| Taxpayers                               | \$ 79,289                          | \$ 7                                | \$ 79,296                        |
| Other Governments                       | 126,679                            | 372                                 | 127,051                          |
| Vendors                                 | 849,601                            | 250,326                             | 1,099,927                        |
| Employees                               | 85,691                             | 1,752                               | 87,443                           |
| Other                                   | 47,105                             | 1                                   | 47,106                           |
| Total Accounts Payable                  | <u>\$ 1,188,365</u>                | <u>\$ 252,458</u>                   | <u>\$ 1,440,823</u>              |
| Accounts Receivable:                    |                                    |                                     |                                  |
| Taxpayers                               | \$ 1,076,735                       | \$ 3,955                            | \$ 1,080,690                     |
| Other Governments                       | 591,202                            | 266                                 | 591,468                          |
| Vendors                                 | 1,284,242                          | ---                                 | 1,284,242                        |
| Customers                               | 39,613                             | 166,160                             | 205,773                          |
| Other                                   | 882,803                            | 1,183                               | 883,986                          |
| Accounts Receivable                     | 3,874,595                          | 171,564                             | 4,046,159                        |
| Amounts not expected<br>to be collected | <u>(1,539,717)</u>                 | <u>---</u>                          | <u>(1,539,717)</u>               |
| Accounts Receivable, net                | <u>\$ 2,334,878</u>                | <u>\$ 171,564</u>                   | <u>\$ 2,506,442</u>              |

**STATE OF MISSOURI  
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**Note 15 – Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2006, is shown below (in thousands of dollars):

|  | <b>Due From Other Funds, Component Units, and Primary Government</b> |                  |   |                                    |                    |
|--|--|------------------|---|------------------------------------|--------------------|
|  | General Fund   | Public Education | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund |
| <u>Due to Other Funds and Primary Government</u> |  |                  |   |                                    |                    |
| General Fund                                     | \$ ---   | \$ 21            | \$ 25                                     | \$ ---                             | \$ 1,400           |
| Public Education                                 | ---  | ---              | ---                                       | ---                                | ---                |
| Conservation and Environmental Protection        | 3  | ---              | ---                                       | ---                                | 10                 |
| Transportation and Law Enforcement               | 26   | ---              | ---                                       | ---                                | 345                |
| Missouri Road Fund                               | 59   | ---              | 45  | 3                                  | ---                |
| Non-Major Governmental Funds                     | 192  | ---              | ---                                       | ---                                | ---                |
| State Lottery                                    | ---  | 19,064           | ---                                       | ---                                | ---                |
| Petroleum Storage Tank Insurance                 | ---  | ---              | ---                                       | ---                                | ---                |
| Non-Major Enterprise Funds                       | ---  | ---              | ---                                       | ---                                | 21                 |
| Internal Service Funds                           | 36   | ---              | ---                                       | 1                                  | ---                |
| Fiduciary Funds                                  | ---  | ---              | ---                                       | ---                                | ---                |
| Non-Major Component Units                        | ---  | ---              | 709                                       | ---                                | ---                |
| <b>Totals</b>                                    | <b>\$ 316</b>  | <b>\$ 19,085</b> | <b>\$ 779</b>                             | <b>\$ 4</b>                        | <b>\$ 1,776</b>    |

**Continues Below**

|  | Non-Major Governmental Funds | Non-Major Enterprise Funds | Internal Service Funds | Fiduciary Funds  | Totals           |
|--|------------------------------|----------------------------|------------------------|------------------|------------------|
| <u>Due to Other Funds and Primary Government</u> |                              |                            |                        |                  |                  |
| General Fund                                     | \$ 4                         | \$ 22                      | \$ 17,217              | \$ 12,272        | \$ 30,961        |
| Public Education                                 | 62                           | ---                        | 98                     | 88               | 248              |
| Conservation and Environmental Protection        | 39                           | 29                         | 562                    | 900              | 1,543            |
| Transportation and Law Enforcement               | 1                            | ---                        | 401                    | 61               | 834              |
| Missouri Road Fund                               | ---                          | 5                          | 293                    | 879              | 1,284            |
| Non-Major Governmental Funds                     | 6                            | ---                        | 986                    | 562              | 1,746            |
| State Lottery                                    | ---                          | ---                        | 68                     | 58               | 19,190           |
| Petroleum Storage Tank Insurance                 | ---                          | 2                          | 4                      | 3                | 9                |
| Non-Major Enterprise Funds                       | ---                          | ---                        | 374                    | 285              | 680              |
| Internal Service Funds                           | 2                            | 2                          | 393                    | 282              | 716              |
| Fiduciary Funds                                  | ---                          | ---                        | 4                      | 4                | 8                |
| Non-Major Component Units                        | ---                          | ---                        | 1                      | ---              | 710              |
| <b>Totals<sup>(1)</sup></b>                      | <b>\$ 114</b>                | <b>\$ 60</b>               | <b>\$ 20,401</b>       | <b>\$ 15,394</b> | <b>\$ 57,929</b> |

<sup>(1)</sup>Due to a fiscal year inconsistency between the primary government and Deferred Compensation, a blended component unit of the State, Due From's on this schedule was \$463,000 more than on the Statement of Fiduciary Net Assets.

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**Note 15 – Interfund Assets and Liabilities (cont.)**

|  | <u>Advance From Component Units and Primary Government</u> |  |                         |
|--|--|--|-------------------------|
|  | <u>Missouri<br/>Road<br/>Fund</u>                          | <u>Non-Major<br/>Component<br/>Units</u> | <u>Totals</u>           |
| <u>Advance To Component<br/>Units and Primary<br/>Government</u> |  |  |                         |
| Conservation and<br>Environmental<br>Protection                  | \$        ---  | \$        3,166                          | \$        3,166         |
| Non-Major Component<br>Units                                     | <u>17,951</u>  | <u>---</u>                               | <u>17,951</u>           |
| Totals   | <u>\$        17,951</u>                                    | <u>\$        3,166</u>                   | <u>\$        21,117</u> |

The loans from the component units were for the construction of additional state highways.

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: business-type activities in the amount of \$2,000 and governmental activities in the amount of \$22,230,000.

**STATE OF MISSOURI  
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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, 2006, were as follows (in thousands of dollars):

|   | <b>Transfers In:</b> |                     |   |                                    |                    |
|---|----------------------|---------------------|---|------------------------------------|--------------------|
|   | General Fund         | Public Education    | Conservation and Environmental Protection | Transportation and Law Enforcement | Missouri Road Fund |
| <b>Transfers Out:</b>                     |                      |                     |   |                                    |                    |
| General Fund                              | \$ ---               | \$ 2,398,793        | \$ 48                                     | \$ 3,856                           | \$ ---             |
| Public Education                          | 2,737                | ---                 | ---                                       | ---                                | ---                |
| Conservation and Environmental Protection | 510                  | ---                 | ---                                       | ---                                | ---                |
| Transportation and Law Enforcement        | 4                    | ---                 | ---                                       | ---                                | 573,434            |
| Missouri Road Fund                        | 25                   | ---                 | ---                                       | ---                                | ---                |
| Non-Major Governmental Funds              | 97,744               | 35,408              | ---                                       | ---                                | ---                |
| State Lottery                             | ---                  | 260,340             | ---                                       | ---                                | ---                |
| Non-Major Enterprise Funds                | 30                   | ---                 | ---                                       | ---                                | ---                |
| Internal Service Funds                    | 560                  | ---                 | ---                                       | 1                                  | ---                |
| Non-Major Component Units                 | 35                   | ---                 | ---                                       | ---                                | ---                |
| <b>Totals</b>                             | <b>\$ 101,645</b>    | <b>\$ 2,694,541</b> | <b>\$ 48</b>                              | <b>\$ 3,857</b>                    | <b>\$ 573,434</b>  |

**Continues Below**

|   | Non-Major Governmental Funds | Non-Major Enterprise Funds | Totals              |
|---|------------------------------|----------------------------|---------------------|
| <b>Transfers Out:</b>                     |                              |                            |                     |
| General Fund                              | \$ 134,444                   | \$ 97                      | \$ 2,537,238        |
| Public Education                          | ---                          | ---                        | 2,737               |
| Conservation and Environmental Protection | 1,146                        | ---                        | 1,656               |
| Transportation and Law Enforcement        | 1                            | ---                        | 573,439             |
| Missouri Road Fund                        | ---                          | ---                        | 25                  |
| Non-Major Governmental Funds              | 11,912                       | 1,500                      | 146,564             |
| State Lottery                             | ---                          | ---                        | 260,340             |
| Non-Major Enterprise Funds                | ---                          | ---                        | 30                  |
| Internal Service Funds                    | ---                          | ---                        | 561                 |
| Non-Major Component Units                 | ---                          | ---                        | 35                  |
| <b>Totals</b>                             | <b>\$ 147,503</b>            | <b>\$ 1,597</b>            | <b>\$ 3,522,625</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.

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 17 – Restatements**

During fiscal year 2006, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund categories (in thousands of dollars):

|   | June 30, 2005<br>Fund Balance/<br>Net Assets<br>Previously<br>Reported | Prior Period<br>Adjustments | June 30, 2005<br>Fund Balance/<br>Net Assets<br>Restated |
|---|--|-----------------------------|--|
| <b>GOVERNMENTAL FUNDS</b>                   |  |                             |  |
| <b>Major Governmental Funds</b>             |  |                             |  |
| General Fund                                | \$ 904,468   | \$ 13                       | \$ 904,481   |
| Conservation and Environmental Protection   | 991,127  | 3,018                       | 994,145  |
| Transportation and Law Enforcement          | 194,649  | (34)                        | 194,615  |
| Missouri Road Fund                          | 231,209  | 27,299                      | 258,508  |
| <b>Non-Major Governmental Funds</b>         |  |                             |  |
| Special Revenue                             | 261,966  | (24,181)                    | 237,785  |
| <b>PROPRIETARY FUNDS</b>                    |  |                             |  |
| <b>Major Enterprise Funds</b>               |  |                             |  |
| Unemployment Compensation                   | (64,755)   | (28,881)                    | (93,636)   |
| <b>Non-Major Proprietary Funds</b>          |  |                             |  |
| Enterprise                                  | 41,401   | 4,318                       | 45,719   |
| Internal Service                            | 444,637  | (2,362)                     | 442,275  |
| <b>FIDUCIARY FUNDS</b>                      |  |                             |  |
| Private-Purpose Trust                       | 13,189   | 9,485                       | 22,674   |
| <b>DISCRETELY PRESENTED COMPONENT UNITS</b> |  |                             |  |
| Non-Major Funds                             | 159,281  | (7,884)                     | 151,397  |

**Breakdown of restatements by type:**

- General Fund, the restatement was a decrease in accounts payable of \$13,000.
- Conservation and environmental protection, the restatement was a decrease in accounts payable by \$1,000 and a decrease in deferred revenue of \$3,017,000.
- Transportation and law enforcement, the restatement was a decrease in inventories of \$33,000 and an increase in accounts payable of \$1,000.
- Missouri Road Fund, the restatement was the blending of Fulton 54 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation into Missouri Road Fund, as well as adjusting journal entries to account for the eliminations of activity between the newly blended component units.
- Non-major special revenue funds, the restatement was an increase in accounts payable of \$24,181,000.
- Unemployment Compensation, the restatement was a decrease to cash of \$1,593,000, a decrease to accounts receivable of \$27,366,000, and a decrease to accounts payable of \$78,000 due to accounting corrections per fiscal year 2006 agency audit.
- Non-major enterprise funds, the restatement was an increase to capital assets (net of accumulated depreciation) of \$4,251,000, an increase to investments of \$94,000, an increase to inventory of \$24,000, a decrease to accounts receivable of \$1,000, an increase to accounts payable of \$48,000, and an increase to accrued payroll of \$2,000.
- Non-major internal service funds, the restatement was an increase in accounts receivable by \$12,000, a decrease in capital assets (net of accumulated depreciation) of \$1,580,000, an increase in accounts payable of \$66,000, an increase in claims liability of \$729,000, and a decrease in obligations under lease purchase of \$1,000.

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**Note 17 – Restatements (cont.)**

- Private-purpose trust funds, the restatement was a decrease in advance to other funds of \$61,607,000 and a decrease to escheat/unclaimed property liability of \$71,092,000 due to a change in accounting principle.
- Non-major discretely presented component units, the restatement was the removal of Fulton 54 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation from the non-major component units financial statements. These component units will now be blended and shown with Missouri Road Fund. See *Note 2* for clarification.

**Purposes 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 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) increased by \$119,426,000 mainly due to the completion of the Chillicothe State Prison, the internal balance increased by \$19,000, and long-term liabilities increased by \$32,772,000.

**Note 18 – Fund Deficit**

The following funds had deficit balances:

Enterprise Fund – Petroleum Storage Tank – At June 30, 2006, this fund had a net asset deficit of \$46,633,000. The deficit at June 30, 2005 was \$60,290,000. 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 be closed on December 31, 2010, 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 fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Internal Service Fund – Transportation Self-Insurance Plan – At June 30, 2006, this fund had a net asset deficit of \$5,985,000. This deficit was \$5,194,000 at June 30, 2005. The deficit occurred when revenue from insurance premiums were not sufficient to cover the cost of claims. The self-insurance plan is subject to annual actuarial review which is done on a calendar year basis. The fiscal year 2007 appropriations were based on the 2005 actuarial study and budget availability. Increases in appropriations and claims management should eliminate the deficit over time.

**Note 19 – Related Party Transactions**

The Missouri State Public Employees' Deferred Compensation Plan was administered by the Public Employees Benefit Services Corporation of Missouri (PEBSCO) under a contract for a term ending May 31, 2006. PEBSCO is a wholly-owned subsidiary of Nationwide Corporation of Columbus, Ohio. Nationwide Life Insurance Company, one of the guaranteed fixed annuity and variable annuity underwriters for the Plan, is also a subsidiary of Nationwide Corporation. At December 31, 2005, total investments of the Plan were \$1,004,196,000 and investments in Nationwide Life Insurance Company were \$909,573,000.

On December 12, 2005, the Missouri Deferred Compensation Commission awarded the third-party administrator (TPA) contract to CitiStreet and the Fixed Annuity contract to ING Life Insurance and Annuity Company, effective June 1, 2006.

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**Note 20 – Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$7,977,000 for construction contracts at June 30, 2006. 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 \$1,036,956,000 outstanding at June 30, 2006. These contracts are paid from capital projects funds with approximately 64% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2006, of \$24,523,000. Approximately 77% will be paid from the General Fund, 8% from special revenue funds, 10% from capital projects funds, 1% from enterprise funds, and 4% from internal service funds.

The Department of Elementary and Secondary Education had desegregation payments outstanding of \$42 million at June 30, 2006. These payments are due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments. The payments are as follows:

|              |               |
|--------------|---------------|
| July 1, 2006 | \$ 12 million |
| July 1, 2007 | 11 million    |
| July 1, 2008 | 10 million    |
| July 1, 2009 | 9 million     |

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 2006 was \$364,000. Payment of principal and interest must be completed by March 2038.

The Department of Natural Resources – State Parks had contracts outstanding of \$107,000 for land acquisition and \$18,000 for construction contracts at June 30, 2006. These contracts are funded through enterprise funds, with the exception of \$4,000 in land acquisition contracts to be funded through special revenue funds and \$3,000 in land acquisition contracts to be funded through federal funds.

As of June 30, 2006, the University of Missouri had outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling \$16,829,000. The payments are as follows:

|      |              |
|------|--------------|
| 2007 | \$ 3,960,000 |
| 2008 | 3,960,000    |
| 2009 | 3,960,000    |
| 2010 | 3,960,000    |
| 2011 | 989,000      |

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**Note 21 – Risk Management and Insurance**

The State is exposed to various risks of loss related to tort liability, general liability, motor vehicle liability, 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 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 4%.

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.

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% and 4% based on future investment yields. The University of Missouri System is included with college and universities as a major component unit of the State.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

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

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>       | <u>Type of Insurance Claims</u> | <u>Fiscal Year Claims Liability 6/30/2005</u> | <u>Current Year Claims and Estimated Changes</u> | <u>Claim Payments</u> | <u>Fiscal Year Claims Liability 6/30/2006</u> |
|--------------------------------------|---------------------------------|---|--|-----------------------|---|
| OA Workers Compensation              | Workers Comp. Liability         | \$ 13,372                                     | \$ 28,888  | \$ (21,207)           | \$ 21,053                                     |
| OA Legal Expense Fund                | Liability                       | 1,245   | 233  | (1,325)               | 153   |
| MoDOT Self-Insurance Plan            | Workers Comp. and Liability     | 45,927  | 26,707   | (16,777)              | 55,857  |
| MCHCP                                | Health Care                     | 36,707  | 259,505  | (263,718)             | 32,494  |
| MHPML                                | Health Care and Life Insurance  | 9,119   | 83,792   | (83,350)              | 9,561   |
| CEIP                                 | Health Care and Life Insurance  | 3,277   | 12,153   | (11,748)              | 3,682   |
| <b>Total Governmental Activities</b> |                                 | <b>\$ 109,647</b>                             | <b>\$ 411,278</b>                                | <b>\$ (398,125)</b>   | <b>\$ 122,800</b>                             |
| <u>Business-Type Activities</u>      |                                 |   |  |                       |   |
| PSTIF                                | Contamination Cleanup           | \$ 121,054                                    | \$ 8,722   | \$ (12,847)           | \$ 116,929                                    |
| <u>Component Units</u>               |                                 |   |  |                       |   |
| University of Missouri System        | Workers Comp. and Liability     | \$ 78,190                                     | \$ 148,993                                       | \$ (140,333)          | \$ 86,850                                     |

| <u>Governmental Activities</u>       | <u>Type of Insurance Claims</u> | <u>Fiscal Year Claims Liability 6/30/2004</u> | <u>Current Year Claims and Estimated Changes</u> | <u>Claim Payments</u> | <u>Fiscal Year Claims Liability 6/30/2005</u> |
|--------------------------------------|---------------------------------|---|--|-----------------------|---|
| OA Workers Compensation              | Workers Comp. Liability         | \$ 9,735                                      | \$ 24,154  | \$ (20,517)           | \$ 13,372                                     |
| OA Legal Expense Fund                | Liability                       | 1,341   | 518  | (614)                 | 1,245   |
| MoDOT Self-Insurance Plan            | Workers Comp. and Liability     | 39,948  | 20,406   | (14,427)              | 45,927  |
| MCHCP                                | Health Care                     | 14,451  | 178,077  | (155,821)             | 36,707  |
| MHPML                                | Health Care and Life Insurance  | 8,250   | 73,999   | (73,130)              | 9,119   |
| CEIP*                                | Health Care and Life Insurance  | 2,186   | 11,036   | (9,945)               | 3,277   |
| <b>Total Governmental Activities</b> |                                 | <b>\$ 75,911</b>                              | <b>\$ 308,190</b>                                | <b>\$ (274,454)</b>   | <b>\$ 109,647</b>                             |
| <u>Business-Type Activities</u>      |                                 |   |  |                       |   |
| PSTIF                                | Contamination Cleanup           | \$ 113,666                                    | \$ 20,774  | \$ (13,386)           | \$ 121,054                                    |
| <u>Component Units</u>               |                                 |   |  |                       |   |
| University of Missouri System        | Workers Comp. and Liability     | \$ 68,996                                     | \$ 155,415                                       | \$ (146,221)          | \$ 78,190                                     |

\*Restated

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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

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.

**Note 22 – Landfill Closure and Postclosure**

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, 2006, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$267,724,000. 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, 2006, ten MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities, so the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Missouri Revised Statutes Chapter 260, Section 228. 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, 2006, it is expected that \$941,000 will be paid over the remaining monitoring periods. This is the amount of fund balance that has been reserved on the general fund balance sheet for forfeited assets.

**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.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006**

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**Note 23 – Contingencies (cont.)**

At June 30, 2006, the amount of the contingent liabilities was \$111 million. Changes in the reported liability since June 30, 2005, resulted from the following (in thousands of dollars):

|             | Beginning of<br>Fiscal Year<br>Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance<br>Fiscal Year<br>End |
|-------------|--|---|-------------------|-------------------------------|
| 2005-2006   | \$ 117,631                               | \$ 1,663  | \$ (7,892)        | \$ 111,402                    |
| 2004-2005 * | 141,031                                  | (17,164)  | (6,236)           | 117,631                       |
| 2003-2004   | 99,280                                   | 55,673  | (13,922)          | 141,031                       |

\*Restated.

RSMo 287.220.6 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 2004 actuarial study. At June 30, 2006, the amount of liabilities for the Second Injury Fund was \$964 million. Changes in the reported liability since June 30, 2005, resulted from the following (in thousands of dollars):

|           | Beginning of<br>Fiscal Year<br>Liability | Current Year<br>Claims and<br>Changes in<br>Estimates | Claim<br>Payments | Balance<br>Fiscal Year<br>End |
|-----------|--|---|-------------------|-------------------------------|
| 2005-2006 | \$ 854,334                               | \$ 172,533  | \$ (62,376)       | \$ 964,491                    |
| 2004-2005 | 749,600                                  | 168,124   | (63,390)          | 854,334                       |
| 2003-2004 | 201,128                                  | 605,454   | (56,982)          | 749,600                       |

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 Missouri Development Finance Board for the purpose of making loan guarantees. Upon default of a guaranteed loan, the Board makes the payment for default from state appropriations. The total loans outstanding at June 30, 2006, for which the Board has guaranteed payment is \$391,000. During 2006, no loans defaulted.

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 loans outstanding at June 30, 2006, for which the Authority has guaranteed payment is \$2,354,000 and \$2,109,000, respectively. During 2006, no loans defaulted.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

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**Note 23 – Contingencies (cont.)**

Medicaid Lawsuits:

Overland Park Regional Medical Center and Menorah Medical Center vs. Department of Social Services, Division of Medical Services (DSS/DMS) (Case No. 04CV324878). These out of state hospitals filed cases in Cole County Circuit Court challenging the reimbursement rate paid by Missouri to out of state hospitals on behalf of Missouri Medicaid beneficiaries. The judgment was in favor of the Medical Centers for the total amount of \$1,554,000. The case is on appeal.

Department of Social Services vs. Little Hills Healthcare (Cole County Circuit Court Case No. 05AC-CC000693). The Medicaid provider challenged the Division of Medical Services' calculation of FRA assessment for the state fiscal year 2002, where they requested an additional \$1.8 million based on an allegation that DSS/DMS should have promulgated a rule explaining its decision making process for estimating Medicaid patient days. Both the Administrative Hearing Commission and the Cole County Circuit Court ruled against the agency. The agency has appealed with the Missouri Court of Appeals Western District of Missouri. Oral arguments were heard on November 8, 2006.

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. This issue may reach to other taxable services as well. Refund claims filed by Southwestern Bell and other related companies as of June 30, 2006, totaled \$210 million (including a portion payable by local governments). These claims are pending review and could negatively affect the State's General Revenue Fund by \$84 million (exclusive of interest which could be substantial). Additional claims could be filed in future periods.

The State is also involved in tax litigation not included in the fiscal year 2006 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$4.8 million.

Education Lawsuits:

Four education lawsuits are pending; Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. 04CV323022), filed in the Circuit Court of Cole County, Jenkins, et al vs. School District of Kansas City, Missouri, et al (Case No. 77-0420-CV-DW), filed in the U.S. District Court, Western Division, Kansas City Missouri Public Schools vs. Missouri Board of Fund Commissioners (Case No. 05AC-CC00389), filed in the Circuit Court of Cole County, and the School District of Kansas City, Missouri vs. State of Missouri, Missouri Board of Education, DESE, and D. Kent King filed in the Circuit Court of Cole County. Arguments are being heard, and decisions in these cases may require additional state money or a revision to the current school aid formula.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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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.

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 twenty-five percent 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, 2005, is presented below (in thousands of dollars):

|                                  |            |
|----------------------------------|------------|
| Total Assets                     | \$ 306,926 |
| Total Liabilities                | \$ 210,743 |
| Total Net Assets                 | 96,183     |
| Total Liabilities and Net Assets | \$ 306,926 |
| <br>                             |            |
| Total Revenues                   | \$ 25,997  |
| Total Expenses                   | 25,608     |
| Net Increase in Net Assets       | \$ 389     |

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, 2006**

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**Note 25 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a discretely presented component unit of the State. The net appreciation of the endowments available for expenditure is \$45,717,000, and of this amount, \$43,716,000 is reported as restricted non-expendable net assets and \$2,001,000 is reported as restricted expendable net assets. 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 RSMo 402.035. These policies are entity specific and vary with each institution.

**Note 26 – Conduit Debt**

As of June 30, 2006, the Missouri Development Finance Board issued \$714,327,000 in Single Issue Industrial Revenue Bonds, \$57,810,000 in Private Activity Composite Industrial Revenue Bonds, and \$1,303,403,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2006, were approximately \$370,901,000, \$950,000, and \$756,271,000, 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.

**Note 27 – Subsequent Events**

**Other Bonds**

On July 11, 2006, the Midtown State Office Building was cash defeased in the amount of \$1,070,000. This building is part of the Board of Public Buildings Series B 2001 Refunding bonds.

On October 25, 2006, the Board of Public Buildings issued \$120,000,000 Special Obligation Bonds, Series A 2006. These bonds bear interest, payable semiannually, at rates of 4.0% to 5.0%. The proceeds will be used to construct a women's correctional facility, which will serve as a replacement facility for the Chillicothe Correctional Center.

**Missouri Department of Transportation**

On July 11, 2006, the Department authorized the execution of a qualified interest rate swap agreement in anticipation of issuing up to \$400,000,000 in State Road Bonds during fiscal year 2008.

On August 8, 2006, the Department issued \$296,670,000 of First Lien State Road Bonds, Series A 2006 and \$503,330,000 of First Lien State Road Bonds, Series B 2006. These bonds bear interest, payable semiannually, from 3.75% to 5% and are due in semiannual installments beginning November 1, 2006. Proceeds will be used to finance certain construction and reconstruction costs of the state highway system, pursuant to the "Smoother, Safer, Sooner" road and bridge program.

In December of 2006, the Missouri Department of Transportation issued \$394,870,000 in Refunding State Road Bonds Series 2006. This refunded portions of the Senior Lien State Road Bonds Series A 2000, Series A 2001, Series A 2002, and Series A 2003.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2006

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**Note 27- Subsequent Events (cont.)**

Constitutional amendment 3, along with the expiration of RSMo 226.133, removed the authorization limitation of State Road Bonds, therefore there is no restriction stated within the constitution or statutes for the amount of bonds that may be issued.

**Lawsuits**

On December 21, 2006, the State of Missouri, Office of Administration, filed a lawsuit versus Nationwide Life Insurance in Cole County Circuit Court, Case No. 06AC-CC01154. The suit seeks return of \$18,586,000 retained by Nationwide as a "market value adjustment" at the end of its tenure to service the State's deferred compensation program. Claim is for breach of contract and breach of fiduciary duties. No trial date has been set.



*Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule for the General Fund and Major Special Revenue Fund Categories, 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, 2006  
(In Thousands of Dollars)**

|   | General         |              |              |                            | Public Education |              |            |                            | Conservation and Environmental Protection |              |            |                            | Transportation and Law Enforcement |              |           |                            |
|---|-----------------|--------------|--------------|----------------------------|------------------|--------------|------------|----------------------------|---|--------------|------------|----------------------------|------------------------------------|--------------|-----------|----------------------------|
|   | 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 | Original Budget                    | Final Budget | Actual    | Variance with Final Budget |
| Beginning Budgetary Fund Balance              | \$ 1,007,005    | \$ 1,007,005 | \$ 1,007,005 | \$ ---                     | \$ 210,901       | \$ 210,901   | \$ 210,901 | \$ ---                     | \$ 385,192                                | \$ 385,192   | \$ 385,192 | \$ ---                     | \$ 64,211                          | \$ 64,211    | \$ 64,211 | \$ ---                     |
| Resources (Inflows):                          |                 |              |              |                            |                  |              |            |                            |   |              |            |                            |                                    |              |           |                            |
| Taxes:  |                 |              |              |                            |                  |              |            |                            |   |              |            |                            |                                    |              |           |                            |
| Sales and Use                                 | 1,884,311       | 1,932,695    | 1,993,449    | 60,754                     | 790,426          | 790,426      | 746,564    | (43,862)                   | 183,782                                   | 183,782      | 178,331    | (5,451)                    | 67,116                             | 67,116       | 42,601    | (24,515)                   |
| Individual Income                             | 5,059,011       | 5,188,911    | 5,352,025    | 163,114                    | 6,111            | 6,111        | 5,772      | (339)                      | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Corporate Income                              | 499,888         | 512,723      | 528,841      | 16,118                     | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| County Foreign Insurance                      | 179,316         | 183,920      | 189,702      | 5,782                      | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Beer  | 7,949           | 8,154        | 8,410        | 256                        | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Liquor  | 18,816          | 19,300       | 19,906       | 606                        | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Cigarette                                     | ---             | ---          | ---          | ---                        | 80,861           | 80,861       | 76,373     | (4,488)                    | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Fuel  | 7               | 7            | 7            | ---                        | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Corporation Franchise                         | 73,566          | 75,455       | 77,827       | 2,372                      | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | 1,173,239                          | 1,173,239    | 744,700   | (428,539)                  |
| Inheritance                                   | 14,717          | 15,095       | 15,570       | 475                        | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Reimbursement/Miscellaneous                   | 964,184         | 988,941      | 1,020,029    | 31,088                     | 306,606          | 306,606      | 289,592    | (17,014)                   | 113                                       | 113          | 109        | (4)                        | ---                                | ---          | ---       | ---                        |
| Total Taxes                                   | 8,701,765       | 8,925,201    | 9,205,766    | 280,565                    | 1,184,004        | 1,184,004    | 1,118,301  | (65,703)                   | 183,895                                   | 183,895      | 178,440    | (5,455)                    | 1,240,355                          | 1,240,355    | 787,301   | (453,054)                  |
| Licenses, Fees and Permits                    | 72,291          | 74,132       | 76,532       | 2,400                      | 1,458            | 1,458        | 1,377      | (81)                       | 74,277                                    | 74,277       | 72,074     | (2,203)                    | 276,410                            | 276,410      | 175,448   | (100,962)                  |
| Sales   | 1,856           | 1,903        | 1,963        | 60                         | ---              | ---          | ---        | ---                        | 7,840                                     | 7,840        | 7,608      | (232)                      | 6,169                              | 6,169        | 3,916     | (2,253)                    |
| Leases and Rentals                            | 28              | 29           | 30           | 1                          | ---              | ---          | ---        | ---                        | 114                                       | 114          | 110        | (4)                        | 14                                 | 14           | 9         | (5)                        |
| Services                                      | 216,050         | 218,235      | 240,448      | 22,213                     | ---              | ---          | ---        | ---                        | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Contributions and Intergovernmental           | 5,615,465       | 5,647,611    | 6,336,700    | 689,089                    | 70,746           | 70,746       | 66,820     | (3,926)                    | 69,495                                    | 69,495       | 67,433     | (2,062)                    | 1,797                              | 1,797        | 1,141     | (656)                      |
| Interest                                      | 52,286          | 53,575       | 55,500       | 1,925                      | 6,304            | 6,304        | 5,954      | (350)                      | 13,256                                    | 13,256       | 12,863     | (393)                      | 5,591                              | 5,591        | 3,548     | (2,043)                    |
| Penalties and Unclaimed Property              | 2,615           | 2,667        | 2,821        | 154                        | 2,291            | 2,291        | 2,164      | (127)                      | 553                                       | 553          | 537        | (16)                       | 340                                | 340          | 216       | (124)                      |
| Cost Reimbursement/Miscellaneous              | 517,384         | 518,787      | 589,346      | 70,559                     | 37,387           | 37,387       | 35,313     | (2,074)                    | 50,262                                    | 50,262       | 48,770     | (1,492)                    | 1,715                              | 1,715        | 1,088     | (627)                      |
| Transfers In                                  | 208,478         | 283,733      | 179,883      | (103,850)                  | 2,652,759        | 2,702,996    | 2,694,502  | (8,494)                    | 60  | 109          | 88         | (21)                       | 4,842                              | 4,843        | 3,864     | (979)                      |
| Total Resources (Inflows)                     | 15,388,218      | 15,725,873   | 16,688,989   | 963,116                    | 3,954,949        | 4,005,186    | 3,924,431  | (80,755)                   | 399,752                                   | 399,801      | 387,923    | (11,878)                   | 1,537,233                          | 1,537,234    | 976,531   | (560,703)                  |
| Amount Available for Appropriation            | 16,395,223      | 16,732,878   | 17,695,994   | 963,116                    | 4,165,850        | 4,216,087    | 4,135,332  | (80,755)                   | 784,944                                   | 784,993      | 773,115    | (11,878)                   | 1,601,444                          | 1,601,445    | 1,040,742 | (560,703)                  |
| Charges to Appropriations (Outflows):         |                 |              |              |                            |                  |              |            |                            |   |              |            |                            |                                    |              |           |                            |
| Current:                                      |                 |              |              |                            |                  |              |            |                            |   |              |            |                            |                                    |              |           |                            |
| General Government                            | 1,655,417       | 1,592,654    | 1,506,754    | 85,900                     | 1,081            | 265          | 172        | 93                         | 2,245                                     | 2,491        | 2,080      | 411                        | 26,063                             | 26,022       | 25,770    | 252                        |
| Education                                     | 1,978,653       | 1,982,979    | 1,859,865    | 123,114                    | 3,912,349        | 3,909,905    | 3,897,044  | 12,861                     | ---                                       | ---          | ---        | ---                        | ---                                | ---          | ---       | ---                        |
| Natural and Economic Resources                | 273,279         | 275,871      | 211,277      | 64,594                     | 24,034           | 24,033       | 12,835     | 11,198                     | 360,167                                   | 532,381      | 352,313    | 180,068                    | ---                                | ---          | ---       | ---                        |
| Transportation and Law Enforcement            | 209,606         | 202,782      | 158,797      | 43,985                     | 155              | 225          | 220        | 5                          | 312                                       | 312          | 216        | 96                         | 392,017                            | 389,628      | 367,852   | 21,776                     |
| Human Services                                | 9,320,420       | 9,754,528    | 9,182,132    | 572,396                    | 21,399           | 21,405       | 20,485     | 920                        | 360                                       | 360          | 195        | 165                        | ---                                | ---          | ---       | ---                        |
| Capital Outlay                                | 108,368         | 106,956      | 91,704       | 15,252                     | 4,031            | 4,030        | 3,993      | 37                         | 37,698                                    | 55,758       | 36,899     | 18,859                     | 15,638                             | 15,482       | 13,994    | 1,488                      |
| Debt Service                                  | 49,554          | 47,588       | 45,867       | 1,721                      | ---              | ---          | ---        | ---                        | 26  | 39           | 26         | 13                         | 24                                 | 24           | 21        | 3                          |
| Transfers Out                                 | 3,227,195       | 3,248,953    | 3,152,443    | 96,510                     | 6,205            | 6,974        | 5,665      | 1,309                      | 46,977                                    | 47,873       | 40,911     | 6,962                      | 209,041                            | 616,812      | 583,346   | 33,466                     |
| Total Charges to Appropriations               | 16,822,492      | 17,212,311   | 16,208,839   | 1,003,472                  | 3,969,254        | 3,966,837    | 3,940,414  | 26,423                     | 447,785                                   | 639,214      | 432,640    | 206,574                    | 642,783                            | 1,047,968    | 990,983   | 56,985                     |
| Ending Budgetary Fund Balance                 | \$ (427,269)    | \$ (479,433) | \$ 1,487,155 | \$ 1,966,588               | \$ 196,596       | \$ 249,250   | \$ 194,918 | \$ (54,332)                | \$ 337,159                                | \$ 145,779   | \$ 340,475 | \$ 194,696                 | \$ 958,661                         | \$ 553,477   | \$ 49,759 | \$ (503,718)               |
| Reconciling Items:                            |                 |              |              |                            |                  |              |            |                            |   |              |            |                            |                                    |              |           |                            |
| Reclassifying Cash Equivalents as Investments |                 |              |              | (984,750)                  |                  |              |            | (128,642)                  |   |              |            | (199,894)                  |                                    |              |           | (29,892)                   |
| Investments at Fair Value                     |                 |              |              | 1,049,333                  |                  |              |            | 132,941                    |   |              |            | 200,584                    |                                    |              |           | 42,153                     |
| Receivables                                   |                 |              |              | 1,114,622                  |                  |              |            | 85,971                     |   |              |            | 752,260                    |                                    |              |           | 249,552                    |
| Due from Other Funds                          |                 |              |              | 316                        |                  |              |            | 19,085                     |   |              |            | 70                         |                                    |              |           | ---                        |
| Due from Component Units                      |                 |              |              | ---                        |                  |              |            | ---                        |   |              |            | 709                        |                                    |              |           | ---                        |
| Inventory                                     |                 |              |              | 25,063                     |                  |              |            | 46                         |   |              |            | 612                        |                                    |              |           | 3,247                      |
| Advance to Component Units                    |                 |              |              | ---                        |                  |              |            | ---                        |   |              |            | 3,166                      |                                    |              |           | ---                        |
| Accounts Payable                              |                 |              |              | (825,566)                  |                  |              |            | (38,075)                   |   |              |            | (2,407)                    |                                    |              |           | (2,290)                    |
| Accrued Payroll                               |                 |              |              | (55,101)                   |                  |              |            | (476)                      |   |              |            | (4,911)                    |                                    |              |           | (5,011)                    |
| Due to Other Funds                            |                 |              |              | (30,961)                   |                  |              |            | (248)                      |   |              |            | (1,543)                    |                                    |              |           | (834)                      |
| Deferred Revenue                              |                 |              |              | (217,221)                  |                  |              |            | (11,235)                   |   |              |            | (16,386)                   |                                    |              |           | (878)                      |
| Escheat/Unclaimed Property                    |                 |              |              | (48,491)                   |                  |              |            | ---                        |   |              |            | ---                        |                                    |              |           | ---                        |
| Fund Balance - GAAP Basis                     |                 |              |              | \$ 1,514,399               |                  |              |            | \$ 254,285                 |   |              |            | \$ 1,072,735               |                                    |              |           | \$ 305,810                 |

**STATE OF MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**  
**June 30, 2006**

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The Budgetary Comparison Schedule reports revenues and expenditures 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, 2006, 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/AAR2006/index.htm>. 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 re-appropriations to the next fiscal year.

On the Budgetary Comparison Schedule, “original” and “revised” budget revenues are equal for all funds except the State’s General Revenue Fund. 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 positive 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 and transfers on the budgetary schedule will always be positive.



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*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, 2006  
(In Thousands of Dollars)**

|   | Missouri Road Fund |                   |                   |                                  |
|---|--------------------|-------------------|-------------------|----------------------------------|
|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>with Final<br>Budget |
| Beginning Budgetary Fund Balance              | \$ 346,783         | \$ 346,783        | \$ 346,783        | \$ ---                           |
| Resources (Inflows):                          |                    |                   |                   |                                  |
| Taxes:  |                    |                   |                   |                                  |
| Vehicle Sales and Use                         | 164,670            | 164,670           | 136,242           | (28,428)                         |
| Fuel  | 112                | 112               | 107               | (5)                              |
| Total Taxes                                   | <u>164,782</u>     | <u>164,782</u>    | <u>136,349</u>    | <u>(28,433)</u>                  |
| Licenses, Fees and Permits                    | 99,187             | 99,187            | 120,917           | 21,730                           |
| Contributions and<br>Intergovernmental        | 695,026            | 695,026           | 759,986           | 64,960                           |
| Interest                                      | 8,425              | 8,425             | 20,652            | 12,227                           |
| Cost Reimbursement/Miscellaneous              | 73,562             | 73,562            | 67,897            | (5,665)                          |
| Bond Sales Proceeds                           | 360,000            | 360,000           | 370,175           | 10,175                           |
| Transfers In                                  | <u>708,628</u>     | <u>708,628</u>    | <u>570,616</u>    | <u>(138,012)</u>                 |
| Total Resources (Inflows)                     | <u>2,109,610</u>   | <u>2,109,610</u>  | <u>2,046,592</u>  | <u>(63,018)</u>                  |
| Amount Available for Appropriation            | <u>2,456,393</u>   | <u>2,456,393</u>  | <u>2,393,375</u>  | <u>(63,018)</u>                  |
| Charges to Appropriations (Outflows):         |                    |                   |                   |                                  |
| Current:                                      |                    |                   |                   |                                  |
| Transportation and Law<br>Enforcement         | 834,587            | 839,579           | 803,557           | 36,022                           |
| Capital Outlay                                | 1,156,567          | 1,163,488         | 1,113,566         | 49,922                           |
| Debt Service                                  | 128,775            | 128,775           | 122,060           | 6,715                            |
| Transfers Out                                 | ---                | 25                | 25                | ---                              |
| Total Charges to Appropriations               | <u>2,119,929</u>   | <u>2,131,867</u>  | <u>2,039,208</u>  | <u>92,659</u>                    |
| Ending Budgetary Fund Balance                 | <u>\$ 336,464</u>  | <u>\$ 324,526</u> | <u>\$ 354,167</u> | <u>\$ 29,641</u>                 |
| Reconciling Items:                            |                    |                   |                   |                                  |
| Reclassifying Cash Equivalents as Investments |                    |                   | (176,511)         |                                  |
| Investments at Fair Value                     |                    |                   | 164,941           |                                  |
| Receivables                                   |                    |                   | 78,941            |                                  |
| Due from Other Funds                          |                    |                   | 1,776             |                                  |
| Due from Component Units                      |                    |                   | ---               |                                  |
| Inventories                                   |                    |                   | 37,673            |                                  |
| Advance to Component Units                    |                    |                   | ---               |                                  |
| Accounts Payable                              |                    |                   | (120,900)         |                                  |
| Accrued Payroll                               |                    |                   | (15,825)          |                                  |
| Due to Other Funds                            |                    |                   | (1,284)           |                                  |
| Due to Component Units                        |                    |                   | ---               |                                  |
| Deferred Revenue                              |                    |                   | (30,585)          |                                  |
| Advance from Component Units                  |                    |                   | <u>(17,951)</u>   |                                  |
| Fund Balance – GAAP Basis                     |                    |                   | <u>\$ 274,442</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.

## **General Fund:**

### **General:**

**General Revenue** – All moneys received by the State unless required by statute or constitutional provision to be deposited elsewhere in a specifically named fund.

**Budget Reserve** – Moneys used when there are revenue shortfalls that require the Governor to reduce expenditures of agencies below the level of their appropriations or when there is a financial need due to a disaster.

**Uncompensated Care** – Accounts for moneys used for the non-federal share of uncompensated care and other services under the Title XIX Medicaid Program.

**Department of Health Interagency Payments** – Accounts for reimbursed moneys to be used for program disbursements.

**Facilities Maintenance Reserve** – General Revenue moneys to be used for maintaining, repairing and renovating State facilities.

**Intergovernmental Transfers** – Moneys from publicly owned nursing facilities to be used for Medicaid and other related charges.

**Federal Reimbursement Allowance** – Moneys received for payment of Title XIX services.

**Pharmacy Reimbursement Allowance** – Tax moneys received from retail pharmacies to be used for funding payments under the Medicaid fee-for-service and managed care programs.

**Title XIX–Patient Placement – General Revenue** – Moneys received from the federal government to be used for medical assistance to eligible recipients pursuant to Title XIX.

**State Treasurer’s General Operations** – Accounts for moneys received to pay for responsibilities of the state treasurer.

**Child Support Enforcement Collections** – Moneys received from individuals to be used for the expenditures of the Division of Child Support Enforcement.

**Missouri Technology Investment** – Moneys received from various sources to be used for technology development programs.

**Missouri Water Development** – General Revenue moneys to be used to purchase water supply storage.

**General Revenue Reimbursements** – Federal moneys received by the Department of Mental Health and the Department of Social Services to be used by the Department of Mental Health as appropriated.

**Medicaid Managed Care Organization Reimbursement Allowance** – Moneys received from Medicaid managed care organizations to be used for providing payments to Medicaid managed care organizations.

**Missouri Humanities Council Trust** – Moneys from various sources to be used for promotion of the humanities.

**Nursing Facility Federal Reimbursement Allowance** – Tax moneys used for expenditures of nursing facilities.

**Post Closure** – Moneys from forfeited collateral to be used for costs related to closure and post closure activities of landfills.

**Attorney General’s Court Cost** – General Revenue moneys to be used for the payment of court costs.

**Attorney General’s Anti-Trust** – General Revenue moneys to be used for expenses related to anti-trust activities.

**State Elections Subsidy** – Appropriated moneys to be used for payment of advance election costs.

**State Legal Expense** – General Revenue, Transportation and Conservation moneys to be used for claims against state departments or employees.

**General Fund – Federal:** Accounts for moneys received or reimbursed by the federal government to cover costs of federally funded grants and programs. Each program or grant has its own fund to account for its operations as follows:

|   |  |
|---|--|
| <i>Vocational Rehabilitation – Federal</i>          | <i>Department of Natural Resources –</i>                 |
| <i>Elementary and Secondary Education –</i>         | <i>Federal and Other</i>                                 |
| <i>Federal and Other</i>                            | <i>Department of Economic Development –</i>              |
| <i>General Assembly – Federal</i>                   | <i>Management Information Systems –</i>                  |
| <i>Division of Youth Services –</i>                 | <i>Federal and Other</i>                                 |
| <i>Federal and Other</i>                            | <i>Department of Health – Federal</i>                    |
| <i>Office of the State Public Defender –</i>        | <i>State Emergency Management –</i>                      |
| <i>Federal and Other</i>                            | <i>Federal and Other</i>                                 |
| <i>Pharmacy Rebates</i>                             | <i>Mental Health Intergovernmental Transfer</i>          |
| <i>State Auditor – Federal</i>                      | <i>Department of Mental Health – Federal</i>             |
| <i>Department of Higher Education – Federal</i>     | <i>Department of Transportation –</i>                    |
| <i>Department of Labor and Industrial</i>           | <i>Highway Safety</i>                                    |
| <i>Relations – Commission on Human</i>              | <i>Secretary of State Records – Federal</i>              |
| <i>Rights – Federal</i>                             | <i>Department of Public Safety – Federal</i>             |
| <i>Department of Economic Development –</i>         | <i>Division of Aging – Federal and Other</i>             |
| <i>Community Development Block Grant</i>            | <i>Homeland Security</i>                                 |
| <i>(Passthrough)</i>                                | <i>Job Development and Training</i>                      |
| <i>Department of Economic Development –</i>         | <i>Department of Social Services – Federal and Other</i> |
| <i>Women’s Council – Federal</i>                    | <i>Election Administration Improvement</i>               |
| <i>Third Party Liability Collections</i>            | <i>Title XIX – Federal</i>                               |
| <i>Department of Public Safety – Juvenile</i>       | <i>Division of Family Services Donations</i>             |
| <i>Accountability Incentive Block Grant</i>         | <i>Division of Aging Donations</i>                       |
| <i>Department of Labor and Industrial</i>           | <i>Medicaid Fraud Reimbursements</i>                     |
| <i>Relations Administrative</i>                     | <i>Revenue Sharing Trust</i>                             |
| <i>Department of Economic Development –</i>         | <i>Missouri Veterans Commission – Federal</i>            |
| <i>Community Development Block Grant</i>            | <i>MCSAP/Division of Transportation – Federal</i>        |
| <i>(Administration)</i>                             | <i>Division of Labor Standards – Federal</i>             |
| <i>Multimodal Operations – Federal</i>              | <i>Governor’s Committee on Employment of the</i>         |
| <i>Department of Elementary and Secondary</i>       | <i>Handicapped – Federal</i>                             |
| <i>Education – Medicaid</i>                         | <i>Federal and Other</i>                                 |
| <i>Department of Economic Development –</i>         | <i>Adjutant General – Federal</i>                        |
| <i>Federal and Other</i>                            | <i>Department of Labor and Industrial Relations –</i>    |
| <i>Department of Corrections – Federal</i>          | <i>Crime Victims – Federal</i>                           |
| <i>Department of Revenue – Federal</i>              | <i>Federal – MDI</i>                                     |
| <i>Department of Agriculture –</i>                  | <i>Federal Drug Seizure</i>                              |
| <i>Federal and Other</i>                            | <i>Secretary of State – Federal</i>                      |
| <i>Office of Administration – Federal and Other</i> | <i>Community Service Commission – Federal and Other</i>  |
| <i>Office of Administration – Information</i>       | <i>Temporary Assistance for Needy Families – Federal</i> |
| <i>Technology-Federal and Other</i>                 | <i>Division of Family Services – Administrative</i>      |
| <i>Attorney General – Federal and Other</i>         | <i>Missouri Disaster</i>                                 |
| <i>Supreme Court – Federal and Other</i>            | <i>Abandoned Mined Reclamation</i>                       |
| <i>Department of Economic Development –</i>         | <i>Unemployment Compensation Administration</i>          |
| <i>Missouri Council of the Arts –</i>               | <i>Justice Assistance Grant Program</i>                  |
| <i>Federal and Other</i>                            |  |

**STATE OF MISSOURI  
BALANCE SHEET  
GENERAL FUND  
June 30, 2006  
(In Thousands of Dollars)**

|  | General Fund        |                   |                 | Totals              |
|--|---------------------|-------------------|-----------------|---------------------|
|  | General             | Federal           | Eliminations    | June 30,<br>2006    |
| <b>ASSETS</b>                                  |                     |                   |                 |                     |
| Cash and Cash Equivalents                      | \$ 439,131          | \$ 63,274         | \$ ---          | \$ 502,405          |
| Investments                                    | 925,681             | 123,652           | ---             | 1,049,333           |
| Accounts Receivable, Net                       | 582,964             | 519,534           | ---             | 1,102,498           |
| Interest Receivable                            | 11,723              | 401               | ---             | 12,124              |
| Due from Other Funds                           | 78                  | 349               | (111)           | 316                 |
| Inventories                                    | 24,105              | 958               | ---             | 25,063              |
| <b>Total Assets</b>                            | <b>\$ 1,983,682</b> | <b>\$ 708,168</b> | <b>\$ (111)</b> | <b>\$ 2,691,739</b> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                     |                   |                 |                     |
| Liabilities:                                   |                     |                   |                 |                     |
| Accounts Payable                               | \$ 352,841          | \$ 472,725        | \$ ---          | \$ 825,566          |
| Accrued Payroll                                | 42,401              | 12,700            | ---             | 55,101              |
| Due to Other Funds                             | 22,318              | 8,754             | (111)           | 30,961              |
| Deferred Revenue                               | 181,713             | 35,508            | ---             | 217,221             |
| Escheat/Unclaimed Property                     | 48,491              | ---               | ---             | 48,491              |
| <b>Total Liabilities</b>                       | <b>647,764</b>      | <b>529,687</b>    | <b>(111)</b>    | <b>1,177,340</b>    |
| Fund Balances:                                 |                     |                   |                 |                     |
| Reserved for:                                  |                     |                   |                 |                     |
| Budget Reserve                                 | 494,613             | ---               | ---             | 494,613             |
| Inventories                                    | 24,105              | 958               | ---             | 25,063              |
| Forfeited Assets                               | 941                 | ---               | ---             | 941                 |
| Taxes  | 5,542               | ---               | ---             | 5,542               |
| Unreserved                                     | 810,717             | 177,523           | ---             | 988,240             |
| <b>Total Fund Balances</b>                     | <b>1,335,918</b>    | <b>178,481</b>    | <b>---</b>      | <b>1,514,399</b>    |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 1,983,682</b> | <b>\$ 708,168</b> | <b>\$ (111)</b> | <b>\$ 2,691,739</b> |



**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|  | General Fund        |                   |               | Totals              |
|--|---------------------|-------------------|---------------|---------------------|
|  | General             | Federal           | Eliminations  | June 30,<br>2006    |
| <b>Revenues:</b>                             |                     |                   |               |                     |
| Taxes  | \$ 8,124,004        | \$ ---            | \$ ---        | \$ 8,124,004        |
| Licenses, Fees and Permits                   | 72,853              | 687               | ---           | 73,540              |
| Sales  | 2,082               | 39                | ---           | 2,121               |
| Leases and Rentals                           | 30                  | ---               | ---           | 30                  |
| Services                                     | 92,126              | 148,448           | ---           | 240,574             |
| Contributions and Intergovernmental          | 1,324,138           | 5,696,143         | ---           | 7,020,281           |
| Investment Earnings:                         |                     |                   |               |                     |
| Net Decrease in the Fair                     |                     |                   |               |                     |
| Value of Investments                         | (2,789)             | (306)             | ---           | (3,095)             |
| Interest                                     | 56,829              | 8,239             | ---           | 65,068              |
| Penalties and Unclaimed Properties           | 61,390              | 686               | ---           | 62,076              |
| Cost Reimbursement/Miscellaneous             | 40,266              | 134,244           | ---           | 174,510             |
| Total Revenues                               | <u>9,770,929</u>    | <u>5,988,180</u>  | <u>---</u>    | <u>15,759,109</u>   |
| <b>Expenditures:</b>                         |                     |                   |               |                     |
| Current:                                     |                     |                   |               |                     |
| General Government                           | 510,235             | 48,225            | ---           | 558,460             |
| Education                                    | 1,024,055           | 850,515           | ---           | 1,874,570           |
| Natural and Economic Resources               | 38,594              | 233,843           | ---           | 272,437             |
| Transportation and Law Enforcement           | 99,199              | 176,171           | ---           | 275,370             |
| Human Services                               | 5,034,178           | 4,529,741         | ---           | 9,563,919           |
| Capital Outlay:                              |                     |                   |               |                     |
| Current Expenditures                         | 50,022              | 41,730            | ---           | 91,752              |
| Capital Lease Purchases                      | 19,388              | 18,031            | ---           | 37,419              |
| Debt Service:                                |                     |                   |               |                     |
| Principal                                    | 36,684              | 9,604             | ---           | 46,288              |
| Interest                                     | 31,538              | 700               | ---           | 32,238              |
| Total Expenditures                           | <u>6,843,893</u>    | <u>5,908,560</u>  | <u>---</u>    | <u>12,752,453</u>   |
| Excess Revenues                              | <u>2,927,036</u>    | <u>79,620</u>     | <u>---</u>    | <u>3,006,656</u>    |
| <b>Other Financing Sources (Uses):</b>       |                     |                   |               |                     |
| Proceeds from Capital Leases                 | 19,388              | 18,031            | ---           | 37,419              |
| Transfers In                                 | 151,768             | 15,366            | (65,489)      | 101,645             |
| Transfers Out                                | (2,551,437)         | (51,290)          | 65,489        | (2,537,238)         |
| Total Other Financing Sources (Uses)         | <u>(2,380,281)</u>  | <u>(17,893)</u>   | <u>---</u>    | <u>(2,398,174)</u>  |
| Net Change in Fund Balances                  | 546,755             | 61,727            | ---           | 608,482             |
| Fund Balances – Beginning                    | 787,567             | 116,914           | ---           | 904,481             |
| Increase (Decrease) in Reserve for Inventory | 1,596               | (160)             | ---           | 1,436               |
| Fund Balances – Ending                       | <u>\$ 1,335,918</u> | <u>\$ 178,481</u> | <u>\$ ---</u> | <u>\$ 1,514,399</u> |

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
June 30, 2006  
(In Thousands of Dollars)**

|  | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Permanent        | Totals<br>June 30,<br>2006 |
|--|--------------------|------------------|---------------------|------------------|----------------------------|
| <b>ASSETS</b>                                  |                    |                  |                     |                  |                            |
| Cash and Cash Equivalents                      | \$ 90,371          | \$ 42,407        | \$ 27,860           | \$ 194           | \$ 160,832                 |
| Investments                                    | 189,252            | 49,839           | 34,994              | 50,895           | 324,980                    |
| Accounts Receivable, Net                       | 21,899             | ---              | ---                 | ---              | 21,899                     |
| Interest Receivable                            | 1,195              | 911              | 635                 | 4                | 2,745                      |
| Due from Other Funds                           | 114                | ---              | ---                 | ---              | 114                        |
| Inventories                                    | 151                | ---              | ---                 | ---              | 151                        |
| Loans Receivable                               | 561                | ---              | ---                 | ---              | 561                        |
| <b>Total Assets</b>                            | <b>\$ 303,543</b>  | <b>\$ 93,157</b> | <b>\$ 63,489</b>    | <b>\$ 51,093</b> | <b>\$ 511,282</b>          |
| <b>LIABILITIES AND FUND BALANCES</b>           |                    |                  |                     |                  |                            |
| Liabilities:                                   |                    |                  |                     |                  |                            |
| Accounts Payable                               | \$ 30,025          | \$ ---           | \$ 20               | \$ ---           | \$ 30,045                  |
| Accrued Payroll                                | 3,018              | ---              | 39                  | ---              | 3,057                      |
| Due to Other Funds                             | 1,567              | ---              | 179                 | ---              | 1,746                      |
| Deferred Revenue                               | 3,620              | 407              | 284                 | 2                | 4,313                      |
| <b>Total Liabilities</b>                       | <b>38,230</b>      | <b>407</b>       | <b>522</b>          | <b>2</b>         | <b>39,161</b>              |
| Fund Balances:                                 |                    |                  |                     |                  |                            |
| Reserved for Inventories                       | 151                | ---              | ---                 | ---              | 151                        |
| Reserved for Debt Service                      | ---                | 92,750           | ---                 | ---              | 92,750                     |
| Reserved for Loans Receivable                  | 561                | ---              | ---                 | ---              | 561                        |
| Reserved for Trust Principal                   | ---                | ---              | ---                 | 50,995           | 50,995                     |
| Unreserved                                     | 264,601            | ---              | 62,967              | 96               | 327,664                    |
| <b>Total Fund Balances</b>                     | <b>265,313</b>     | <b>92,750</b>    | <b>62,967</b>       | <b>51,091</b>    | <b>472,121</b>             |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 303,543</b>  | <b>\$ 93,157</b> | <b>\$ 63,489</b>    | <b>\$ 51,093</b> | <b>\$ 511,282</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, 2006**  
**(In Thousands of Dollars)**

|  | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Permanent        | Totals<br>June 30,<br>2006 |
|--|--------------------|------------------|---------------------|------------------|----------------------------|
| <b>Revenues:</b>   |                    |                  |                     |                  |                            |
| Taxes  | \$ 144,755         | \$ ---           | \$ ---              | \$ ---           | \$ 144,755                 |
| Licenses, Fees and Permits                               | 168,432            | ---              | ---                 | ---              | 168,432                    |
| Sales  | 1,845              | ---              | ---                 | ---              | 1,845                      |
| Leases and Rentals                                       | 12                 | ---              | ---                 | ---              | 12                         |
| Services   | 283                | ---              | ---                 | ---              | 283                        |
| Contributions and Intergovernmental                      | 12,661             | ---              | 2,964               | ---              | 15,625                     |
| Investment Earnings:                                     |                    |                  |                     |                  |                            |
| Net Increase (Decrease) in the Fair Value of Investments | (390)              | 353              | 384                 | 3,065            | 3,412                      |
| Interest   | 22,997             | 3,228            | 2,755               | 22               | 29,002                     |
| Penalties and Unclaimed Properties                       | 18,095             | ---              | ---                 | 189              | 18,284                     |
| Cost Reimbursement/Miscellaneous                         | 168,211            | ---              | 293                 | ---              | 168,504                    |
| <b>Total Revenues</b>                                    | <b>536,901</b>     | <b>3,581</b>     | <b>6,396</b>        | <b>3,276</b>     | <b>550,154</b>             |
| <b>Expenditures:</b>                                     |                    |                  |                     |                  |                            |
| Current:   |                    |                  |                     |                  |                            |
| General Government                                       | 38,178             | ---              | 191                 | ---              | 38,369                     |
| Education  | 3,269              | ---              | 4                   | ---              | 3,273                      |
| Natural and Economic Resources                           | 191,531            | ---              | 10,942              | ---              | 202,473                    |
| Transportation and Law Enforcement                       | 34,555             | ---              | 2,461               | ---              | 37,016                     |
| Human Services   | 162,670            | ---              | 111                 | 12               | 162,793                    |
| Capital Outlay:  |                    |                  |                     |                  |                            |
| Current Expenditures                                     | 5,338              | ---              | 37,843              | ---              | 43,181                     |
| Debt Service:  |                    |                  |                     |                  |                            |
| Principal  | 491                | 50,975           | ---                 | ---              | 51,466                     |
| Interest   | 210                | 34,634           | ---                 | ---              | 34,844                     |
| <b>Total Expenditures</b>                                | <b>436,242</b>     | <b>85,609</b>    | <b>51,552</b>       | <b>12</b>        | <b>573,415</b>             |
| Excess Revenues (Expenditures)                           | 100,659            | (82,028)         | (45,156)            | 3,264            | (23,261)                   |
| <b>Other Financing Sources (Uses):</b>                   |                    |                  |                     |                  |                            |
| Transfers In   | 72,326             | 69,177           | 6,000               | ---              | 147,503                    |
| Transfers Out  | (145,064)          | ---              | (1,500)             | ---              | (146,564)                  |
| <b>Total Other Financing Sources (Uses)</b>              | <b>(72,738)</b>    | <b>69,177</b>    | <b>4,500</b>        | <b>---</b>       | <b>939</b>                 |
| Net Change in Fund Balances                              | 27,921             | (12,851)         | (40,656)            | 3,264            | (22,322)                   |
| Fund Balances – Beginning                                | 237,785            | 105,601          | 103,623             | 47,827           | 494,836                    |
| Decrease in Reserve for Inventory                        | (393)              | ---              | ---                 | ---              | (393)                      |
| Fund Balances – Ending                                   | <b>\$ 265,313</b>  | <b>\$ 92,750</b> | <b>\$ 62,967</b>    | <b>\$ 51,091</b> | <b>\$ 472,121</b>          |



*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.

|   |  |
|---|--|
| <i>Hearing Instrument Specialist</i>            | <i>Board of Pharmacy</i>                                       |
| <i>State Committee of Interpreters</i>          | <i>Missouri Real Estate Commission</i>                         |
| <i>Board of Geologist Registration</i>          | <i>Veterinary Medical Board</i>                                |
| <i>Missouri Commission for the Deaf</i>         | <i>Committee of Professional Counselors</i>                    |
| <i>Board of Certification of Interpreters</i>   | <i>Dental Board</i>  |
| <i>Real Estate Appraisers</i>                   | <i>State Board of Architects, Engineers and Land Surveyors</i> |
| <i>Clinical Social Workers</i>                  | <i>Athletic</i>  |
| <i>State Committee of Psychologists</i>         | <i>Athletic Agent</i>  |
| <i>Board of Accountancy</i>                     | <i>Marital and Family Therapists'</i>                          |
| <i>Board of Barber Examiners</i>                | <i>Respiratory Care Practitioners</i>                          |
| <i>State Board of Podiatric Medicine</i>        | <i>Board of Occupational Therapy</i>                           |
| <i>Board of Chiropractic Examiners</i>          | <i>Dietitian</i>   |
| <i>Board of Cosmetology</i>                     | <i>Interior Designer Council</i>                               |
| <i>Board of Embalmers and Funeral Directors</i> | <i>Acupuncturist</i>   |
| <i>Board of Registration for Healing Arts</i>   | <i>Tattoo</i>  |
| <i>Board of Nursing</i>                         | <i>Massage Therapy</i>   |
| <i>Board of Optometry</i>                       |  |

**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.

*Missouri Crime Prevention Information and Programming* – Accounts for moneys from various sources to be used by local government/school district partnerships to operate crime prevention programs.

*Statewide Court Automation* – Accounts for additional court costs assessed in certain cases. Moneys are used for a statewide court automation system.

*Missouri CASA* – Accounts for money to be used for Court Appointed Special Advocate (CASA) Programs.

*State Forensic Laboratory* – Accounts for moneys used to defray costs of registered laboratories.

*Services to Victims* – Accounts for fees assessed as costs in criminal cases. Moneys are used to provide services to victims of crimes.

*Tort Victims' Compensation* – Accounts for a portion of any final judgment awarding punitive damages after the deduction of attorneys' fees and expenses.

*Merchandising Practices Revolving* – Accounts for general revenues and moneys required to be deposited in this fund. These moneys are used to pay costs incurred by the Attorney General in cases concerning merchandising practices.

*Legal Defense and Defender* – Accounts for moneys from services rendered. The moneys are used for training public defenders and for other lawful expenses as authorized by the Public Defender Commission.

*Criminal Record System* – Accounts for fees collected from federal and non-state agencies for administering criminal history record information and fingerprint searches.

*Missouri Office of Prosecution Services* – Accounts for fees assessed as costs in most criminal proceedings. These moneys are used to assist the prosecuting attorneys throughout the State in their efforts against criminal activity.

*Crime Victims' Compensation* – Accounts for fees assessed as costs against a convicted criminal. These moneys are used to compensate victims of crime.

*Drug Court Resources* – Accounts for moneys available for distribution by the Drug Courts Coordinating Commission to the various drug courts operating within the State.

*Legal Services for Low Income People* – Accounts for moneys to be used to provide legal services for individuals with low income.

*Investors Restitution* – Accounts for fines collected relating to securities fraud to be used to reimburse the victims of the fraudulent acts.

*Basic Civic Legal Services* – Accounts for filing fees received on civil and criminal court cases to be disbursed to State legal services organizations that provide legal representation to low-income individuals.

*Attorney General Trust Fund* – Accounts for moneys received from court settlements to be paid to entities or individuals.

*Child Labor Enforcement* – Accounts for moneys to be used for investigations and enforcement of child labor laws.

*Inmate Incarceration Reimbursement Act Revolving* – Accounts for moneys collected for reimbursement of the expenses of the State for the cost of care of offenders.

*State Courts Administration Revolving* – Accounts for moneys received for registration fees, grants, or other sources to be used to provide training and purchase goods and services related to the training and education of court personnel.

*Criminal Justice Network and Technology Revolving* – Accounts for moneys to be used for the procurement of telecommunications and computer equipment, services, and software associated with connection to the criminal justice network.

*Missouri Office of Prosecution Services Revolving* – Accounts for moneys received by or on behalf of the Missouri Office of Prosecution Services.

*Judiciary Education and Training* – Accounts for fees collected to be used for training and education of judicial personnel.

*Fine Collections Center Interest Revolving* – Accounts for interest moneys to be used for goods and services related to the administration of the judicial system by the judicial branch.

**Agriculture and State Fair:** Provides for inspections of products, market development and awards for competition at the State fair.

*Animal Health Laboratory Fee* – Accounts for laboratory fees to be used to defray expenses of diagnosing animal disease.

*Animal Care Reserve* – Accounts for fees from businesses engaged in breeding, selling and caring for cats and dogs to be used to administer the Animal Care Program.

*Livestock Brands* – Accounts for fees collected for brand applications, transfer of brand ownership and maintenance of brands. The fees are used by the Division of Animal Health for program administration.

*Commodity Council Merchandising* – Accounts for fees imposed under the Commodity Merchandising Program for the use and benefit of the commodity councils.

*Missouri Qualified Fuel Ethanol Producer Incentive* – Accounts for moneys used to provide subsidies to Missouri qualified fuel ethanol producers.

*Aquaculture Marketing Development* – Accounts for fees collected on fish food purchased by commercial producers and used for the marketing of fish and fish products.

*Livestock Sales and Markets Fees* – Accounts for license fees collected for the licensing of livestock sales and markets used for the benefit of the Division of Animal Health.

*Missouri Breeders* – Accounts for moneys received for horse racing application and handling fees.

*Apple Merchandising* – Accounts for fees imposed on apples grown in the State which are sold for consumption. These moneys are used only for the costs of administering and enforcing laws concerning apple merchandising.

*Livestock Dealer Law Enforcement and Administration* – Accounts for penalties assessed for violations of the "Missouri Livestock Dealer Law" and is used for the benefit of the Division of Animal Health.

*Milk Inspection Fees* – Accounts for fees received from State milk inspections and is used to pay the costs of performing this inspection.

*Grain Inspection Fees* – Accounts for fees received for providing grain inspection services and is used to pay the cost of providing this service.

*Marketing Development* – Accounts for moneys received by the Department of Agriculture from any source to be spent for marketing development only.

*Organic Production and Certification Fee* – Accounts for fees collected for certification or participation in organic farming to be used by the Department of Agriculture to develop standards and labeling for organic farming purposes.

*Missouri Qualified Biodiesel Producer Incentive* – Accounts for moneys appropriated from funds other than general revenue funds to provide economic subsidies to Missouri qualified biodiesel producers.

*Boll Weevil Suppression and Eradication* – Accounts for moneys for a sound program of eradication and suppression of the boll weevil.

*Missouri Wine Marketing and Research Development* – Accounts for pro rata charges to commercial grape producers in Missouri to be used for enology research, education, and marketing of wine produced in Missouri.

*Agriculture Development* – Accounts for assets from the Federal Secretary of Agriculture and earnings from those assets to be used for agricultural development in accordance with a written agreement with the U.S. Department of Agriculture.

*State Fair Trust* – Accounts for moneys received as gifts, grants, legacies or devises to be used as prizes to the winners of five-gaited saddle horse stakes at the State fair.

**Social Assistance:** Provides financial, health and other services to qualifying individuals.

*Utilicare Stabilization* – Moneys from various sources to be used for financial assistance of heating and cooling costs for the needy.

*Motorcycle Safety Trust* – Accounts for fees collected from persons who violate laws relating to motorcycles or cause accidents involving motorcycles.

*Compulsive Gamblers* – Accounts for moneys received from cities and counties that have licensed excursion gambling boats. These moneys are used to provide services for compulsive gamblers and their families.

*Missouri Housing Trust* – Accounts for moneys received from any source to be used for loans or grants for assistance to low-income families.

*Health Initiatives* – Accounts for additional taxes on cigarettes and other moneys to fund health care incentives and other programs.

*Health Access Incentive* – Accounts for moneys appropriated and received by law to be used to implement a program to provide incentives in exchange for location of health providers who agree to serve all persons in need of health services regardless of ability to pay.

*Mental Health Housing Trust* – Accounts for moneys received from the sale of surplus real property formerly used by the Department of Mental Health. Moneys are used for the construction or renovation of Mental Health Centers, or to finance the rental, purchase, construction or renovation of community based housing for clients.

*Family Support Loan Program* – Accounts for moneys appropriated to be used for low interest, short-term loans to families having a member with a developmental disability.

*Independent Living Center* – Accounts for fees received from persons convicted of or pleading guilty to a drug-related or an intoxicated-related traffic offense. Moneys are used to establish and maintain independent living centers for persons with disabilities.

*Mental Health Earnings* – Accounts for fees assessed on individuals due to alcohol and drug-related traffic offenses. Moneys are used to develop and certify alcohol related traffic offender programs and provide rehabilitation services to persons unable to pay.

*Division of Aging Elderly Home Delivered Meals Trust* – Accounts for moneys contributed by taxpayers and other designated moneys to be used in preparing and delivering meals to elderly persons.

*Missouri Public Health Services* – Accounts for fees collected for health purposes.

*Part C Early Intervention System Fund* – To fund the Infant and Toddler Program, Part C of the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1431, et seq.

*Deaf Relay Service and Equipment Distribution Program* – Accounts for fees collected to fund a program that provides a telecommunications device for the deaf to transmit messages over basic telephone lines.

*Veterans' Trust* – Accounts for moneys contributed by taxpayers, grants, gifts, bequests, federal sources or other sources to be used for the benefit of the State's veterans.

*Medical School Loan and Loan Repayment Program* – Accounts for moneys used to pay the principal, interest and related costs of government and commercial loans on behalf of individuals working in a specified area of need.

*Children's Service Commission* – Accounts for gifts and grants from various sources to be spent for children's services as provided by law.

*Handicapped Children's Trust* – Accounts for grants, gifts, donations, or bequests to be spent as requested by the donor of the handicapped children.

*Blind Pension* – Accounts for State property tax moneys used to provide a pension to certain blind people.

*Healthy Families Trust Funds* – To account for moneys received from the Tobacco Settlement.

*Department of Health – Donated* – Accounts for moneys received from donations and spent for various health programs.

*Children's Trust* – Accounts for grants or gifts from any source used to establish programs to prevent or alleviate child abuse or neglect.



*ADA Compliance* – Accounts for moneys from various funds to be used for projects to comply with the Americans with Disabilities Act.

*Head Injury* – Accounts for fees, grants, donations, and other moneys designated for the Head Injury Fund. Moneys are spent by the Head Advisory Council to help support individuals with traumatic head injury and their families by providing a wide range of services.

*Missouri Commission for the Deaf and Hard of Hearing* – Accounts for fees and contributions received by the Commission to provide goods and services to government entities or the public.

*Coordinating Board for Early Childhood* – Accounts for moneys received for expenses of the Coordinating Board for Early Childhood.

*Infection Control Advisory Panel* – Accounts for private donations to the Infection Control Advisory Panel for reasonable expenses of the panel.

*Missouri Rx Plan* – Accounts for moneys received for administration of the Missouri Rx Plan.

*Putative Father Registry* – Accounts for filing fees paid for the petition for adoption.

*Missouri Assistive Technology* – Accounts for gifts, donations, grants, and bequests from individuals, private organizations, foundations, or other sources granted or given for the specific purpose of assistive technology. Moneys used to establish and maintain assistive technology programs.

*Part C Early Intervention* – Accounts for moneys to fund the Infant and Toddler Program, Part C of the Individuals with Disabilities Education Act. The federal program provides early intervention services to infants and toddlers determined eligible under state regulations. Payments for provisions shall be paid in manner prescribed by the lead agency.

*Organ Donor Program* – Accounts for moneys used to implement organ donor awareness programs.

*Property Reuse* – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources for direct loans, guarantees and grants to create and preserve jobs, attract and retain businesses, and improve economic welfare.

*Domestic Relations Resolution* – Accounts for moneys received from surcharges and fines for disputes in marriage dissolutions and custody orders. Moneys are used for creating and approving a handbook dealing with divorce and child custody and to reimburse local judicial circuits for the costs associated with the implementation of this act.

*Correctional Substance Abuse Earnings* – Accounts for fees charged to persons required by the court to begin an Educational Assessment and Community Treatment Program. Moneys are used solely for assistance in securing alcohol and drug rehabilitation services.

*Assistive Technology Loan Revolving* – Accounts for appropriated moneys to be used for loans to qualified individuals for the purchase of assistive technology devices and services.

*Blindness Education, Screening and Treatment Program* – Accounts for donated moneys used to provide blindness prevention education, screenings, and treatments for persons not covered under a healthcare benefit plan.

*Childhood Lead Testing* – Accounts for federal or other contributions received to fund childhood lead programs, blood tests to uninsured children, educational materials, and case management.

*Missouri National Guard Trust* – Accounts for moneys received through contributions, gifts, bequests, grants and federal funds to be used for providing military honors at veterans' burials, interments, or memorial services.

*School for the Blind* – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Blind.

*School for the Deaf* – Accounts for grants, gifts, donations or bequests for the sole use of the Missouri School for the Deaf.

*Governor's Council on Physical Fitness – Institution Gift Trust* – Accounts for gifts, bequests, or donations to the Governor's Council on Physical Fitness to be spent as requested by the donor.

*Institution Gift Trust* – Accounts for grants, gifts, donations, devises or bequests to various institutions to be spent as requested by the donor.

*Mental Health Trust* – Accounts for moneys to be used for the purpose of carrying out the objects for which the grants, gifts, donations or bequests were made, or for the purposes of funding special projects or purchasing special equipment from escheated moneys.

*Crippled Children's Services* – Accounts for moneys from various sources to be used for costs of crippled children's services.

**Unemployment and Workers' Compensation:** Provides for the administration of these laws and benefits to workers who qualify for workers' compensation.

*Workers' Compensation* – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries.

*Workers' Compensation – Second Injury* – Accounts for taxes paid by insurance carriers and is used for victims of industrial injuries where permanent disability occurs.

*Special Employment Security – Bond Proceeds* – Accounts for bond proceeds to pay unemployment benefits, maintain adequate balance in the Unemployment Compensation Fund, and to refinance loans from the federal Unemployment Trust Fund.

*Special Employment Security* – Accounts for moneys paid as interest and penalties by the employer for unemployment fees not paid. These moneys are used to pay interest on advances from the federal government and for other costs necessary and proper under the unemployment compensation laws.

**Reimbursements and Other:** Provides various reimbursements of costs to other governments and various regulatory commissions not included in other functional areas.

*Treasurer's Information* – Accounts for funds received for the preparation, reproduction, or dissemination of information or publications.

*Elevator Safety Board* – Accounts for moneys collected for inspections, permits, licenses and certificates to be used for the operation and expenses of the board.

*Residential Mortgage Licensing* – Accounts for fees set and collected for application fees, investigation of license applicant fees, examination fees, contingent fees, and any other miscellaneous fee.

*Missouri Arts Council Trust* – Accounts for moneys to be used for the administration of the Missouri Arts Council.

*Gaming Commission Bingo* – Accounts for moneys collected for license fees, penalties and administration fees to be used for the administration cost of the commission.

*Secretary of State's Technology Trust* – Accounts for fees received from the issuance of notary commissions to be used for establishing and maintaining a data processing system and other administrative costs for services.

*Missouri National Guard Training Site* – Accounts for fees collected for use of training sites from persons or organizations not connected with the militia. The moneys are used for operating costs of the facilities.

*Nursing Facility Quality of Care* – Accounts for certification fees collected from nursing home facilities to be used for assistance to the facilities and for conducting surveys and inspections.

*Division of Tourism Supplemental Revenue* – Accounts for additional sales tax collected from tourism-oriented goods and services to be used for promotional marketing strategies.

*Business Extension Service Team* – Accounts for moneys used to help Missouri companies in financial difficulty to regain financial stability by a plan developed by a team of knowledgeable and experienced persons.

*Gaming Commission* – Accounts for moneys received from licenses, fees, and permits to be used to fund the administrative costs of the Gaming Commission.

*Mammography* – Accounts for fees collected from licensing of specific sources of ionizing radiation and from other nonrefundable fees collected in connection with mammography authorization to be used for program administration.

*Statutory Revision* – Accounts for moneys received from the sale of the Revised Statutes of Missouri and supplements and from fees for any services rendered by the Committee on Legislative Research. The moneys are used for enhancing or producing the statutes and supplements.

*Division of Credit Unions* – Accounts for moneys assessed on credit unions and used for costs related to their regulation.

*Division of Savings and Loan Supervision* – Accounts for moneys assessed on savings and loan associations and other corporations and used for costs related to their regulation.

*Division of Finance* – Accounts for moneys assessed on banks, trust companies and other corporations and used for costs related to their regulation.

*Insurance Examiners* – Accounts for fees assessed against organizations which are engaged in the business of insurance within the State. The moneys are used for costs incurred by insurance examiners.

*Design and Construction – Donated* – Accounts for donations to be used for the repair, replacement and refurbishing of artwork, statuary work and monuments of historical importance to Missouri.

*Endowed Care Cemetery Audit* – Accounts for fees from the issuance of birth and death certificates. The moneys are used to administer the auditing of endowed care cemetery funds.

*Department of Insurance Dedicated* – Accounts for moneys from licensing, renewals and regulatory fees and used for expenditures of the Department of Insurance.

*International Promotions Revolving* – Accounts for moneys from gifts, contributions, grants and other sources and is used for costs associated with attendance at international trade shows.

*Local Records Preservation* – Accounts for moneys charged and collected for the recording of various deeds and documents and used by the Secretary of State for additional preservation of local records.

*Spinal Cord Injury* – Accounts for moneys to be used to fund research projects that promote an advancement of knowledge in the area of spinal cord injury.

*Manufactured Housing* – Accounts for fees collected for seals or inspection of manufacturing and dealer premises for manufactured homes, recreational vehicles and modular homes.

*Motor Vehicle Commission* – Accounts for fees established by the Missouri Motor Vehicle Commission to pay its operational costs.

*Health Spa Regulatory* – Accounts for health spa registration fees. These moneys are used to administer the regulation of health spas.

*Missouri Main Street Program* – Accounts for moneys appropriated and gifts, contributions, grants or bequests from federal, private, or other sources to accomplish community and economic revitalization and development of older business districts and neighborhoods.

*Public Service Commission* – Accounts for moneys assessed on public utilities and used for costs related to their regulation.

*Department of Health Document Services* – Accounts for fees collected for publications and used to pay the costs of providing this information.

*Petition Audit Revolving Trust* – Accounts for moneys received and costs incurred as a result of audits petitioned by the requisite percentage of the qualified voters of a subdivision.

*Tourism Marketing* – Accounts for receipts from promotional items and used for the marketing of items which promote and develop tourism in the State.

*Petroleum Inspection* – Accounts for fees collected for inspections of petroleum products and equipment. The fees are used for costs of administering, regulating, testing and inspecting these products and equipment.

*Missouri Senior Rx* – Accounts for moneys collected to be used by the commission for medical assistance to seniors covered under the Missouri Senior Rx program.

*Boiler and Pressure Vessels Safety* – Accounts for licenses, permits, and fees established by the Boiler and Pressure Vessels Safety Board for the purpose of regulating boiler and pressure vessels.

*Korean Conflict Veterans' Recognition Award* – Accounts for moneys to sponsor medallions, medals, and certificates for veterans who served in the Korean Conflict.

*Missouri State Archives – St. Louis Trust* – Accounts for moneys received for copying public records, and for providing public access to public records and images, or other sources.

*Economic Development Advancement* – Accounts for moneys from a fee charged to the recipient of any tax credits issued by the department, in an amount up to two and one-half percent of the amount of tax credits issued.

*Juneteenth Heritage and Jazz Festival* – Accounts for donations for expenses incurred in the Juneteenth celebration.

*Secretary of State's Investor Education* – Accounts for moneys to be used as a source of funding in support of activities related to the Secretary of State's investor education responsibilities.

*State Document Preservation* – Accounts for moneys to be used to preserve State documents and making them available to the public.

*Missouri Supplemental Tax Increment Financing* – Accounts for moneys generated by redevelopment projects and income taxes withheld by jobs created by redevelopment projects to be used to pay loans for the project.

*Premium* – Accounts for moneys received from parents or guardians of uninsured children.

*World War II Memorial Trust* – Accounts for contributions to be used to participate in the funding of the National World War II Memorial.

*Workers Memorial* – Accounts for contributions to be used for a memorial for workers who have been killed or permanently disabled and reimbursement of expenses to committee members.

*Secretary of State Institution Gift Trust* – Accounts for moneys derived from gifts, bequests, or donations to the Secretary of State to carry out the objectives of the gift, bequest, or donation.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|  | Professional<br>Registration | Judicial<br>Protection<br>and<br>Assistance | Agriculture<br>and State<br>Fair | Social<br>Assistance | Unemployment<br>and Workers'<br>Compensation | Reimbursements<br>and Other | Totals<br>June 30,<br>2006 |
|--|------------------------------|---|----------------------------------|----------------------|--|-----------------------------|----------------------------|
| <b>ASSETS</b>                                  |                              |   |                                  |                      |  |                             |                            |
| Cash and Cash Equivalents                      | \$ 15,455                    | \$ 9,774                                    | \$ 1,109                         | \$ 21,542            | \$ 25,129                                    | \$ 17,362                   | \$ 90,371                  |
| Investments                                    | 30,293                       | 19,152                                      | 5,683                            | 50,732               | 49,255                                       | 34,137                      | 189,252                    |
| Accounts Receivable, Net                       | ---                          | 1,251                                       | 66                               | 3,072                | 15,392                                       | 2,118                       | 21,899                     |
| Interest Receivable                            | ---                          | 110   | 31                               | 274                  | 535  | 245                         | 1,195                      |
| Due from Other Funds                           | ---                          | 71  | 39                               | ---                  | ---  | 4                           | 114                        |
| Inventories                                    | 26                           | 1   | 1                                | 5                    | ---  | 118                         | 151                        |
| Loans Receivable                               | ---                          | ---   | 561                              | ---                  | ---  | ---                         | 561                        |
| <b>Total Assets</b>                            | <b>\$ 45,774</b>             | <b>\$ 30,359</b>                            | <b>\$ 7,490</b>                  | <b>\$ 75,625</b>     | <b>\$ 90,311</b>                             | <b>\$ 53,984</b>            | <b>\$ 303,543</b>          |
| <b>LIABILITIES AND FUND BALANCES</b>           |                              |   |                                  |                      |  |                             |                            |
| Liabilities:                                   |                              |   |                                  |                      |  |                             |                            |
| Accounts Payable                               | \$ 176                       | \$ 461                                      | \$ 133                           | \$ 2,170             | \$ 24,459                                    | \$ 2,626                    | \$ 30,025                  |
| Accrued Payroll                                | 193                          | 351   | 73                               | 234                  | 398  | 1,769                       | 3,018                      |
| Due to Other Funds                             | 96                           | 213   | 36                               | 150                  | 371  | 701                         | 1,567                      |
| Deferred Revenue                               | ---                          | 68  | 5                                | 124                  | 3,244  | 179                         | 3,620                      |
| <b>Total Liabilities</b>                       | <b>465</b>                   | <b>1,093</b>                                | <b>247</b>                       | <b>2,678</b>         | <b>28,472</b>                                | <b>5,275</b>                | <b>38,230</b>              |
| Fund Balances:                                 |                              |   |                                  |                      |  |                             |                            |
| Reserved for:                                  |                              |   |                                  |                      |  |                             |                            |
| Inventories                                    | 26                           | 1   | 1                                | 5                    | ---  | 118                         | 151                        |
| Loans Receivable                               | ---                          | ---   | 561                              | ---                  | ---  | ---                         | 561                        |
| Unreserved                                     | 45,283                       | 29,265                                      | 6,681                            | 72,942               | 61,839                                       | 48,591                      | 264,601                    |
| <b>Total Fund Balances</b>                     | <b>45,309</b>                | <b>29,266</b>                               | <b>7,243</b>                     | <b>72,947</b>        | <b>61,839</b>                                | <b>48,709</b>               | <b>265,313</b>             |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 45,774</b>             | <b>\$ 30,359</b>                            | <b>\$ 7,490</b>                  | <b>\$ 75,625</b>     | <b>\$ 90,311</b>                             | <b>\$ 53,984</b>            | <b>\$ 303,543</b>          |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|  | Professional<br>Registration | Judicial<br>Protection<br>and<br>Assistance | Agriculture<br>and State<br>Fair | Social<br>Assistance | Unemployment<br>and Workers'<br>Compensation | Reimbursements<br>and Other | Totals<br>June 30,<br>2006 |
|--|------------------------------|---|----------------------------------|----------------------|--|-----------------------------|----------------------------|
| <b>Revenues:</b>                                 |                              |   |                                  |                      |  |                             |                            |
| Taxes  | \$ 87                        | \$ 2  | \$ 1,229                         | \$ 60,207            | \$ 83,165                                    | \$ 65                       | \$ 144,755                 |
| Licenses, Fees and Permits                       | 20,650                       | 22,096                                      | 3,766                            | 20,312               | ---  | 101,608                     | 168,432                    |
| Sales  | ---                          | ---   | 7                                | 1,206                | 1  | 631                         | 1,845                      |
| Leases and Rentals                               | ---                          | ---   | ---                              | 12                   | ---  | ---                         | 12                         |
| Services   | 17                           | 138   | ---                              | 128                  | ---  | ---                         | 283                        |
| Contributions and<br>Intergovernmental           | ---                          | 53  | ---                              | 12,548               | ---  | 60                          | 12,661                     |
| Investment Earnings:                             |                              |   |                                  |                      |  |                             |                            |
| Net Decrease in the Fair<br>Value of Investments | (74)                         | (37)  | (4)                              | (113)                | (89)   | (73)                        | (390)                      |
| Interest   | ---                          | 322   | 154                              | 1,642                | 19,278                                       | 1,601                       | 22,997                     |
| Penalties and Unclaimed Properties               | 175                          | 12,437                                      | ---                              | 817                  | 2,940  | 1,726                       | 18,095                     |
| Cost Reimbursement/Miscellaneous                 | 202                          | 1,140                                       | 115                              | 135,113              | 267  | 31,374                      | 168,211                    |
| <b>Total Revenues</b>                            | <b>21,057</b>                | <b>36,151</b>                               | <b>5,267</b>                     | <b>231,872</b>       | <b>105,562</b>                               | <b>136,992</b>              | <b>536,901</b>             |
| <b>Expenditures:</b>                             |                              |   |                                  |                      |  |                             |                            |
| <b>Current:</b>                                  |                              |   |                                  |                      |  |                             |                            |
| General Government                               | 236                          | 20,967                                      | 116                              | 4,219                | 5,437  | 7,203                       | 38,178                     |
| Education  | 96                           | ---   | 4                                | 2,705                | 41   | 423                         | 3,269                      |
| Natural and Economic Resources                   | 14,428                       | 5,698                                       | 13,279                           | 7,796                | 92,110                                       | 58,220                      | 191,531                    |
| Transportation and Law<br>Enforcement            | 3                            | 11,857                                      | 2                                | 4,372                | 26   | 18,295                      | 34,555                     |
| Human Services                                   | 32                           | 9   | 26                               | 141,810              | 316  | 20,477                      | 162,670                    |
| <b>Capital Outlay:</b>                           |                              |   |                                  |                      |  |                             |                            |
| Current Expenditures                             | 60                           | 2,237                                       | 105                              | 321                  | 946  | 1,669                       | 5,338                      |
| <b>Debt Service:</b>                             |                              |   |                                  |                      |  |                             |                            |
| Principal  | ---                          | ---   | ---                              | 5                    | ---  | 486                         | 491                        |
| Interest   | ---                          | ---   | ---                              | ---                  | ---  | 210                         | 210                        |
| <b>Total Expenditures</b>                        | <b>14,855</b>                | <b>40,768</b>                               | <b>13,532</b>                    | <b>161,228</b>       | <b>98,876</b>                                | <b>106,983</b>              | <b>436,242</b>             |
| <b>Excess Revenues (Expenditures)</b>            | <b>6,202</b>                 | <b>(4,617)</b>                              | <b>(8,265)</b>                   | <b>70,644</b>        | <b>6,686</b>                                 | <b>30,009</b>               | <b>100,659</b>             |
| <b>Other Financing Sources (Uses):</b>           |                              |   |                                  |                      |  |                             |                            |
| Transfers In                                     | ---                          | 3,594                                       | 8,133                            | 40,906               | ---  | 19,693                      | 72,326                     |
| Transfers Out                                    | (921)                        | ---   | ---                              | (96,929)             | (53)   | (47,161)                    | (145,064)                  |
| <b>Total Other Financing<br/>Sources (Uses)</b>  | <b>(921)</b>                 | <b>3,594</b>                                | <b>8,133</b>                     | <b>(56,023)</b>      | <b>(53)</b>                                  | <b>(27,468)</b>             | <b>(72,738)</b>            |
| <b>Net Change in Fund Balances</b>               | <b>5,281</b>                 | <b>(1,023)</b>                              | <b>(132)</b>                     | <b>14,621</b>        | <b>6,633</b>                                 | <b>2,541</b>                | <b>27,921</b>              |
| <b>Fund Balances – Beginning</b>                 | <b>40,028</b>                | <b>30,289</b>                               | <b>7,375</b>                     | <b>58,327</b>        | <b>55,206</b>                                | <b>46,560</b>               | <b>237,785</b>             |
| <b>Decrease in Reserve for Inventory</b>         | <b>---</b>                   | <b>---</b>                                  | <b>---</b>                       | <b>(1)</b>           | <b>---</b>                                   | <b>(392)</b>                | <b>(393)</b>               |
| <b>Fund Balances – Ending</b>                    | <b>\$ 45,309</b>             | <b>\$ 29,266</b>                            | <b>\$ 7,243</b>                  | <b>\$ 72,947</b>     | <b>\$ 61,839</b>                             | <b>\$ 48,709</b>            | <b>\$ 265,313</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, 2006**  
**(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:  |                           |           |           |                                    |           |           |                            |          |            |                   |           |            |
| Cigarette                                     | \$ ---                    | \$ ---    | \$ ---    | \$ ---                             | \$ ---    | \$ ---    | \$ ---                     | \$ ---   | \$ ---     | \$ 39,022         | \$ 34,948 | \$ (4,074) |
| Liquor  | ---                       | ---       | ---       | ---                                | ---       | ---       | 1,490                      | 1,229    | (261)      | ---               | ---       | ---        |
| Reimbursement/Miscellaneous                   | 83                        | 87        | 4         | ---                                | ---       | ---       | ---                        | ---      | ---        | 28,028            | 25,101    | (2,927)    |
| Total Taxes                                   | 83                        | 87        | 4         | ---                                | ---       | ---       | 1,490                      | 1,229    | (261)      | 67,050            | 60,049    | (7,001)    |
| Licenses, Fees and Permits                    | 19,834                    | 20,692    | 858       | 23,734                             | 21,652    | (2,082)   | 4,952                      | 4,083    | (869)      | 22,758            | 20,382    | (2,376)    |
| Leases and Rentals                            | 7                         | ---       | (7)       | ---                                | ---       | ---       | 9                          | ---      | (9)        | 1,369             | 1         | (1,368)    |
| Sales   | ---                       | 7         | 7         | ---                                | ---       | ---       | ---                        | 7        | 7          | 1                 | 1,226     | 1,225      |
| Services                                      | 17                        | 17        | ---       | 152                                | 138       | (14)      | ---                        | ---      | ---        | ---               | ---       | ---        |
| Contributions and Intergovernmental           | 1                         | 1         | ---       | 3,084                              | 2,813     | (271)     | 9                          | 8        | (1)        | 15,952            | 14,287    | (1,665)    |
| Interest                                      | ---                       | ---       | ---       | 335                                | 306       | (29)      | 44                         | 36       | (8)        | 1,723             | 1,543     | (180)      |
| Penalties and Unclaimed Property              | 167                       | 175       | 8         | 14,351                             | 13,092    | (1,259)   | ---                        | ---      | ---        | 909               | 815       | (94)       |
| Cost Reimbursement/Miscellaneous              | 195                       | 204       | 9         | 1,325                              | 1,208     | (117)     | 178                        | 147      | (31)       | 151,025           | 135,257   | (15,768)   |
| Total Revenues                                | 20,304                    | 21,183    | 879       | 42,981                             | 39,209    | (3,772)   | 6,682                      | 5,510    | (1,172)    | 260,787           | 233,560   | (27,227)   |
| <b>Expenditures:</b>                          |                           |           |           |                                    |           |           |                            |          |            |                   |           |            |
| Current:                                      |                           |           |           |                                    |           |           |                            |          |            |                   |           |            |
| General Government                            | 9                         | 8         | 1         | 22,928                             | 19,452    | 3,476     | 25                         | 11       | 14         | 7,282             | 4,426     | 2,856      |
| Education                                     | 110                       | 94        | 16        | ---                                | ---       | ---       | ---                        | ---      | ---        | 5,881             | 2,548     | 3,333      |
| Natural and Economic Resources                | 9,500                     | 7,238     | 2,262     | 7,743                              | 5,529     | 2,214     | 16,690                     | 12,893   | 3,797      | 11,022            | 8,111     | 2,911      |
| Transportation and Law Enforcement            | ---                       | ---       | ---       | 16,238                             | 14,065    | 2,173     | 5                          | ---      | 5          | 6,298             | 4,007     | 2,291      |
| Human Services                                | ---                       | ---       | ---       | ---                                | ---       | ---       | ---                        | ---      | ---        | 180,719           | 137,960   | 42,759     |
| Capital Outlay                                | 78                        | 61        | 17        | 2,608                              | 2,233     | 375       | 135                        | 105      | 30         | 451               | 322       | 129        |
| Debt Service                                  | ---                       | ---       | ---       | ---                                | ---       | ---       | ---                        | ---      | ---        | ---               | ---       | ---        |
| Total Expenditures                            | 9,697                     | 7,401     | 2,296     | 49,517                             | 41,279    | 8,238     | 16,855                     | 13,009   | 3,846      | 211,653           | 157,374   | 54,279     |
| Excess Revenues (Expenditures)                | 10,607                    | 13,782    | 3,175     | (6,536)                            | (2,070)   | 4,466     | (10,173)                   | (7,499)  | 2,674      | 49,134            | 76,186    | 27,052     |
| <b>Other Financing Sources (Uses):</b>        |                           |           |           |                                    |           |           |                            |          |            |                   |           |            |
| Transfers In                                  | ---                       | ---       | ---       | 3,594                              | 3,594     | ---       | 9,068                      | 8,134    | (934)      | 66,893            | 40,937    | (25,956)   |
| Transfers Out                                 | (11,382)                  | (8,515)   | 2,867     | (2,413)                            | (2,121)   | 292       | (1,157)                    | (812)    | 345        | (204,046)         | (102,354) | 101,692    |
| Total Other Financing Sources (Uses)          | (11,382)                  | (8,515)   | 2,867     | 1,181                              | 1,473     | 292       | 7,911                      | 7,322    | (589)      | (137,153)         | (61,417)  | 75,736     |
| Net Change in Fund Balances                   | (775)                     | 5,267     | 6,042     | (5,355)                            | (597)     | 4,758     | (2,262)                    | (177)    | 2,085      | (88,019)          | 14,769    | 102,788    |
| Fund Balances – Beginning                     | 29,105                    | 40,648    | 11,543    | 690                                | 29,625    | 28,935    | 8,322                      | 3,472    | (4,850)    | (84,082)          | 49,226    | 133,308    |
| Fund Balances – Ending                        | \$ 28,330                 | \$ 45,915 | \$ 17,585 | \$ (4,665)                         | \$ 29,028 | \$ 33,693 | \$ 6,060                   | \$ 3,295 | \$ (2,765) | \$ (172,101)      | \$ 63,995 | \$ 236,096 |
| <b>Reconciling Items:</b>                     |                           |           |           |                                    |           |           |                            |          |            |                   |           |            |
| Reclassifying Cash Equivalents as Investments |                           | (30,460)  |           |                                    | (19,254)  |           |                            | (2,186)  |            |                   | (42,453)  |            |
| Investments at Fair Value                     |                           | 30,293    |           |                                    | 19,152    |           |                            | 5,683    |            |                   | 50,732    |            |
| Receivables                                   |                           | ---       |           |                                    | 1,361     |           |                            | 658      |            |                   | 3,346     |            |
| Due from Other Funds                          |                           | ---       |           |                                    | 71        |           |                            | 39       |            |                   | ---       |            |
| Inventories                                   |                           | 26        |           |                                    | 1         |           |                            | 1        |            |                   | 5         |            |
| Accounts Payable                              |                           | (176)     |           |                                    | (461)     |           |                            | (133)    |            |                   | (2,170)   |            |
| Accrued Payroll                               |                           | (193)     |           |                                    | (351)     |           |                            | (73)     |            |                   | (234)     |            |
| Due to Other Funds                            |                           | (96)      |           |                                    | (213)     |           |                            | (36)     |            |                   | (150)     |            |
| Deferred Revenue                              |                           | ---       |           |                                    | (68)      |           |                            | (5)      |            |                   | (124)     |            |
| Fund Balance per GAAP                         |                           | \$ 45,309 |           |                                    | \$ 29,266 |           |                            | \$ 7,243 |            |                   | \$ 72,947 |            |



**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, 2006**  
**(In Thousands of Dollars)**

|   | Unemployment and Workers' Compensation |                |               | Reimbursements and Other |                  |                | Totals           |                   |                 |
|---|--|----------------|---------------|--------------------------|------------------|----------------|------------------|-------------------|-----------------|
|   | Budget                                 | Actual         | Variance      | Budget                   | Actual           | Variance       | Budget           | Actual            | Variance        |
| <b>Revenues:</b>                              |  |                |               |                          |                  |                |                  |                   |                 |
| Taxes:  |  |                |               |                          |                  |                |                  |                   |                 |
| Cigarette                                     | \$ ---                                 | \$ ---         | \$ ---        | \$ ---                   | \$ ---           | \$ ---         | \$ 39,022        | \$ 34,948         | \$ (4,074)      |
| Liquor  | ---                                    | ---            | ---           | ---                      | ---              | ---            | 1,490            | 1,229             | (261)           |
| Reimbursement/Miscellaneous                   | 51,643                                 | 71,600         | 19,957        | ---                      | ---              | ---            | 79,754           | 96,788            | 17,034          |
| Total Taxes                                   | 51,643                                 | 71,600         | 19,957        | ---                      | ---              | ---            | 120,266          | 132,965           | 12,699          |
| Licenses, Fees and Permits                    | ---                                    | ---            | ---           | 108,654                  | 101,427          | (7,227)        | 179,932          | 168,236           | (11,696)        |
| Leases and Rentals                            | ---                                    | ---            | ---           | 661                      | ---              | (661)          | 2,046            | 1                 | (2,045)         |
| Sales   | ---                                    | ---            | ---           | ---                      | 617              | 617            | 1                | 1,857             | 1,856           |
| Services                                      | ---                                    | ---            | ---           | 6                        | 5                | (1)            | 175              | 160               | (15)            |
| Contributions and Intergovernmental           | 982                                    | 1,361          | 379           | 885                      | 826              | (59)           | 20,913           | 19,296            | (1,617)         |
| Interest                                      | 13,865                                 | 19,223         | 5,358         | 1,688                    | 1,575            | (113)          | 17,655           | 22,683            | 5,028           |
| Penalties and Unclaimed Property              | 2,121                                  | 2,940          | 819           | 1,951                    | 1,821            | (130)          | 19,499           | 18,843            | (656)           |
| Cost Reimbursement/Miscellaneous              | 378                                    | 524            | 146           | 33,724                   | 31,481           | (2,243)        | 186,825          | 168,821           | (18,004)        |
| <b>Total Revenues</b>                         | <b>68,989</b>                          | <b>95,648</b>  | <b>26,659</b> | <b>147,569</b>           | <b>137,752</b>   | <b>(9,817)</b> | <b>547,312</b>   | <b>532,862</b>    | <b>(14,450)</b> |
| <b>Expenditures:</b>                          |  |                |               |                          |                  |                |                  |                   |                 |
| Current:                                      |  |                |               |                          |                  |                |                  |                   |                 |
| General Government                            | 5,250                                  | 3,301          | 1,949         | 16,785                   | 3,783            | 13,002         | 52,279           | 30,981            | 21,298          |
| Education                                     | ---                                    | ---            | ---           | 400                      | 400              | ---            | 6,391            | 3,042             | 3,349           |
| Natural and Economic Resources                | 100,847                                | 88,175         | 12,672        | 63,385                   | 49,366           | 14,019         | 209,187          | 171,312           | 37,875          |
| Transportation and Law Enforcement            | ---                                    | ---            | ---           | 20,816                   | 16,216           | 4,600          | 43,357           | 34,288            | 9,069           |
| Human Services                                | 31                                     | 21             | 10            | 42,668                   | 20,234           | 22,434         | 223,418          | 158,215           | 65,203          |
| Capital Outlay                                | 1,124                                  | 967            | 157           | 3,729                    | 1,721            | 2,008          | 8,125            | 5,409             | 2,716           |
| Debt Service                                  | ---                                    | ---            | ---           | 12                       | 10               | 2              | 12               | 10                | 2               |
| <b>Total Expenditures</b>                     | <b>107,252</b>                         | <b>92,464</b>  | <b>14,788</b> | <b>147,795</b>           | <b>91,730</b>    | <b>56,065</b>  | <b>542,769</b>   | <b>403,257</b>    | <b>139,512</b>  |
| Excess Revenues (Expenditures)                | (38,263)                               | 3,184          | 41,447        | (226)                    | 46,022           | 46,248         | 4,543            | 129,605           | 125,062         |
| <b>Other Financing Sources (Uses):</b>        |  |                |               |                          |                  |                |                  |                   |                 |
| Transfers In                                  | 33                                     | 2              | (31)          | 21,764                   | 19,817           | (1,947)        | 101,352          | 72,484            | (28,868)        |
| Transfers Out                                 | (13,946)                               | (8,094)        | 5,852         | (69,049)                 | (64,157)         | 4,892          | (301,993)        | (186,053)         | 115,940         |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(13,913)</b>                        | <b>(8,092)</b> | <b>5,821</b>  | <b>(47,285)</b>          | <b>(44,340)</b>  | <b>2,945</b>   | <b>(200,641)</b> | <b>(113,569)</b>  | <b>87,072</b>   |
| <b>Net Change in Fund Balances</b>            | <b>(52,176)</b>                        | <b>(4,908)</b> | <b>47,268</b> | <b>(47,511)</b>          | <b>1,682</b>     | <b>49,193</b>  | <b>(196,098)</b> | <b>16,036</b>     | <b>212,134</b>  |
| Fund Balances – Beginning                     | 44,690                                 | 79,564         | 34,874        | (26,460)                 | 49,891           | 76,351         | (27,735)         | 252,426           | 280,161         |
| Fund Balances – Ending                        | \$ (7,486)                             | \$ 74,656      | \$ 82,142     | \$ (73,971)              | \$ 51,573        | \$ 125,544     | \$ (223,833)     | \$ 268,462        | \$ 492,295      |
| <b>Reconciling Items:</b>                     |  |                |               |                          |                  |                |                  |                   |                 |
| Reclassifying Cash Equivalents as Investments |  | (49,527)       |               |                          | (34,211)         |                |                  | (178,091)         |                 |
| Investments at Fair Value                     |  | 49,255         |               |                          | 34,137           |                |                  | 189,252           |                 |
| Receivables                                   |  | 15,927         |               |                          | 2,363            |                |                  | 23,655            |                 |
| Due from Other Funds                          |  | ---            |               |                          | 4                |                |                  | 114               |                 |
| Inventories                                   |  | ---            |               |                          | 118              |                |                  | 151               |                 |
| Accounts Payable                              |  | (24,459)       |               |                          | (2,626)          |                |                  | (30,025)          |                 |
| Accrued Payroll                               |  | (398)          |               |                          | (1,769)          |                |                  | (3,018)           |                 |
| Due to Other Funds                            |  | (371)          |               |                          | (701)            |                |                  | (1,567)           |                 |
| Deferred Revenue                              |  | (3,244)        |               |                          | (179)            |                |                  | (3,620)           |                 |
| <b>Fund Balance per GAAP</b>                  | <b>\$ 61,839</b>                       |                |               |                          | <b>\$ 48,709</b> |                |                  | <b>\$ 265,313</b> |                 |

This schedule is continued from pages 100-101.



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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.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|  | <u>Water<br/>Pollution<br/>Control Bond<br/>and Interest</u> | <u>Third State<br/>Building Bond<br/>Interest and<br/>Sinking</u> | <u>Fourth State<br/>Building Bond<br/>and Interest</u> | <u>Stormwater<br/>Control Bond<br/>and Interest</u> | <u>Totals<br/>June 30,<br/>2006</u> |
|--|--|---|--|---|-------------------------------------|
| <b>ASSETS</b>                                  |  |   |  |   |                                     |
| Cash and Cash Equivalents                      | \$ 12,084  | \$ 23,877   | \$ 5,220   | \$ 1,226  | \$ 42,407                           |
| Investments                                    | 14,202   | 28,061  | 6,135  | 1,441   | 49,839                              |
| Interest Receivable                            | 268  | 502   | 114  | 27  | 911                                 |
| <b>Total Assets</b>                            | <b><u>\$ 26,554</u></b>                                      | <b><u>\$ 52,440</u></b>   | <b><u>\$ 11,469</u></b>                                | <b><u>\$ 2,694</u></b>                              | <b><u>\$ 93,157</u></b>             |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>       |  |   |  |   |                                     |
| Liabilities:                                   |  |   |  |   |                                     |
| Deferred Revenue                               | \$ 120   | \$ 224  | \$ 51  | \$ 12   | \$ 407                              |
| <b>Total Liabilities</b>                       | <b><u>120</u></b>  | <b><u>224</u></b>   | <b><u>51</u></b>                                       | <b><u>12</u></b>                                    | <b><u>407</u></b>                   |
| Fund Balances:                                 |  |   |  |   |                                     |
| Reserved for Debt Service                      | 26,434   | 52,216  | 11,418   | 2,682   | 92,750                              |
| <b>Total Fund Balances</b>                     | <b><u>26,434</u></b>   | <b><u>52,216</u></b>  | <b><u>11,418</u></b>                                   | <b><u>2,682</u></b>                                 | <b><u>92,750</u></b>                |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b><u>\$ 26,554</u></b>                                      | <b><u>\$ 52,440</u></b>   | <b><u>\$ 11,469</u></b>                                | <b><u>\$ 2,694</u></b>                              | <b><u>\$ 93,157</u></b>             |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|  | Water<br>Pollution<br>Control Bond<br>and Interest | Third State<br>Building Bond<br>Interest and<br>Sinking | Fourth State<br>Building Bond<br>and Interest | Stormwater<br>Control Bond<br>and Interest | Totals<br><br>June 30,<br>2006 |
|--|--|---|---|--|--------------------------------|
| <b>Revenues:</b>                                 |  |   |   |  |                                |
| Investment Earnings:                             |  |   |   |  |                                |
| Net Increase in the<br>Fair Value of Investments | \$ 137   | \$ 149  | \$ 56   | \$ 11                                      | \$ 353                         |
| Interest   | 1,020  | 1,681   | 427   | 100  | 3,228                          |
| Total Revenues                                   | <u>1,157</u>                                       | <u>1,830</u>  | <u>483</u>                                    | <u>111</u>                                 | <u>3,581</u>                   |
| <b>Expenditures:</b>                             |  |   |   |  |                                |
| Debt Service:                                    |  |   |   |  |                                |
| Principal  | 11,130   | 39,195  | ---   | 650  | 50,975                         |
| Interest   | 13,014   | 10,926  | 8,982   | 1,712                                      | 34,634                         |
| Total Expenditures                               | <u>24,144</u>                                      | <u>50,121</u>   | <u>8,982</u>                                  | <u>2,362</u>                               | <u>85,609</u>                  |
| Excess Expenditures                              | <u>(22,987)</u>                                    | <u>(48,291)</u>   | <u>(8,499)</u>                                | <u>(2,251)</u>                             | <u>(82,028)</u>                |
| <b>Other Financing Sources:</b>                  |  |   |   |  |                                |
| Transfers In                                     | <u>13,030</u>                                      | <u>49,643</u>   | <u>4,795</u>                                  | <u>1,709</u>                               | <u>69,177</u>                  |
| Total Other<br>Financing Sources                 | <u>13,030</u>                                      | <u>49,643</u>   | <u>4,795</u>                                  | <u>1,709</u>                               | <u>69,177</u>                  |
| Net Change in<br>Fund Balances                   | (9,957)  | 1,352   | (3,704)                                       | (542)                                      | (12,851)                       |
| Fund Balances – Beginning                        | <u>36,391</u>                                      | <u>50,864</u>   | <u>15,122</u>                                 | <u>3,224</u>                               | <u>105,601</u>                 |
| Fund Balances – Ending                           | <u><u>\$ 26,434</u></u>                            | <u><u>\$ 52,216</u></u>                                 | <u><u>\$ 11,418</u></u>                       | <u><u>\$ 2,682</u></u>                     | <u><u>\$ 92,750</u></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, 2006**  
**(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 |          |          | Totals     |           |             |
|---|---|-----------|-------------|--|-----------|----------|---|-----------|------------|--------------------------------------|----------|----------|------------|-----------|-------------|
|   | Budget                                    | Actual    | Variance    | Budget   | Actual    | Variance | Budget                                  | Actual    | Variance   | Budget                               | Actual   | Variance | Budget     | Actual    | Variance    |
| <b>Revenues:</b>                              |   |           |             |  |           |          |   |           |            |                                      |          |          |            |           |             |
| Interest                                      | \$ 1,292                                  | \$ 998    | \$ (294)    | \$ 2,552                                       | \$ 1,573  | \$ (979) | \$ 558                                  | \$ 418    | \$ (140)   | \$ 131                               | \$ 96    | \$ (35)  | \$ 4,533   | \$ 3,085  | \$ (1,448)  |
| Total Revenues                                | 1,292                                     | 998       | (294)       | 2,552  | 1,573     | (979)    | 558                                     | 418       | (140)      | 131                                  | 96       | (35)     | 4,533      | 3,085     | (1,448)     |
| <b>Expenditures:</b>                          |   |           |             |  |           |          |   |           |            |                                      |          |          |            |           |             |
| Debt Service                                  | 35,873                                    | 24,145    | 11,728      | 50,120   | 50,120    | ---      | 14,853                                  | 8,982     | 5,871      | 3,176                                | 2,362    | 814      | 104,022    | 85,609    | 18,413      |
| Total Expenditures                            | 35,873                                    | 24,145    | 11,728      | 50,120   | 50,120    | ---      | 14,853                                  | 8,982     | 5,871      | 3,176                                | 2,362    | 814      | 104,022    | 85,609    | 18,413      |
| Excess Expenditures                           | (34,581)                                  | (23,147)  | 11,434      | (47,568)                                       | (48,547)  | (979)    | (14,295)                                | (8,564)   | 5,731      | (3,045)                              | (2,266)  | 779      | (99,489)   | (82,524)  | 16,965      |
| <b>Other Financing Sources:</b>               |   |           |             |  |           |          |   |           |            |                                      |          |          |            |           |             |
| Transfers In                                  | 35,910                                    | 13,030    | (22,880)    | 50,509   | 49,643    | (866)    | 16,235                                  | 4,795     | (11,440)   | 3,184                                | 1,709    | (1,475)  | 105,838    | 69,177    | (36,661)    |
| Total Other Financing Sources                 | 35,910                                    | 13,030    | (22,880)    | 50,509   | 49,643    | (866)    | 16,235                                  | 4,795     | (11,440)   | 3,184                                | 1,709    | (1,475)  | 105,838    | 69,177    | (36,661)    |
| Net Change in Fund Balances                   | 1,329                                     | (10,117)  | (11,446)    | 2,941  | 1,096     | (1,845)  | 1,940                                   | (3,769)   | (5,709)    | 139                                  | (557)    | (696)    | 6,349      | (13,347)  | (19,696)    |
| Fund Balances – Beginning                     | 35,223                                    | 36,476    | 1,253       | 49,764   | 50,987    | 1,223    | 15,227                                  | 15,156    | (71)       | 3,237                                | 3,232    | (5)      | 103,451    | 105,851   | 2,400       |
| Fund Balances – Ending                        | \$ 36,552                                 | \$ 26,359 | \$ (10,193) | \$ 52,705                                      | \$ 52,083 | \$ (622) | \$ 17,167                               | \$ 11,387 | \$ (5,780) | \$ 3,376                             | \$ 2,675 | \$ (701) | \$ 109,800 | \$ 92,504 | \$ (17,296) |
| Reconciling Items:                            |   |           |             |  |           |          |   |           |            |                                      |          |          |            |           |             |
| Reclassifying Cash Equivalents as Investments |   | (14,275)  |             |  | (28,206)  |          |   | (6,167)   |            |                                      | (1,449)  |          |            | (50,097)  |             |
| Investments at Fair Value                     |   | 14,202    |             |  | 28,061    |          |   | 6,135     |            |                                      | 1,441    |          |            | 49,839    |             |
| Interest Receivable                           |   | 268       |             |  | 502       |          |   | 114       |            |                                      | 27       |          |            | 911       |             |
| Deferred Revenues                             |   | (120)     |             |  | (224)     |          |   | (51)      |            |                                      | (12)     |          |            | (407)     |             |
| Fund Balances – GAAP Basis                    |   | \$ 26,434 |             |  | \$ 52,216 |          |   | \$ 11,418 |            |                                      | \$ 2,682 |          |            | \$ 92,750 |             |



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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.

**Fourth State Building** – Accounts for bond sale proceeds to be used for capital improvements of institutions of higher education, the Department of Corrections and the Division of Youth Services.

**Stormwater Control** – Accounts for bond sale proceeds to be used for financing and construction of stormwater control.

**Board of Public Building Revenue Bond** – Accounts for bond sale proceeds to be used for renovating state buildings and structures.



**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|  | Veterans'<br>Homes<br>Capital<br>Improvement | Water<br>Pollution<br>Control | Fourth<br>State<br>Building | Stormwater<br>Control | Board of<br>Public Building<br>Revenue Bond | <u>Totals</u><br>June 30,<br>2006 |
|--|--|-------------------------------|-----------------------------|-----------------------|---|-----------------------------------|
| <b>ASSETS</b>                                  |  |                               |                             |                       |   |                                   |
| Cash and Cash Equivalents                      | \$ 2,868                                     | \$ 3,850                      | \$ 3,282                    | \$ 5,400              | \$ 12,460                                   | \$ 27,860                         |
| Investments                                    | 5,621  | 4,524                         | 3,857                       | 6,347                 | 14,645                                      | 34,994                            |
| Interest Receivable                            | 54   | 87                            | 74                          | 118                   | 302   | 635                               |
| <b>Total Assets</b>                            | <b>\$ 8,543</b>                              | <b>\$ 8,461</b>               | <b>\$ 7,213</b>             | <b>\$ 11,865</b>      | <b>\$ 27,407</b>                            | <b>\$ 63,489</b>                  |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>       |  |                               |                             |                       |   |                                   |
| Liabilities:                                   |  |                               |                             |                       |   |                                   |
| Accounts Payable                               | \$ 20  | \$ ---                        | \$ ---                      | \$ ---                | \$ ---                                      | \$ 20                             |
| Accrued Payroll                                | 39   | ---                           | ---                         | ---                   | ---   | 39                                |
| Due to Other Funds                             | 57   | ---                           | 84                          | ---                   | 38  | 179                               |
| Deferred Revenue                               | 24   | 39                            | 33                          | 53                    | 135   | 284                               |
| <b>Total Liabilities</b>                       | <b>140</b>                                   | <b>39</b>                     | <b>117</b>                  | <b>53</b>             | <b>173</b>                                  | <b>522</b>                        |
| Fund Balances:                                 |  |                               |                             |                       |   |                                   |
| Unreserved                                     | 8,403  | 8,422                         | 7,096                       | 11,812                | 27,234                                      | 62,967                            |
| <b>Total Fund Balances</b>                     | <b>8,403</b>                                 | <b>8,422</b>                  | <b>7,096</b>                | <b>11,812</b>         | <b>27,234</b>                               | <b>62,967</b>                     |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 8,543</b>                              | <b>\$ 8,461</b>               | <b>\$ 7,213</b>             | <b>\$ 11,865</b>      | <b>\$ 27,407</b>                            | <b>\$ 63,489</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, 2006**  
**(In Thousands of Dollars)**

|  | Veterans'<br>Homes<br>Capital<br>Improvement | Water<br>Pollution<br>Control | Fourth<br>State<br>Building | Stormwater<br>Control | Board of<br>Public Building<br>Revenue Bond | Totals<br>June 30,<br>2006 |
|--|--|-------------------------------|-----------------------------|-----------------------|---|----------------------------|
| <b>Revenues:</b>   |  |                               |                             |                       |   |                            |
| Contributions and Intergovernmental                      | \$ 2,964                                     | \$ ---                        | \$ ---                      | \$ ---                | \$ ---                                      | \$ 2,964                   |
| Investment Earnings:                                     |  |                               |                             |                       |   |                            |
| Net Increase (Decrease) in the Fair Value of Investments | (9)  | 53                            | 29                          | 65                    | 246   | 384                        |
| Interest   | 320  | 351                           | 263                         | 453                   | 1,368                                       | 2,755                      |
| Cost Reimbursement/<br>Miscellaneous                     | 293  | ---                           | ---                         | ---                   | ---   | 293                        |
| <b>Total Revenues</b>                                    | <b>3,568</b>                                 | <b>404</b>                    | <b>292</b>                  | <b>518</b>            | <b>1,614</b>                                | <b>6,396</b>               |
| <b>Expenditures:</b>                                     |  |                               |                             |                       |   |                            |
| Current:   |  |                               |                             |                       |   |                            |
| General Government                                       | 191  | ---                           | ---                         | ---                   | ---   | 191                        |
| Education  | 4  | ---                           | ---                         | ---                   | ---   | 4                          |
| Natural and Economic Resources                           | 1  | 5,262                         | ---                         | 5,679                 | ---   | 10,942                     |
| Transportation and Law Enforcement                       | 2,434  | ---                           | ---                         | ---                   | 27  | 2,461                      |
| Human Services   | 15   | ---                           | 25                          | ---                   | 71  | 111                        |
| Capital Outlay:  |  |                               |                             |                       |   |                            |
| Current Expenditures                                     | 6,511  | ---                           | 1,591                       | ---                   | 29,741                                      | 37,843                     |
| <b>Total Expenditures</b>                                | <b>9,156</b>                                 | <b>5,262</b>                  | <b>1,616</b>                | <b>5,679</b>          | <b>29,839</b>                               | <b>51,552</b>              |
| Excess Expenditures                                      | (5,588)                                      | (4,858)                       | (1,324)                     | (5,161)               | (28,225)                                    | (45,156)                   |
| <b>Other Financing Sources (Uses):</b>                   |  |                               |                             |                       |   |                            |
| Transfers In   | 6,000  | ---                           | ---                         | ---                   | ---   | 6,000                      |
| Transfers Out  | (1,500)                                      | ---                           | ---                         | ---                   | ---   | (1,500)                    |
| <b>Total Other Financing Sources (Uses)</b>              | <b>4,500</b>                                 | <b>---</b>                    | <b>---</b>                  | <b>---</b>            | <b>---</b>                                  | <b>4,500</b>               |
| <b>Net Change in Fund Balances</b>                       | <b>(1,088)</b>                               | <b>(4,858)</b>                | <b>(1,324)</b>              | <b>(5,161)</b>        | <b>(28,225)</b>                             | <b>(40,656)</b>            |
| Fund Balances – Beginning                                | 9,491  | 13,280                        | 8,420                       | 16,973                | 55,459                                      | 103,623                    |
| <b>Fund Balances – Ending</b>                            | <b>\$ 8,403</b>                              | <b>\$ 8,422</b>               | <b>\$ 7,096</b>             | <b>\$ 11,812</b>      | <b>\$ 27,234</b>                            | <b>\$ 62,967</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.

**Missouri Investment Trust** – Accounts for moneys transferred from the Missouri Arts Council Trust Fund, the Missouri Humanities Council Trust Fund, the Johnson-Travis Memorial Trust Fund, and the Secretary of State Wolfner Library Fund to be invested by the Missouri Investment Trust's Board of Trustees.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|  | Arrow Rock<br>State Historic<br>Site Endowment | Confederate<br>Memorial<br>Park | State Public<br>School | Smith<br>Memorial<br>Endowment<br>Trust | Missouri<br>Investment<br>Trust | Totals<br><br>June 30,<br>2006 |
|--|--|---------------------------------|------------------------|---|---------------------------------|--------------------------------|
| <b>ASSETS</b>                                  |  |                                 |                        |   |                                 |                                |
| Cash and Cash Equivalents                      | \$ 8   | \$ 51                           | \$ 5                   | \$ 130                                  | \$ ---                          | \$ 194                         |
| Investments                                    | 16   | 99                              | 23,659                 | 254                                     | 26,867                          | 50,895                         |
| Interest Receivable                            | ---  | 1                               | ---                    | 3                                       | ---                             | 4                              |
| <b>Total Assets</b>                            | <b>\$ 24</b>                                   | <b>\$ 151</b>                   | <b>\$ 23,664</b>       | <b>\$ 387</b>                           | <b>\$ 26,867</b>                | <b>\$ 51,093</b>               |
| <b>LIABILITIES AND FUND<br/>BALANCES</b>       |  |                                 |                        |   |                                 |                                |
| Liabilities:                                   |  |                                 |                        |   |                                 |                                |
| Deferred Revenue                               | \$ ---   | \$ 1                            | \$ ---                 | \$ 1                                    | \$ ---                          | \$ 2                           |
| <b>Total Liabilities</b>                       | <b>---</b>                                     | <b>1</b>                        | <b>---</b>             | <b>1</b>                                | <b>---</b>                      | <b>2</b>                       |
| Fund Balances:                                 |  |                                 |                        |   |                                 |                                |
| Reserved for Trust Principal                   | 24   | 75                              | 23,664                 | 365                                     | 26,867                          | 50,995                         |
| Unreserved                                     | ---  | 75                              | ---                    | 21                                      | ---                             | 96                             |
| <b>Total Fund Balances</b>                     | <b>24</b>                                      | <b>150</b>                      | <b>23,664</b>          | <b>386</b>                              | <b>26,867</b>                   | <b>51,091</b>                  |
| <b>Total Liabilities<br/>and Fund Balances</b> | <b>\$ 24</b>                                   | <b>\$ 151</b>                   | <b>\$ 23,664</b>       | <b>\$ 387</b>                           | <b>\$ 26,867</b>                | <b>\$ 51,093</b>               |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|                                    | <u>Arrow Rock<br/>State Historic<br/>Site Endowment</u> | <u>Confederate<br/>Memorial<br/>Park</u> | <u>State Public<br/>School</u> | <u>Smith<br/>Memorial<br/>Endowment<br/>Trust</u> | <u>Missouri<br/>Investment<br/>Trust</u> | <u>Totals<br/>June 30,<br/>2006</u> |
|------------------------------------|---|--|--------------------------------|---|--|-------------------------------------|
| <b>Revenues:</b>                   |   |  |                                |   |  |                                     |
| Investment Earnings:               |   |  |                                |   |  |                                     |
| Net Increase (Decrease) in the     |   |  |                                |   |  |                                     |
| Fair Value of Investments          | \$ ---  | \$ ---                                   | \$ (59)                        | \$ ---  | \$ 3,124                                 | \$ 3,065                            |
| Interest                           | 1   | 6  | ---                            | 15  | ---                                      | 22                                  |
| Penalties and Unclaimed            |   |  |                                |   |  |                                     |
| Properties                         | ---   | ---                                      | 189                            | ---   | ---                                      | 189                                 |
| <b>Total Revenues</b>              | <u>1</u>  | <u>6</u>                                 | <u>130</u>                     | <u>15</u>   | <u>3,124</u>                             | <u>3,276</u>                        |
| <b>Expenditures:</b>               |   |  |                                |   |  |                                     |
| Human Services                     | ---   | ---                                      | ---                            | 12  | ---                                      | 12                                  |
| <b>Total Expenditures</b>          | <u>---</u>  | <u>---</u>                               | <u>---</u>                     | <u>12</u>   | <u>---</u>                               | <u>12</u>                           |
| <b>Net Change in Fund Balances</b> | 1   | 6  | 130                            | 3   | 3,124                                    | 3,264                               |
| <b>Fund Balances – Beginning</b>   | <u>23</u>   | <u>144</u>                               | <u>23,534</u>                  | <u>383</u>  | <u>23,743</u>                            | <u>47,827</u>                       |
| <b>Fund Balances – Ending</b>      | <u>\$ 24</u>  | <u>\$ 150</u>                            | <u>\$ 23,664</u>               | <u>\$ 386</u>                                     | <u>\$ 26,867</u>                         | <u>\$ 51,091</u>                    |

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, 2006  
 (In Thousands of Dollars)

|   | Arrow Rock State Historic Site Endowment |              |             | Confederate Memorial Park |               |               | State Public School |                  |                   | Smith Memorial Endowment Trust |               |              |
|---|--|--------------|-------------|---------------------------|---------------|---------------|---------------------|------------------|-------------------|--------------------------------|---------------|--------------|
|   | Budget                                   | Actual       | Variance    | Budget                    | Actual        | Variance      | Budget              | Actual           | Variance          | Budget                         | Actual        | Variance     |
| <b>Revenues:</b>                              |  |              |             |                           |               |               |                     |                  |                   |                                |               |              |
| Interest                                      | \$ 1                                     | \$ 1         | \$ ---      | \$ 5                      | \$ 4          | \$ (1)        | \$ ---              | \$ 81            | \$ 81             | \$ 15                          | \$ 15         | \$ ---       |
| Penalties and Unclaimed Property              | ---                                      | ---          | ---         | ---                       | ---           | ---           | ---                 | 188              | 188               | ---                            | ---           | ---          |
| Total Revenues                                | 1  | 1            | ---         | 5                         | 4             | (1)           | ---                 | 269              | 269               | 15                             | 15            | ---          |
| <b>Expenditures:</b>                          |  |              |             |                           |               |               |                     |                  |                   |                                |               |              |
| Human Services                                | ---                                      | ---          | ---         | ---                       | ---           | ---           | ---                 | ---              | ---               | 35                             | 11            | 24           |
| Total Expenditures                            | ---                                      | ---          | ---         | ---                       | ---           | ---           | ---                 | ---              | ---               | 35                             | 11            | 24           |
| Excess Revenues (Expenditures)                | 1  | 1            | ---         | 5                         | 4             | (1)           | ---                 | 269              | 269               | (20)                           | 4             | 24           |
| <b>Other Financing Sources:</b>               |  |              |             |                           |               |               |                     |                  |                   |                                |               |              |
| Transfers In                                  | ---                                      | ---          | ---         | ---                       | ---           | ---           | 1,000               | ---              | (1,000)           | ---                            | ---           | ---          |
| Total Other Financing Sources                 | ---                                      | ---          | ---         | ---                       | ---           | ---           | 1,000               | ---              | (1,000)           | ---                            | ---           | ---          |
| Net Change in Fund Balances                   | 1  | 1            | ---         | 5                         | 4             | (1)           | 1,000               | 269              | (731)             | (20)                           | 4             | 24           |
| Fund Balances – Beginning                     | 22                                       | 23           | 1           | 144                       | 145           | 1             | 7,030               | 1,234            | (5,796)           | 335                            | 382           | 47           |
| Fund Balances – Ending                        | <u>\$ 23</u>                             | <u>\$ 24</u> | <u>\$ 1</u> | <u>\$ 149</u>             | <u>\$ 149</u> | <u>\$ ---</u> | <u>\$ 8,030</u>     | <u>\$ 1,503</u>  | <u>\$ (6,527)</u> | <u>\$ 315</u>                  | <u>\$ 386</u> | <u>\$ 71</u> |
| Reconciling Items:                            |  |              |             |                           |               |               |                     |                  |                   |                                |               |              |
| Reclassifying Cash Equivalents as Investments |  | (16)         |             |                           | (99)          |               |                     | (1,498)          |                   |                                | (256)         |              |
| Investments at Fair Value                     |  | 16           |             |                           | 99            |               |                     | 23,659           |                   |                                | 254           |              |
| Interest Receivable                           |  | ---          |             |                           | 1             |               |                     | ---              |                   |                                | 3             |              |
| Deferred Revenue                              |  | ---          |             |                           | ---           |               |                     | ---              |                   |                                | (1)           |              |
| Fund Balance – GAAP Basis                     |  | <u>\$ 24</u> |             |                           | <u>\$ 150</u> |               |                     | <u>\$ 23,664</u> |                   |                                | <u>\$ 386</u> |              |

NOTE: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.

This schedule is continued on page 114.

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, 2006  
 (In Thousands of Dollars)

|   | Totals          |                  |                   |
|---|-----------------|------------------|-------------------|
|   | Budget          | Actual           | Variance          |
| <b>Revenues:</b>                              |                 |                  |                   |
| Interest                                      | \$ 21           | \$ 101           | \$ 80             |
| Penalties and Unclaimed<br>Property           | ---             | 188              | 188               |
| Total Revenues                                | 21              | 289              | 268               |
| <b>Expenditures:</b>                          |                 |                  |                   |
| Human Services                                | 35              | 11               | 24                |
| Total Expenditures                            | 35              | 11               | 24                |
| Excess Revenues<br>(Expenditures)             | (14)            | 278              | 292               |
| <b>Other Financing Sources:</b>               |                 |                  |                   |
| Transfers In                                  | 1,000           | ---              | (1,000)           |
| Total Other Financing<br>Sources              | 1,000           | ---              | (1,000)           |
| Net Change in Fund Balan                      | 986             | 278              | (708)             |
| Fund Balances – Beginning                     | 7,531           | 1,784            | (5,747)           |
| Fund Balances – Ending                        | <u>\$ 8,517</u> | <u>\$ 2,062</u>  | <u>\$ (6,455)</u> |
| <b>Reconciling Items:</b>                     |                 |                  |                   |
| Reclassifying Cash Equivalents as Investments |                 | (1,869)          |                   |
| Investments at Fair Value                     |                 | 24,028           |                   |
| Interest Receivable                           |                 | 4                |                   |
| Deferred Revenue                              |                 | (1)              |                   |
| Fund Balance – GAAP Basis                     |                 | <u>\$ 24,224</u> |                   |

NOTE: The Missouri Investment Trust Fund is not presented on the budgetary comparison schedule because it is a non-appropriated fund, and does not have a legally adopted budget.





*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, 2006  
(In Thousands of Dollars)**

|  | State Fair<br>Fees | State<br>Parks | Natural<br>Resources<br>Revolving<br>Services | Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Homes | State Agency<br>for Surplus<br>Property | Department<br>of Revenue<br>Information | Totals<br><br>June 30,<br>2006 |
|--|--------------------|----------------|---|---------------------------------------|--------------------------------|---|---|--------------------------------|
| <b>ASSETS</b>  |                    |                |   |                                       |                                |   |   |                                |
| Current Assets:  |                    |                |   |                                       |                                |   |   |                                |
| Cash and Cash Equivalents                              | \$ 171             | \$ 583         | \$ 147  | \$ 348                                | \$ 1,331                       | \$ 683                                  | \$ 586                                  | \$ 3,849                       |
| Investments  | 335                | 1,111          | 289   | 683                                   | 2,622                          | 1,338                                   | 1,224                                   | 7,602                          |
| Accounts Receivable, Net                               | 5                  | 6              | 112   | ---                                   | 189                            | 266                                     | 123                                     | 701                            |
| Interest Receivable                                    | 3                  | ---            | ---   | 7                                     | 39                             | 16                                      | ---                                     | 65                             |
| Due from Other Funds                                   | 8                  | ---            | 52  | ---                                   | ---                            | ---                                     | ---                                     | 60                             |
| Inventories  | ---                | 574            | 493   | ---                                   | ---                            | 392                                     | 77                                      | 1,536                          |
| Prepaid Items  | ---                | ---            | 21  | ---                                   | ---                            | ---                                     | ---                                     | 21                             |
| Loans Receivable                                       | ---                | ---            | ---   | 487                                   | ---                            | ---                                     | ---                                     | 487                            |
| Noncurrent Assets:                                     |                    |                |   |                                       |                                |   |   |                                |
| Assets Held for Resale                                 | ---                | ---            | ---   | 115                                   | ---                            | ---                                     | ---                                     | 115                            |
| Capital Assets:  |                    |                |   |                                       |                                |   |   |                                |
| Construction in Progress                               | ---                | 4,526          | ---   | ---                                   | ---                            | ---                                     | ---                                     | 4,526                          |
| Land   | ---                | 6,110          | ---   | ---                                   | ---                            | ---                                     | ---                                     | 6,110                          |
| Land Improvements                                      | 75                 | 6,564          | ---   | ---                                   | 38                             | 169                                     | ---                                     | 6,846                          |
| Buildings  | 3                  | 21,350         | ---   | 481                                   | 164                            | 161                                     | ---                                     | 22,159                         |
| Equipment  | 415                | 9,968          | 15,059  | 37                                    | 5,049                          | 702                                     | 309                                     | 31,539                         |
| Less Accumulated Depreciation                          | (370)              | (17,504)       | (12,042)                                      | (139)                                 | (3,434)                        | (881)                                   | (304)                                   | (34,674)                       |
| Total Capital Assets (Net of Accumulated Depreciation) | 123                | 31,014         | 3,017   | 379                                   | 1,817                          | 151                                     | 5                                       | 36,506                         |
| Total Assets   | 645                | 33,288         | 4,131   | 2,019                                 | 5,998                          | 2,846                                   | 2,015                                   | 50,942                         |
| <b>LIABILITIES</b>                                     |                    |                |   |                                       |                                |   |   |                                |
| Current Liabilities:                                   |                    |                |   |                                       |                                |   |   |                                |
| Accounts Payable                                       | 4                  | 541            | 10  | ---                                   | 2                              | 48                                      | 11                                      | 616                            |
| Accrued Payroll  | 27                 | 58             | 2   | ---                                   | 1,346                          | 24                                      | 12                                      | 1,469                          |
| Due to Other Funds                                     | 4                  | 30             | 9   | ---                                   | 609                            | 14                                      | 14                                      | 680                            |
| Unearned Revenue                                       | ---                | 20             | 41  | ---                                   | ---                            | ---                                     | 33                                      | 94                             |
| Compensated Absences                                   | 2                  | 36             | 6   | 9                                     | 1,396                          | 57                                      | 16                                      | 1,522                          |
| Total Liabilities                                      | 37                 | 685            | 68  | 9                                     | 3,353                          | 143                                     | 86                                      | 4,381                          |
| <b>NET ASSETS</b>                                      |                    |                |   |                                       |                                |   |   |                                |
| Invested in Capital Assets, Net of Related Debt        | 123                | 31,014         | 3,017   | 379                                   | 1,817                          | 151                                     | 5                                       | 36,506                         |
| Unrestricted   | 485                | 1,589          | 1,046   | 1,631                                 | 828                            | 2,552                                   | 1,924                                   | 10,055                         |
| Total Net Assets                                       | \$ 608             | \$ 32,603      | \$ 4,063                                      | \$ 2,010                              | \$ 2,645                       | \$ 2,703                                | \$ 1,929                                | \$ 46,561                      |

**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, 2006**  
**(In Thousands of Dollars)**

|   | State Fair<br>Fees | State<br>Parks   | Natural<br>Resources<br>Revolving<br>Services | Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Homes | State Agency<br>for Surplus<br>Property | Department<br>of Revenue<br>Information | Totals<br><br>June 30,<br>2006 |
|---|--------------------|------------------|---|---------------------------------------|--------------------------------|---|---|--------------------------------|
| <b>Operating Revenues:</b>                                  |                    |                  |   |                                       |                                |   |   |                                |
| Licenses, Fees and Permits                                  | \$ 3,105           | \$ 4,553         | \$ 62   | \$ ---                                | \$ ---                         | \$ ---                                  | \$ ---                                  | \$ 7,720                       |
| Sales   | ---                | 613              | 226   | 120                                   | 209                            | 3,087                                   | 1,729                                   | 5,984                          |
| Leases and Rentals  | 1,035              | 1,878            | ---   | ---                                   | ---                            | ---                                     | ---                                     | 2,913                          |
| Charges for Services  | ---                | ---              | 2   | ---                                   | 23,292                         | ---                                     | ---                                     | 23,294                         |
| Cost Reimbursement/Miscellaneous                            | ---                | 31               | 59  | ---                                   | 2                              | 120                                     | ---                                     | 212                            |
| Total Operating Revenues                                    | <u>4,140</u>       | <u>7,075</u>     | <u>349</u>                                    | <u>120</u>                            | <u>23,503</u>                  | <u>3,207</u>                            | <u>1,729</u>                            | <u>40,123</u>                  |
| <b>Operating Expenses:</b>                                  |                    |                  |   |                                       |                                |   |   |                                |
| Cost of Goods Sold  | ---                | ---              | 535   | ---                                   | ---                            | 1,631                                   | ---                                     | 2,166                          |
| Personal Service  | 1,068              | 1,040            | 86  | 38                                    | 43,362                         | 861                                     | 431                                     | 46,886                         |
| Operations  | 2,719              | 8,213            | 128   | 44                                    | 1,820                          | 496                                     | 386                                     | 13,806                         |
| Inventories   | 21                 | 26               | 6   | ---                                   | 700                            | 6                                       | 3                                       | 762                            |
| Specific Programs   | 28                 | 24               | ---   | ---                                   | 221                            | ---                                     | ---                                     | 273                            |
| Depreciation  | 27                 | 1,493            | 867   | 11                                    | 436                            | 40                                      | 16                                      | 2,890                          |
| Other Charges   | 197                | 185              | 9   | ---                                   | 104                            | 21                                      | 36                                      | 552                            |
| Total Operating Expenses                                    | <u>4,060</u>       | <u>10,981</u>    | <u>1,631</u>                                  | <u>93</u>                             | <u>46,643</u>                  | <u>3,055</u>                            | <u>872</u>                              | <u>67,335</u>                  |
| Operating Income (Loss)                                     | <u>80</u>          | <u>(3,906)</u>   | <u>(1,282)</u>                                | <u>27</u>                             | <u>(23,140)</u>                | <u>152</u>                              | <u>857</u>                              | <u>(27,212)</u>                |
| <b>Non-Operating Revenues (Expenses):</b>                   |                    |                  |   |                                       |                                |   |   |                                |
| Contributions and Intergovernmental                         | 114                | 209              | 1,179   | ---                                   | 24,572                         | ---                                     | 113                                     | 26,187                         |
| Investment Earnings:  |                    |                  |   |                                       |                                |   |   |                                |
| Net Increase (Decrease) in the<br>Fair Value of Investments | 1                  | (2)              | ---   | (2)                                   | (13)                           | (3)                                     | (4)                                     | (23)                           |
| Interest  | 15                 | ---              | ---   | 41                                    | 158                            | 82                                      | 1                                       | 297                            |
| Penalties and Unclaimed Properties                          | ---                | 1                | ---   | ---                                   | ---                            | ---                                     | ---                                     | 1                              |
| Disposal of Capital Assets                                  | (1)                | (5)              | (3)   | ---                                   | ---                            | ---                                     | (1)                                     | (10)                           |
| Extraordinary Items   | ---                | ---              | 35  | ---                                   | ---                            | ---                                     | ---                                     | 35                             |
| Total Non-Operating Revenues (Expenses)                     | <u>129</u>         | <u>203</u>       | <u>1,211</u>                                  | <u>39</u>                             | <u>24,717</u>                  | <u>79</u>                               | <u>109</u>                              | <u>26,487</u>                  |
| Income (Loss) Before Transfers                              | 209                | (3,703)          | (71)  | 66                                    | 1,577                          | 231                                     | 966                                     | (725)                          |
| Transfers In  | ---                | ---              | ---   | 97                                    | 1,500                          | ---                                     | ---                                     | 1,597                          |
| Transfers Out   | ---                | ---              | ---   | ---                                   | ---                            | (30)                                    | ---                                     | (30)                           |
| Change in Net Assets  | 209                | (3,703)          | (71)  | 163                                   | 3,077                          | 201                                     | 966                                     | 842                            |
| Total Net Assets – Beginning                                | 399                | 36,306           | 4,134   | 1,847                                 | (432)                          | 2,502                                   | 963                                     | 45,719                         |
| Total Net Assets – Ending                                   | <u>\$ 608</u>      | <u>\$ 32,603</u> | <u>\$ 4,063</u>                               | <u>\$ 2,010</u>                       | <u>\$ 2,645</u>                | <u>\$ 2,703</u>                         | <u>\$ 1,929</u>                         | <u>\$ 46,561</u>               |

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|  | State Fair<br>Fees | State<br>Parks | Natural<br>Resources<br>Revolving<br>Services | Historic<br>Preservation<br>Revolving | Missouri<br>Veterans'<br>Homes | State Agency<br>for Surplus<br>Property | Department<br>of Revenue<br>Information | Totals<br><br>June 30,<br>2006 |
|--|--------------------|----------------|---|---------------------------------------|--------------------------------|---|---|--------------------------------|
| <b>Cash Flows from Operating Activities:</b>                         |                    |                |   |                                       |                                |   |   |                                |
| Receipts from Customers and Users                                    | \$ 4,135           | \$ 7,061       | \$ 202  | \$ 120                                | \$ 23,511                      | \$ 3,016                                | \$ 1,700                                | \$ 39,745                      |
| Payments to Suppliers  | (2,744)            | (7,859)        | (700)   | (44)                                  | (2,268)                        | (2,199)                                 | (474)                                   | (16,288)                       |
| Payments to Employees  | (1,074)            | (1,039)        | (87)  | (32)                                  | (43,616)                       | (865)                                   | (427)                                   | (47,140)                       |
| Payments Made for Program Expense                                    | (28)               | (24)           | ---   | ---                                   | (221)                          | ---                                     | ---                                     | (273)                          |
| Other Receipts (Payments)  | (197)              | (154)          | 50  | ---                                   | (102)                          | 99                                      | (36)                                    | (340)                          |
| Net Cash Provided (Used) by Operating Activities                     | <u>92</u>          | <u>(2,015)</u> | <u>(535)</u>                                  | <u>44</u>                             | <u>(22,696)</u>                | <u>51</u>                               | <u>763</u>                              | <u>(24,296)</u>                |
| <b>Cash Flows from Non-Capital Financing Activities:</b>             |                    |                |   |                                       |                                |   |   |                                |
| Loans Made to Outside Entities                                       | ---                | ---            | ---   | 13                                    | ---                            | ---                                     | ---                                     | 13                             |
| Due to/from Other Funds  | (9)                | 5              | (35)  | (1)                                   | 48                             | (4)                                     | 9                                       | 13                             |
| Contributions and Intergovernmental                                  | 114                | 209            | 1,179   | ---                                   | 24,572                         | ---                                     | 113                                     | 26,187                         |
| Transfers to/from Other Funds  | ---                | ---            | ---   | 97                                    | 1,500                          | (30)                                    | ---                                     | 1,567                          |
| Net Cash Provided (Used) by Non-Capital Financing Activities         | <u>105</u>         | <u>214</u>     | <u>1,144</u>                                  | <u>109</u>                            | <u>26,120</u>                  | <u>(34)</u>                             | <u>122</u>                              | <u>27,780</u>                  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                    |                |   |                                       |                                |   |   |                                |
| Purchases and Construction of Capital Assets                         | (41)               | ---            | (824)   | ---                                   | (150)                          | (97)                                    | ---                                     | (1,112)                        |
| Disposal of Capital Assets   | ---                | 1,710          | 9   | ---                                   | ---                            | ---                                     | ---                                     | 1,719                          |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(41)</u>        | <u>1,710</u>   | <u>(815)</u>                                  | <u>---</u>                            | <u>(150)</u>                   | <u>(97)</u>                             | <u>---</u>                              | <u>607</u>                     |
| <b>Cash Flows from Investing Activities:</b>                         |                    |                |   |                                       |                                |   |   |                                |
| Proceeds from Investment Maturities                                  | ---                | 147            | 168   | ---                                   | ---                            | 129                                     | ---                                     | 444                            |
| Purchase of Investments  | (96)               | ---            | ---   | (87)                                  | (2,232)                        | ---                                     | (576)                                   | (2,991)                        |
| Interest and Dividends Received                                      | 14                 | ---            | ---   | 39                                    | 129                            | 78                                      | 1                                       | 261                            |
| Penalties and Other Receipts   | ---                | 1              | ---   | ---                                   | ---                            | ---                                     | ---                                     | 1                              |
| Net Cash Provided (Used) by Investing Activities                     | <u>(82)</u>        | <u>148</u>     | <u>168</u>                                    | <u>(48)</u>                           | <u>(2,103)</u>                 | <u>207</u>                              | <u>(575)</u>                            | <u>(2,285)</u>                 |
| Net Increase (Decrease) in Cash                                      | 74                 | 57             | (38)  | 105                                   | 1,171                          | 127                                     | 310                                     | 1,806                          |
| Cash and Cash Equivalents, Beginning of Year                         | 97                 | 526            | 185   | 243                                   | 160                            | 556                                     | 276                                     | 2,043                          |
| Cash and Cash Equivalents, End of Year                               | <u>\$ 171</u>      | <u>\$ 583</u>  | <u>\$ 147</u>                                 | <u>\$ 348</u>                         | <u>\$ 1,331</u>                | <u>\$ 683</u>                           | <u>\$ 586</u>                           | <u>\$ 3,849</u>                |

**Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:**

|  |              |                   |                 |              |                    |              |               |                    |
|--|--------------|-------------------|-----------------|--------------|--------------------|--------------|---------------|--------------------|
| Operating Income (Loss)                          | \$ 80        | \$ (3,906)        | \$ (1,282)      | \$ 27        | \$ (23,140)        | \$ 152       | \$ 857        | \$ (27,212)        |
| Depreciation Expense                             | 27           | 1,493             | 867             | 11           | 436                | 40           | 16            | 2,890              |
| Changes in Assets and Liabilities:               |              |                   |                 |              |                    |              |               |                    |
| Accounts Receivable                              | (5)          | (3)               | (88)            | ---          | 10                 | (71)         | (62)          | (219)              |
| Inventories                                      | ---          | (57)              | (22)            | ---          | 282                | (50)         | (77)          | 76                 |
| Prepaid Items                                    | ---          | ---               | 2               | ---          | ---                | ---          | ---           | 2                  |
| Accounts Payable                                 | (4)          | 437               | (11)            | ---          | (30)               | (16)         | (8)           | 368                |
| Accrued Payroll                                  | (6)          | 9                 | (1)             | (2)          | (49)               | (1)          | 2             | (48)               |
| Unearned Revenue                                 | ---          | 20                | ---             | ---          | ---                | ---          | 33            | 53                 |
| Compensated Absences                             | ---          | (8)               | ---             | 8            | (205)              | (3)          | 2             | (206)              |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 92</u> | <u>\$ (2,015)</u> | <u>\$ (535)</u> | <u>\$ 44</u> | <u>\$ (22,696)</u> | <u>\$ 51</u> | <u>\$ 763</u> | <u>\$ (24,296)</u> |



*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 transferred or paid to the Office of Administration as operating expenses, and for rent expenses of certain state-owned facilities.

**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 the 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 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, 2006**  
(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 & MSHMP Medical and Life Insurance Plan | Totals<br>June 30, 2006 |
|--|-----------------------------------|------------------------------------|--|------------------------------------|---------------------------|------------------------------|--------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|--|--|---|-------------------------|
| <b>ASSETS</b>  |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Current Assets:  |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Cash and Cash Equivalents                              | \$ 243                            | \$ 658                             | \$ 507                                   | \$ 3,606                           | \$ 2,882                  | \$ 1,504                     | \$ 121                               | \$ 151                              | \$ 58                          | \$ 1,971                               | \$ 1,623                           | \$ ---                                   | \$ 119,174                             | \$ 2,359                                      | \$ 134,857              |
| Investments  | 475                               | 1,284                              | 995                                      | 7,254                              | 5,648                     | 2,945                        | 238                                  | 296                                 | 114                            | 3,484                                  | 47,703                             | 2,051                                    | 30,347                                 | 32,030  | 134,864                 |
| Accounts Receivable, Net                               | ---                               | ---                                | 14                                       | 2,229                              | 646                       | 14,201                       | 7                                    | ---                                 | ---                            | 400                                    | ---                                | 971                                      | 5,340                                  | 268   | 24,076                  |
| Interest Receivable                                    | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | 371                                | ---                                      | ---                                    | ---   | 371                     |
| Due from Other Funds                                   | 1                                 | 11                                 | 3,193                                    | 2,075                              | 694                       | ---                          | 475                                  | ---                                 | ---                            | ---                                    | ---                                | 2  | 13,950                                 | ---   | 20,401                  |
| Inventories  | ---                               | 16                                 | 1  | 248                                | 10,504                    | ---                          | 68                                   | 2                                   | 12                             | ---                                    | ---                                | ---                                      | ---                                    | ---   | 10,851                  |
| Prepaid Items  | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | 130                                    | ---   | 130                     |
| Noncurrent Assets:                                     |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Restricted Assets:                                     |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Cash and Cash Equivalents                              | ---                               | ---                                | 2,911                                    | 456                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 3,367                   |
| Investments  | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | 200                                | ---                                      | ---                                    | 100   | 300                     |
| Capital Assets:  |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Construction in Progress                               | 239                               | ---                                | 143,899                                  | 335                                | 102                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 144,575                 |
| Land   | ---                               | ---                                | 8,332                                    | ---                                | 103                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 8,435                   |
| Land Improvements                                      | ---                               | ---                                | 3,195                                    | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 3,195                   |
| Buildings  | ---                               | ---                                | 251,316                                  | 9,862                              | 6,359                     | ---                          | ---                                  | ---                                 | 2,300                          | ---                                    | ---                                | ---                                      | ---                                    | ---   | 269,837                 |
| Equipment  | 5,177                             | 3,163                              | 6,921                                    | 34,894                             | 23,419                    | 81                           | 475                                  | 546                                 | 1,767                          | ---                                    | ---                                | ---                                      | 2,508                                  | ---   | 78,951                  |
| Less Accumulated Depreciation                          | (3,840)                           | (1,517)                            | (144,394)                                | (34,163)                           | (23,256)                  | (59)                         | (319)                                | (415)                               | (1,873)                        | ---                                    | ---                                | ---                                      | (2,091)                                | ---   | (211,927)               |
| Total Capital Assets (Net of Accumulated Depreciation) | 1,576                             | 1,646                              | 269,269                                  | 10,928                             | 6,727                     | 22                           | 156                                  | 131                                 | 2,194                          | ---                                    | ---                                | ---                                      | 417                                    | ---   | 293,066                 |
| Total Assets   | 2,295                             | 3,615                              | 276,890                                  | 26,796                             | 27,101                    | 18,672                       | 1,065                                | 580                                 | 2,378                          | 5,855                                  | 49,897                             | 3,024                                    | 169,358                                | 34,757  | 622,283                 |
| <b>LIABILITIES</b>                                     |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Current Liabilities:                                   |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Bank Overdraft   | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | 2  | ---                                    | ---   | 2                       |
| Accounts Payable                                       | 28                                | 2                                  | 633                                      | 2,349                              | 5                         | 474                          | 92                                   | 2                                   | 47                             | 69                                     | 25                                 | 2,651                                    | 9,863                                  | 995   | 17,235                  |
| Accrued Payroll  | 226                               | 2                                  | 380                                      | 249                                | 252                       | 38                           | 1                                    | 45                                  | 116                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 1,309                   |
| Due to Other Funds                                     | 111                               | 3                                  | 175                                      | 176                                | 126                       | 37                           | 18                                   | 18                                  | 52                             | ---                                    | ---                                | ---                                      | ---                                    | ---   | 716                     |
| Unearned Revenue                                       | ---                               | ---                                | ---                                      | 231                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | 18,564                                 | 6,666   | 25,461                  |
| Claims Liability                                       | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 3,682                                  | 15,191                             | ---                                      | 32,494                                 | 9,561   | 60,928                  |
| Obligations under Lease Purchase                       | ---                               | ---                                | 81                                       | ---                                | 26                        | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | 79                                     | ---   | 186                     |
| Compensated Absences                                   | 386                               | ---                                | 507                                      | 695                                | 570                       | 73                           | 4                                    | 84                                  | 202                            | ---                                    | ---                                | ---                                      | 173                                    | ---   | 2,694                   |
| Notes Payable  | ---                               | ---                                | 142                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 142                     |
| Noncurrent Liabilities:                                |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Claims Liability                                       | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | 40,666                             | ---                                      | ---                                    | ---   | 40,666                  |
| Obligations under Lease Purchase                       | ---                               | ---                                | 834                                      | 41                                 | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 875                     |
| Compensated Absences                                   | 174                               | ---                                | 163                                      | ---                                | ---                       | 5                            | ---                                  | 5                                   | 22                             | ---                                    | ---                                | ---                                      | 29                                     | ---   | 398                     |
| Notes Payable  | ---                               | ---                                | 3,905                                    | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 3,905                   |
| Total Liabilities                                      | 925                               | 7                                  | 6,820                                    | 3,741                              | 979                       | 627                          | 115                                  | 154                                 | 439                            | 3,751                                  | 55,882                             | 2,653                                    | 61,202                                 | 17,222  | 154,517                 |
| <b>NET ASSETS</b>                                      |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Invested in Capital Assets, Net of Related Debt        | 1,576                             | 1,646                              | 268,354                                  | 10,887                             | 6,701                     | 22                           | 156                                  | 131                                 | 2,194                          | ---                                    | ---                                | ---                                      | 338                                    | ---   | 292,005                 |
| Restricted for:  |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |   |                         |
| Revenue Bonds  | ---                               | ---                                | 2,911                                    | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---   | 2,911                   |
| Other Purposes   | ---                               | ---                                | ---                                      | 77                                 | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | 200                                | ---                                      | ---                                    | 100   | 377                     |
| Unrestricted   | (206)                             | 1,962                              | (1,195)                                  | 12,091                             | 19,421                    | 18,023                       | 794                                  | 295                                 | (255)                          | 2,104                                  | (6,185)                            | 371                                      | 107,818                                | 17,435  | 172,473                 |
| Total Net Assets                                       | \$ 1,370                          | \$ 3,608                           | \$ 270,070                               | \$ 23,055                          | \$ 26,122                 | \$ 18,045                    | \$ 950                               | \$ 426                              | \$ 1,939                       | \$ 2,104                               | \$ (5,985)                         | \$ 371                                   | \$ 108,156                             | \$ 17,535                                     | \$ 467,766              |



**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|  | Natural Resources Cost Allocation | Mental Health Intergency 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<br>June 30, 2006 |
|--|-----------------------------------|-----------------------------------|--|------------------------------------|---------------------------|------------------------------|--------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|--|--|--|-------------------------|
| <b>Operating Revenues:</b>                               |                                   |                                   |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Employer Contributions                                   | \$ ---                            | \$ ---                            | \$ ---                                   | \$ ---                             | \$ ---                    | \$ ---                       | \$ ---                               | \$ ---                              | \$ ---                         | \$ 7,607                               | \$ 25,239                          | \$ ---                                   | \$ 335,251                             | \$ 64,990                                    | \$ 433,087              |
| Employee Contributions                                   | ---                               | ---                               | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 4,984                                  | ---                                | 26,415                                   | 84,069                                 | 26,216                                       | 141,684                 |
| Medicare Part D Subsidy                                  | ---                               | ---                               | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | 2,565                                  | 1,559  | 4,124                   |
| Licenses, Fees and Permits                               | ---                               | ---                               | ---                                      | ---                                | ---                       | 10,297                       | ---                                  | ---                                 | 36                             | ---                                    | ---                                | ---                                      | ---                                    | ---  | 10,333                  |
| Sales  | ---                               | ---                               | ---                                      | ---                                | 28,200                    | 16                           | 10                                   | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 28,226                  |
| Leases and Rentals                                       | ---                               | ---                               | 19,288                                   | ---                                | 110                       | 64                           | 232                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 19,694                  |
| Charges for Services                                     | 10,322                            | 6,463                             | 3,832                                    | 67,872                             | 2                         | 2,799                        | 5,043                                | 2,154                               | 5,688                          | ---                                    | ---                                | ---                                      | ---                                    | ---  | 104,175                 |
| Cost Reimbursement/Miscellaneous                         | 28                                | ---                               | 25                                       | 2,641                              | 2                         | 64                           | 1                                    | 8                                   | ---                            | ---                                    | 297                                | 437                                      | ---                                    | 658  | 4,161                   |
| <b>Total Operating Revenues</b>                          | <b>10,350</b>                     | <b>6,463</b>                      | <b>23,145</b>                            | <b>70,513</b>                      | <b>28,314</b>             | <b>13,240</b>                | <b>5,286</b>                         | <b>2,162</b>                        | <b>5,724</b>                   | <b>12,591</b>                          | <b>25,536</b>                      | <b>26,852</b>                            | <b>421,885</b>                         | <b>93,423</b>                                | <b>745,484</b>          |
| <b>Operating Expenses:</b>                               |                                   |                                   |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Cost of Goods Sold                                       | ---                               | ---                               | ---                                      | 3,971                              | 10,389                    | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 14,360                  |
| Personal Service   | 7,245                             | 212                               | 6,952                                    | 13,912                             | 9,675                     | 1,288                        | 92                                   | 1,581                               | 3,866                          | ---                                    | ---                                | 377                                      | 3,888                                  | ---  | 49,088                  |
| Operations   | 2,763                             | 2,351                             | 14,140                                   | 46,894                             | 4,949                     | 3,348                        | 5,244                                | 464                                 | 1,601                          | 1,728                                  | 969                                | 146                                      | 22,997                                 | 9,091  | 116,685                 |
| Inventories  | 72                                | 15                                | 39                                       | 659                                | 524                       | 78                           | 56                                   | 13                                  | 90                             | ---                                    | ---                                | ---                                      | ---                                    | ---  | 1,546                   |
| Specific Programs  | 6                                 | 2,550                             | 96                                       | ---                                | 23                        | 522                          | ---                                  | 5                                   | 11                             | ---                                    | ---                                | ---                                      | ---                                    | ---  | 3,213                   |
| Insurance Benefits                                       | ---                               | ---                               | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 11,398                                 | 26,419                             | 26,380                                   | 376,750                                | 83,792                                       | 524,739                 |
| Depreciation   | 388                               | 719                               | 9,103                                    | 2,751                              | 1,475                     | 10                           | 45                                   | 62                                  | 310                            | ---                                    | ---                                | ---                                      | 229                                    | ---  | 15,092                  |
| Other Charges  | 142                               | 25                                | 53                                       | 1,020                              | 1,587                     | 140                          | ---                                  | 37                                  | 56                             | 24                                     | ---                                | ---                                      | ---                                    | 68   | 3,152                   |
| <b>Total Operating Expenses</b>                          | <b>10,616</b>                     | <b>5,872</b>                      | <b>30,383</b>                            | <b>69,207</b>                      | <b>28,622</b>             | <b>5,386</b>                 | <b>5,437</b>                         | <b>2,162</b>                        | <b>5,934</b>                   | <b>13,150</b>                          | <b>27,388</b>                      | <b>26,903</b>                            | <b>403,864</b>                         | <b>92,951</b>                                | <b>727,875</b>          |
| Operating Income (Loss)                                  | (266)                             | 591                               | (7,238)                                  | 1,306                              | (308)                     | 7,854                        | (151)                                | ---                                 | (210)                          | (559)                                  | (1,852)                            | (51)                                     | 18,021                                 | 472  | 17,609                  |
| <b>Non-Operating Revenues (Expenses):</b>                |                                   |                                   |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Contributions and Intergovernmental                      | ---                               | ---                               | 223                                      | ---                                | ---                       | 15                           | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 238                     |
| Interest Expense   | ---                               | ---                               | (223)                                    | (71)                               | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | (294)                   |
| Investment Earnings:                                     |                                   |                                   |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Net Increase (Decrease) in the Fair Value of Investments | (1)                               | (6)                               | (2)                                      | ---                                | (14)                      | (12)                         | (1)                                  | (1)                                 | ---                            | ---                                    | 1,061                              | ---                                      | ---                                    | 1,211  | 2,235                   |
| Interest   | ---                               | ---                               | 164                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 221                                    | ---                                | 85                                       | 5,928                                  | ---  | 6,398                   |
| Disposal of Capital Assets                               | (1)                               | (15)                              | (8)                                      | (46)                               | (45)                      | ---                          | (13)                                 | (3)                                 | (3)                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | (134)                   |
| <b>Total Non-Operating Revenues (Expenses)</b>           | <b>(2)</b>                        | <b>(21)</b>                       | <b>154</b>                               | <b>(117)</b>                       | <b>(59)</b>               | <b>3</b>                     | <b>(14)</b>                          | <b>(4)</b>                          | <b>(3)</b>                     | <b>221</b>                             | <b>1,061</b>                       | <b>85</b>                                | <b>5,928</b>                           | <b>1,211</b>                                 | <b>8,443</b>            |
| Income (Loss) Before Transfers                           | (268)                             | 570                               | (7,084)                                  | 1,189                              | (367)                     | 7,857                        | (165)                                | (4)                                 | (213)                          | (338)                                  | (791)                              | 34                                       | 23,949                                 | 1,683  | 26,052                  |
| Transfers Out  | ---                               | ---                               | ---                                      | (466)                              | ---                       | (95)                         | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | (561)                   |
| Change in Net Assets                                     | (268)                             | 570                               | (7,084)                                  | 723                                | (367)                     | 7,762                        | (165)                                | (4)                                 | (213)                          | (338)                                  | (791)                              | 34                                       | 23,949                                 | 1,683  | 25,491                  |
| Total Net Assets - Beginning                             | 1,638                             | 3,038                             | 277,154                                  | 22,332                             | 26,489                    | 10,283                       | 1,115                                | 430                                 | 2,152                          | 2,442                                  | (5,194)                            | 337                                      | 84,207                                 | 15,852                                       | 442,275                 |
| <b>Total Net Assets - Ending</b>                         | <b>\$ 1,370</b>                   | <b>\$ 3,608</b>                   | <b>\$ 270,070</b>                        | <b>\$ 23,055</b>                   | <b>\$ 26,122</b>          | <b>\$ 18,045</b>             | <b>\$ 950</b>                        | <b>\$ 426</b>                       | <b>\$ 1,939</b>                | <b>\$ 2,104</b>                        | <b>\$ (5,985)</b>                  | <b>\$ 371</b>                            | <b>\$ 108,156</b>                      | <b>\$ 17,535</b>                             | <b>\$ 467,766</b>       |

**STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2006  
(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<br>June 30, 2006 |
|--|-----------------------------------|------------------------------------|--|------------------------------------|---------------------------|------------------------------|--------------------------------------|-------------------------------------|--------------------------------|--|------------------------------------|--|--|--|-------------------------|
| <b>Cash Flows from Operating Activities:</b>   |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Receipts from Customers and Users  | \$ 10,322                         | \$ 6,463                           | \$ 23,106                                | \$ 66,934                          | \$ 28,309                 | \$ 7,661                     | \$ 5,278                             | \$ 2,169                            | \$ 5,724                       | \$ 12,584                              | \$ 25,329                          | \$ 26,480                                | \$ 420,769                             | \$ 91,038                                    | \$ 732,166              |
| Payments to Suppliers  | (2,814)                           | (2,380)                            | (13,764)                                 | (52,420)                           | (15,455)                  | (2,954)                      | (5,188)                              | (479)                               | (1,676)                        | (1,724)                                | (1,039)                            | (137)                                    | (19,901)                               | (9,091)                                      | (129,022)               |
| Payments to Employees  | (7,222)                           | (214)                              | (6,633)                                  | (14,571)                           | (9,817)                   | (1,295)                      | (96)                                 | (1,588)                             | (3,850)                        | ---                                    | ---                                | (377)                                    | (3,871)                                | ---  | (49,534)                |
| Payments Made for Program Expense  | (6)                               | (2,550)                            | (96)                                     | ---                                | (23)                      | (522)                        | ---                                  | (5)                                 | (11)                           | (10,993)                               | (16,490)                           | (26,380)                                 | (380,963)                              | (83,350)                                     | (521,389)               |
| Other Receipts (Payments)  | (114)                             | (25)                               | (28)                                     | 1,621                              | (1,585)                   | (76)                         | 1                                    | (29)                                | (56)                           | (24)                                   | 297                                | 437                                      | ---                                    | 2,149  | 2,568                   |
| Net Cash Provided (Used) by Operating Activities   | 166                               | 1,294                              | 2,585                                    | 1,564                              | 1,429                     | 2,814                        | (5)                                  | 68                                  | 131                            | (157)                                  | 8,097                              | 23                                       | 16,034                                 | 746  | 34,789                  |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                                       |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Due to/from Other Funds  | 20                                | 527                                | (3,087)                                  | 1,476                              | 260                       | 20                           | 177                                  | 13                                  | 2                              | ---                                    | ---                                | (1)                                      | (1,257)                                | ---  | (1,850)                 |
| Contributions and Intergovernmental  | ---                               | ---                                | 223                                      | ---                                | ---                       | 15                           | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 238                     |
| Transfers to/from Other Funds  | ---                               | ---                                | ---                                      | (466)                              | ---                       | (95)                         | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | (561)                   |
| Net Cash Provided (Used) by Non-Capital Financing Activities                                   | 20                                | 527                                | (2,864)                                  | 1,010                              | 260                       | (60)                         | 177                                  | 13                                  | 2                              | ---                                    | ---                                | (1)                                      | (1,257)                                | ---  | (2,173)                 |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                               |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Interest Expense   | ---                               | ---                                | (223)                                    | (71)                               | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | (294)                   |
| Purchase or Construction of Capital Assets   | (389)                             | (573)                              | (6,177)                                  | (2,122)                            | (454)                     | (13)                         | ---                                  | (23)                                | (165)                          | ---                                    | ---                                | ---                                      | (144)                                  | ---  | (10,060)                |
| Bonds and Notes Payable  | ---                               | ---                                | 4,047                                    | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 4,047                   |
| Capital Lease Downpayment/Obligations  | ---                               | ---                                | (141)                                    | (1,208)                            | (12)                      | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | (52)                                   | ---  | (1,413)                 |
| Disposal of Capital Assets   | ---                               | ---                                | ---                                      | 29                                 | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 29                      |
| Net Cash Used by Capital and Related Financing Activities                                      | (389)                             | (573)                              | (2,494)                                  | (3,372)                            | (466)                     | (13)                         | ---                                  | (23)                                | (165)                          | ---                                    | ---                                | ---                                      | (196)                                  | ---  | (7,691)                 |
| <b>Cash Flows from Investing Activities:</b>   |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Proceeds from Sales and Investment Maturities  | 173                               | ---                                | ---                                      | 1,091                              | ---                       | ---                          | ---                                  | ---                                 | 31                             | ---                                    | 8,200                              | 485,622                                  | ---                                    | 364,205                                      | 859,322                 |
| Purchase of Investments  | ---                               | (792)                              | (51)                                     | ---                                | (452)                     | (1,733)                      | (105)                                | (21)                                | ---                            | (3,484)                                | (15,974)                           | (485,731)                                | (30,347)                               | (386,974)                                    | (925,664)               |
| Interest and Dividends Received  | ---                               | ---                                | 164                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 221                                    | 1,300                              | 85                                       | 5,928                                  | 582  | 8,280                   |
| Net Cash Provided (Used) by Investing Activities   | 173                               | (792)                              | 113                                      | 1,091                              | (452)                     | (1,733)                      | (105)                                | (21)                                | 31                             | (3,263)                                | (6,474)                            | (24)                                     | (24,419)                               | (22,187)                                     | (58,062)                |
| Net Increase (Decrease) in Cash  | (30)                              | 456                                | (2,660)                                  | 293                                | 771                       | 1,008                        | 67                                   | 37                                  | (1)                            | (3,420)                                | 1,623                              | (2)                                      | (9,838)                                | (21,441)                                     | (33,137)                |
| Cash and Cash Equivalents, Beginning of Year   | 273                               | 202                                | 6,078                                    | 3,769                              | 2,111                     | 496                          | 54                                   | 114                                 | 59                             | 5,391                                  | ---                                | ---                                      | 129,012                                | 23,800                                       | 171,359                 |
| Cash and Cash Equivalents, End of Year   | \$ 243                            | \$ 658                             | \$ 3,418                                 | \$ 4,062                           | \$ 2,882                  | \$ 1,504                     | \$ 121                               | \$ 151                              | \$ 58                          | \$ 1,971                               | \$ 1,623                           | \$ (2)                                   | \$ 119,174                             | \$ 2,359                                     | \$ 138,222              |
| <b>Reconciliation of Operating Income of Net Cash Provided (Used) by Operating Activities:</b> |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Operating Income (Loss)  | \$ (266)                          | \$ 591                             | \$ (7,238)                               | \$ 1,306                           | \$ (308)                  | \$ 7,854                     | \$ (151)                             | \$ ---                              | \$ (210)                       | \$ (559)                               | \$ (1,852)                         | \$ (51)                                  | \$ 18,021                              | \$ 472                                       | \$ 17,609               |
| Depreciation Expense   | 388                               | 719                                | 9,103                                    | 2,751                              | 1,475                     | 10                           | 45                                   | 62                                  | 310                            | ---                                    | ---                                | ---                                      | 229                                    | ---  | 15,092                  |
| Changes in Assets and Liabilities:   |                                   |                                    |  |                                    |                           |                              |                                      |                                     |                                |  |                                    |  |  |  |                         |
| Accounts Receivable  | ---                               | ---                                | (14)                                     | (924)                              | (3)                       | (5,515)                      | (7)                                  | 15                                  | ---                            | (7)                                    | 90                                 | 65                                       | (2,586)                                | (126)  | (9,012)                 |
| Inventories  | ---                               | ---                                | (1)                                      | (7)                                | 402                       | ---                          | 56                                   | ---                                 | ---                            | ---                                    | ---                                | ---                                      | ---                                    | ---  | 450                     |
| Prepaid Items  | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | (79)                                   | ---  | (79)                    |
| Accounts Payable   | 21                                | (14)                               | 416                                      | (889)                              | 5                         | 472                          | 56                                   | (2)                                 | 15                             | 4                                      | (71)                               | 9  | 3,175                                  | ---  | 3,197                   |
| Accrued Payroll  | 7                                 | (2)                                | 165                                      | (201)                              | (36)                      | 1                            | (1)                                  | (3)                                 | 4                              | ---                                    | ---                                | ---                                      | ---                                    | ---  | (66)                    |
| Unearned Revenue   | ---                               | ---                                | ---                                      | (14)                               | ---                       | ---                          | ---                                  | ---                                 | ---                            | ---                                    | ---                                | ---                                      | 1,470                                  | (42)   | 1,414                   |
| Claims Liability   | ---                               | ---                                | ---                                      | ---                                | ---                       | ---                          | ---                                  | ---                                 | ---                            | 405                                    | 9,930                              | ---                                      | (4,213)                                | 442  | 6,564                   |
| Compensated Absences   | 16                                | ---                                | 154                                      | (458)                              | (106)                     | (8)                          | (3)                                  | (4)                                 | 12                             | ---                                    | ---                                | ---                                      | 17                                     | ---  | (380)                   |
| Net Cash Provided (Used) by Operating Activities   | \$ 166                            | \$ 1,294                           | \$ 2,585                                 | \$ 1,564                           | \$ 1,429                  | \$ 2,814                     | \$ (5)                               | \$ 68                               | \$ 131                         | \$ (157)                               | \$ 8,097                           | \$ 23                                    | \$ 16,034                              | \$ 746                                       | \$ 34,789               |



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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 State 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, 2006**  
**(In Thousands of Dollars)**

|   | Missouri State Employees' Retirement System |                  | Missouri Department of Transportation and Highway Patrol Employees' Retirement System | Deferred Compensation |                     | Totals<br>June 30, 2006 |
|---|---|------------------|---|-----------------------|---------------------|-------------------------|
|   | Missouri State Employees' Plan              | Judicial Plan    |   | 401 (a) Plan*         | 457 Plan            |                         |
| <b>ASSETS</b>   |   |                  |   |                       |                     |                         |
| Cash and Cash Equivalents                             | \$ 682,881                                  | \$ 5,562         | \$ 43   | \$ ---                | \$ 2,431            | \$ 690,917              |
| Investments at Fair Value                             | 6,348,096                                   | 51,702           | 1,595,468   | 238,911               | 1,010,797           | 9,244,974               |
| Receivables:  |   |                  |   |                       |                     |                         |
| Accounts Receivable                                   | 173,557                                     | 2,337            | 14,950  | ---                   | ---                 | 190,844                 |
| Interest Receivable                                   | 11,284                                      | 92               | 3,265   | ---                   | ---                 | 14,641                  |
| Due from Other Funds                                  | 9,119                                       | ---              | ---   | ---                   | ---                 | 9,119                   |
| Invested Securities                                   |   |                  |   |                       |                     |                         |
| Lending Collateral                                    | 1,143,090                                   | 9,310            | 118,819   | ---                   | ---                 | 1,271,219               |
| Prepaid Expenses                                      | 53  | 1                | 2   | ---                   | ---                 | 56                      |
| Capital Assets:                                       |   |                  |   |                       |                     |                         |
| Land  | 265   | 2                | 84  | ---                   | ---                 | 351                     |
| Buildings   | 3,337                                       | 27               | 582   | ---                   | ---                 | 3,946                   |
| Equipment   | 1,607                                       | 13               | 123   | ---                   | ---                 | 1,743                   |
| Accumulated Depreciation                              | (1,960)                                     | (16)             | (136)   | ---                   | ---                 | (2,112)                 |
| Total Capital Assets, Net                             | 3,249                                       | 26               | 653   | ---                   | ---                 | 3,928                   |
| <b>Total Assets</b>                                   | <b>8,371,329</b>                            | <b>69,030</b>    | <b>1,733,200</b>  | <b>238,911</b>        | <b>1,013,228</b>    | <b>11,425,698</b>       |
| <b>LIABILITIES</b>                                    |   |                  |   |                       |                     |                         |
| Accounts Payable                                      | 244,387                                     | 1,990            | 16,451  | ---                   | ---                 | 262,828                 |
| Securities Lending Collateral                         | 1,142,881                                   | 9,308            | 118,819   | ---                   | ---                 | 1,271,008               |
| Obligations under Lease Purchase Compensated Absences | ---   | ---              | 10  | ---                   | ---                 | 10                      |
| Absences  | 323   | 3                | ---   | ---                   | ---                 | 326                     |
| <b>Total Liabilities</b>                              | <b>1,387,591</b>                            | <b>11,301</b>    | <b>135,280</b>  | <b>---</b>            | <b>---</b>          | <b>1,534,172</b>        |
| <b>Net Assets Held in Trust for Benefits</b>          | <b>\$ 6,983,738</b>                         | <b>\$ 57,729</b> | <b>\$ 1,597,920</b>   | <b>\$ 238,911</b>     | <b>\$ 1,013,228</b> | <b>\$ 9,891,526</b>     |

\*NOTE: These statements are for 11 months ending May 31, 2006 (see Note 9).

**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, 2006**  
**(In Thousands of Dollars)**

|  | <u>Missouri State Employees'</u><br><u>Retirement System</u> |                  | Missouri<br>Department of<br>Transportation<br>and Highway<br>Patrol Employees' | <u>Deferred Compensation</u> |                     | <u>Totals</u>       |
|--|--|------------------|---|------------------------------|---------------------|---------------------|
|  | Missouri<br>State<br>Employees'<br>Plan                      | Judicial<br>Plan |   | 401 (a)<br>Plan*             | 457<br>Plan         |                     |
| <b>Additions:</b>                        |  |                  |   |                              |                     |                     |
| Contributions:                           |  |                  |   |                              |                     |                     |
| Employer                                 | \$ 227,233   | \$ 22,402        | \$ 111,272  | \$ 9,447                     | \$ ---              | \$ 370,354          |
| Plan Member                              | 3,072  | ---              | ---   | ---                          | 62,456              | 65,528              |
| Other                                    | 162  | ---              | 271   | 24,564                       | ---                 | 24,997              |
| Total Contributions                      | <u>230,467</u>   | <u>22,402</u>    | <u>111,543</u>  | <u>34,011</u>                | <u>62,456</u>       | <u>460,879</u>      |
| Investment Earnings:                     |  |                  |   |                              |                     |                     |
| Increase in                              |  |                  |   |                              |                     |                     |
| Appreciation of Assets                   | 804,627  | 6,553            | 224,165   | 14,667                       | 62,168              | 1,112,180           |
| Securities Lending                       |  |                  |   |                              |                     |                     |
| Income                                   | 53,140   | 433              | 5,593   | ---                          | ---                 | 59,166              |
| Total Investment                         | <u>857,767</u>   | <u>6,986</u>     | <u>229,758</u>  | <u>14,667</u>                | <u>62,168</u>       | <u>1,171,346</u>    |
| Less Investment Expenses:                |  |                  |   |                              |                     |                     |
| Investment Activity                      |  |                  |   |                              |                     |                     |
| Expense                                  | (79,747)   | (649)            | (12,453)  | ---                          | ---                 | (92,849)            |
| Securities Lending                       |  |                  |   |                              |                     |                     |
| Expense                                  | (49,493)   | (403)            | (5,099)   | ---                          | ---                 | (54,995)            |
| Total Investment                         | <u>(129,240)</u>   | <u>(1,052)</u>   | <u>(17,552)</u>   | <u>---</u>                   | <u>---</u>          | <u>(147,844)</u>    |
| Net Investment                           |  |                  |   |                              |                     |                     |
| Earnings                                 | <u>728,527</u>   | <u>5,934</u>     | <u>212,206</u>  | <u>14,667</u>                | <u>62,168</u>       | <u>1,023,502</u>    |
| Cost Reimbursement/<br>Miscellaneous     | 502  | 4                | 41  | ---                          | ---                 | 547                 |
| Total Additions                          | <u>959,496</u>   | <u>28,340</u>    | <u>323,790</u>  | <u>48,678</u>                | <u>124,624</u>      | <u>1,484,928</u>    |
| <b>Deductions:</b>                       |  |                  |   |                              |                     |                     |
| Benefits                                 | 400,170  | 19,092           | 164,997   | 14,730                       | ---                 | 598,989             |
| Administrative Expenses                  | 6,248  | 51               | 1,888   | 4,935                        | ---                 | 13,122              |
| Program Distributions                    | ---  | ---              | ---   | ---                          | 54,730              | 54,730              |
| Service Transfer                         |  |                  |   |                              |                     |                     |
| Payments                                 | 134  | ---              | ---   | ---                          | ---                 | 134                 |
| Depreciation                             | 239  | 2                | 40  | ---                          | ---                 | 281                 |
| Total Deductions                         | <u>406,791</u>   | <u>19,145</u>    | <u>166,925</u>  | <u>19,665</u>                | <u>54,730</u>       | <u>667,256</u>      |
| Change in Net Assets                     | 552,705  | 9,195            | 156,865   | 29,013                       | 69,894              | 817,672             |
| Net Assets Held in Trust<br>for Benefits |  |                  |   |                              |                     |                     |
| Beginning of Year                        | <u>6,431,033</u>   | <u>48,534</u>    | <u>1,441,055</u>  | <u>209,898</u>               | <u>943,334</u>      | <u>9,073,854</u>    |
| End of Year                              | <u>\$ 6,983,738</u>  | <u>\$ 57,729</u> | <u>\$ 1,597,920</u>   | <u>\$ 238,911</u>            | <u>\$ 1,013,228</u> | <u>\$ 9,891,526</u> |

\*NOTE: These statements are for 11 months ending May 31, 2006 (see Note 9).

STATE OF MISSOURI  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE-PURPOSE TRUST FUNDS  
 June 30, 2006  
 (In Thousands of Dollars)

|  | Alternative<br>Care Trust | Johnson-<br>Travis<br>Memorial<br>Trust | Unclaimed<br>Property | Totals<br>June 30,<br>2006 |
|--|---------------------------|---|-----------------------|----------------------------|
| <b>ASSETS</b>                                  |                           |   |                       |                            |
| Cash and Cash Equivalents                      | \$ 1,273                  | \$ 10                                   | \$ 14,595             | \$ 15,878                  |
| Investments at Fair Value                      | 2,495                     | 72                                      | 28,608                | 31,175                     |
| Interest Receivable                            | 26                        | ---                                     | ---                   | 26                         |
| Inventories                                    | ---                       | ---                                     | 1                     | 1                          |
| Capital Assets:                                |                           |   |                       |                            |
| Equipment                                      | ---                       | ---                                     | 19                    | 19                         |
| Less: Accumulated Depreciation                 | ---                       | ---                                     | (12)                  | (12)                       |
| Total Capital Assets, Net                      | ---                       | ---                                     | 7                     | 7                          |
| <b>Total Assets</b>                            | <b>3,794</b>              | <b>82</b>                               | <b>43,211</b>         | <b>47,087</b>              |
| <b>LIABILITIES</b>                             |                           |   |                       |                            |
| Accounts Payable                               | 671                       | ---                                     | 2                     | 673                        |
| Accrued Payroll                                | ---                       | ---                                     | 18                    | 18                         |
| Due to Other Funds                             | ---                       | ---                                     | 8                     | 8                          |
| <b>Total Liabilities</b>                       | <b>671</b>                | <b>---</b>                              | <b>28</b>             | <b>699</b>                 |
| <b>NET ASSETS</b>                              |                           |   |                       |                            |
| Net Assets Held in Trust<br>for Other Purposes | <u>\$ 3,123</u>           | <u>\$ 82</u>                            | <u>\$ 43,183</u>      | <u>\$ 46,388</u>           |

STATE OF MISSOURI  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2006  
(In Thousands of Dollars)

|  | Alternative<br>Care Trust | Johnson-<br>Travis<br>Memorial<br>Trust | Unclaimed<br>Property | Totals<br>June 30,<br>2006 |
|--|---------------------------|---|-----------------------|----------------------------|
| <b>Additions:</b>                                |                           |   |                       |                            |
| Increase (Decrease) in Appreciation<br>of Assets | \$ (6)                    | \$ 4                                    | \$ (112)              | \$ (114)                   |
| Interest   | 142                       | 2                                       | ---                   | 144                        |
| Total Investment Earnings                        | <u>136</u>                | <u>6</u>                                | <u>(112)</u>          | <u>30</u>                  |
| Unclaimed Property                               | ---                       | ---                                     | 25,871                | 25,871                     |
| Cost Reimbursement/Miscellaneous                 | <u>10,703</u>             | <u>---</u>                              | <u>---</u>            | <u>10,703</u>              |
| Total Additions                                  | <u>10,839</u>             | <u>6</u>                                | <u>25,759</u>         | <u>36,604</u>              |
| <b>Deductions:</b>                               |                           |   |                       |                            |
| Administrative Expenses                          | ---                       | ---                                     | 2,321                 | 2,321                      |
| Program Distributions                            | 10,566                    | ---                                     | ---                   | 10,566                     |
| Depreciation                                     | <u>---</u>                | <u>---</u>                              | <u>3</u>              | <u>3</u>                   |
| Total Deductions                                 | <u>10,566</u>             | <u>---</u>                              | <u>2,324</u>          | <u>12,890</u>              |
| Change in Net Assets                             | 273                       | 6                                       | 23,435                | 23,714                     |
| Net Assets – Beginning                           | <u>2,850</u>              | <u>76</u>                               | <u>19,748</u>         | <u>22,674</u>              |
| Net Assets – Ending                              | <u>\$ 3,123</u>           | <u>\$ 82</u>                            | <u>\$ 43,183</u>      | <u>\$ 46,388</u>           |



**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2006  
(In Thousands of Dollars)**

|                              | Social<br>Security<br>Contributions | Program           | Institution      | Totals<br>June 30,<br>2006 |
|------------------------------|-------------------------------------|-------------------|------------------|----------------------------|
| <b>ASSETS</b>                |                                     |                   |                  |                            |
| Cash and Cash<br>Equivalents | \$ 35                               | \$ 10,265         | \$ 21,693        | \$ 31,993                  |
| Investments at<br>Fair Value | 66                                  | 350,438           | 1,075            | 351,579                    |
| Receivables:                 |                                     |                   |                  |                            |
| Accounts Receivable          | ---                                 | 203,483           | 248              | 203,731                    |
| Interest Receivable          | ---                                 | 1,119             | ---              | 1,119                      |
| Due from Other Funds         | 5,812                               | ---               | ---              | 5,812                      |
| Total Assets                 | <u>\$ 5,913</u>                     | <u>\$ 565,305</u> | <u>\$ 23,016</u> | <u>\$ 594,234</u>          |
| <b>LIABILITIES</b>           |                                     |                   |                  |                            |
| Accounts Payable             | \$ ---                              | \$ 39             | \$ ---           | \$ 39                      |
| Due to Other Entities        | 5,913                               | 560,844           | ---              | 566,757                    |
| Due to Individuals           | ---                                 | 4,422             | 23,016           | 27,438                     |
| Total Liabilities            | <u>\$ 5,913</u>                     | <u>\$ 565,305</u> | <u>\$ 23,016</u> | <u>\$ 594,234</u>          |

NOTE: The Missouri State Employees' Voluntary Life Insurance is not included in the Agency Funds Combining Balance Sheet because there were no assets or liabilities at June 30, 2006.

NOTE: State Retirement Contributions, Missouri State Employees' Deferred Compensation Incentive Plan Administration, and Missouri Consolidated Health Care Plan Benefit will no longer be shown (see *Note 2*).

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|   | Balance<br>July 1, 2005 | Additions           | Deductions          | Balance<br>June 30, 2006 |
|---|-------------------------|---------------------|---------------------|--------------------------|
| <b><u>SOCIAL SECURITY CONTRIBUTIONS</u></b> |                         |                     |                     |                          |
| <b>ASSETS</b>                               |                         |                     |                     |                          |
| Cash and Cash Equivalents                   | \$ 23                   | \$ 144,373          | \$ 144,361          | \$ 35                    |
| Investments at Fair Value                   | 78                      | 66                  | 78                  | 66                       |
| Due from Other Funds                        | 5,123                   | 5,811               | 5,122               | 5,812                    |
| Total Assets                                | <u>\$ 5,224</u>         | <u>\$ 150,250</u>   | <u>\$ 149,561</u>   | <u>\$ 5,913</u>          |
| <b>LIABILITIES</b>                          |                         |                     |                     |                          |
| Due to Other Entities                       | <u>\$ 5,224</u>         | <u>\$ 438,609</u>   | <u>\$ 437,920</u>   | <u>\$ 5,913</u>          |
| <b><u>MISSOURI STATE EMPLOYEES'</u></b>     |                         |                     |                     |                          |
| <b><u>VOLUNTARY LIFE INSURANCE</u></b>      |                         |                     |                     |                          |
| <b>ASSETS</b>                               |                         |                     |                     |                          |
| Cash and Cash Equivalents                   | <u>\$ ---</u>           | <u>\$ 1,396</u>     | <u>\$ 1,396</u>     | <u>\$ ---</u>            |
| <b>LIABILITIES</b>                          |                         |                     |                     |                          |
| Due to Other Entities                       | <u>\$ ---</u>           | <u>\$ 1,396</u>     | <u>\$ 1,396</u>     | <u>\$ ---</u>            |
| <b><u>PROGRAM</u></b>                       |                         |                     |                     |                          |
| <b>ASSETS</b>                               |                         |                     |                     |                          |
| Cash and Cash Equivalents                   | \$ 30,656               | \$ 596,458          | \$ 616,849          | \$ 10,265                |
| Investments at Fair Value                   | 276,867                 | 484,049             | 410,478             | 350,438                  |
| Receivables:                                |                         |                     |                     |                          |
| Accounts Receivable                         | 208,514                 | 250                 | 5,281               | 203,483                  |
| Interest Receivable                         | 609                     | 562                 | 52                  | 1,119                    |
| Total Assets                                | <u>\$ 516,646</u>       | <u>\$ 1,081,319</u> | <u>\$ 1,032,660</u> | <u>\$ 565,305</u>        |
| <b>LIABILITIES</b>                          |                         |                     |                     |                          |
| Accounts Payable                            | \$ 26                   | \$ 13               | \$ ---              | \$ 39                    |
| Due to Other Entities                       | 487,111                 | 407,524             | 333,791             | 560,844                  |
| Due to Individuals                          | 29,494                  | 666,855             | 691,927             | 4,422                    |
| Due to Other Funds                          | 15                      | ---                 | 15                  | ---                      |
| Total Liabilities                           | <u>\$ 516,646</u>       | <u>\$ 1,074,392</u> | <u>\$ 1,025,733</u> | <u>\$ 565,305</u>        |
| <b><u>INSTITUTION</u></b>                   |                         |                     |                     |                          |
| <b>ASSETS</b>                               |                         |                     |                     |                          |
| Cash and Cash Equivalents                   | \$ 18,814               | \$ 137,034          | \$ 134,155          | \$ 21,693                |
| Investments at Fair Value                   | 1,065                   | 41                  | 31                  | 1,075                    |
| Accounts Receivable                         | 263                     | 35                  | 50                  | 248                      |
| Total Assets                                | <u>\$ 20,142</u>        | <u>\$ 137,110</u>   | <u>\$ 134,236</u>   | <u>\$ 23,016</u>         |
| <b>LIABILITIES</b>                          |                         |                     |                     |                          |
| Due to Individuals                          | <u>\$ 20,142</u>        | <u>\$ 137,110</u>   | <u>\$ 134,236</u>   | <u>\$ 23,016</u>         |
| <b><u>TOTALS - ALL AGENCY FUNDS</u></b>     |                         |                     |                     |                          |
| <b>ASSETS</b>                               |                         |                     |                     |                          |
| Cash and Cash Equivalents                   | \$ 49,493               | \$ 879,261          | \$ 896,761          | \$ 31,993                |
| Investments at Fair Value                   | 278,010                 | 484,156             | 410,587             | 351,579                  |
| Receivables:                                |                         |                     |                     |                          |
| Accounts Receivable                         | 208,777                 | 285                 | 5,331               | 203,731                  |
| Interest Receivable                         | 609                     | 562                 | 52                  | 1,119                    |
| Due from Other Funds                        | 5,123                   | 5,811               | 5,122               | 5,812                    |
| Total Assets                                | <u>\$ 542,012</u>       | <u>\$ 1,370,075</u> | <u>\$ 1,317,853</u> | <u>\$ 594,234</u>        |
| <b>LIABILITIES</b>                          |                         |                     |                     |                          |
| Accounts Payable                            | \$ 26                   | \$ 13               | \$ ---              | \$ 39                    |
| Due to Other Entities                       | 492,335                 | 847,529             | 773,107             | 566,757                  |
| Due to Individuals                          | 49,636                  | 803,965             | 826,163             | 27,438                   |
| Due to Other Funds                          | 15                      | ---                 | 15                  | ---                      |
| Total Liabilities                           | <u>\$ 542,012</u>       | <u>\$ 1,651,507</u> | <u>\$ 1,599,285</u> | <u>\$ 594,234</u>        |

NOTE: State Retirement Contributions, Missouri State Employees' Deferred Compensation Incentive Plan Administration, and Missouri Consolidated Health Care Plan Benefit will no longer be shown (see Note 2).



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*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.

**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.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2006**  
**(In Thousands of Dollars)**

|  | Missouri<br>Development<br>Finance<br>Board | Agricultural<br>and Small<br>Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Totals<br>June 30,<br>2006 |
|--|---|---|--|----------------------------|
| <b>ASSETS</b>  |   |   |  |                            |
| Current Assets:  |   |   |  |                            |
| Cash and Cash Equivalents                              | \$ 18,389                                   | \$ 2,213  | \$ 7,203   | \$ 27,805                  |
| Investments  | 6,298                                       | 5,605   | 5,861  | 17,764                     |
| Interest Receivable                                    | 405   | ---   | 1,009  | 1,414                      |
| Prepaid Items  | 124   | ---   | ---  | 124                        |
| Loans Receivable                                       | 604   | 568   | 1,350  | 2,522                      |
| Noncurrent Assets:                                     |   |   |  |                            |
| Advance to Primary Government                          | ---   | ---   | 17,951   | 17,951                     |
| Loans Receivable                                       | 6,147                                       | 2,300   | 4,839  | 13,286                     |
| Restricted Assets:                                     |   |   |  |                            |
| Cash and Cash Equivalents                              | 45,519                                      | 305   | 830  | 46,654                     |
| Investments  | 6,660                                       | ---   | 39,945   | 46,605                     |
| Deferred Charges                                       | 5   | ---   | ---  | 5                          |
| Capital Assets:  |   |   |  |                            |
| Construction in Progress                               | 16,348                                      | ---   | ---  | 16,348                     |
| Land   | 9,271                                       | ---   | ---  | 9,271                      |
| Buildings  | 28,632                                      | ---   | ---  | 28,632                     |
| Equipment  | 112   | ---   | ---  | 112                        |
| Less Accumulated Depreciation                          | (3,195)                                     | ---   | ---  | (3,195)                    |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>51,168</u>                               | <u>---</u>  | <u>---</u>   | <u>51,168</u>              |
| Total Assets   | <u>135,319</u>                              | <u>10,991</u>   | <u>78,988</u>  | <u>225,298</u>             |
| <b>LIABILITIES</b>                                     |   |   |  |                            |
| Current Liabilities:                                   |   |   |  |                            |
| Accounts Payable                                       | 135   | 23  | 5  | 163                        |
| Due to Primary Government                              | ---   | 710   | ---  | 710                        |
| Interest Payable                                       | 118   | 82  | ---  | 200                        |
| Noncurrent Liabilities:                                |   |   |  |                            |
| Advance from Primary Government                        | ---   | 3,166   | ---  | 3,166                      |
| Deposits and Reserves                                  | 31,866                                      | ---   | ---  | 31,866                     |
| Bonds Payable  | 31,850                                      | ---   | ---  | 31,850                     |
| Total Liabilities                                      | <u>63,969</u>                               | <u>3,981</u>  | <u>5</u>   | <u>67,955</u>              |
| <b>NET ASSETS</b>                                      |   |   |  |                            |
| Invested in Capital Assets, Net                        | 19,318                                      | ---   | ---  | 19,318                     |
| Restricted for:  |   |   |  |                            |
| Other Purposes   | 19,378                                      | ---   | 70,856   | 90,234                     |
| Unrestricted   | <u>32,654</u>                               | <u>7,010</u>  | <u>8,127</u>   | <u>47,791</u>              |
| Total Net Assets                                       | <u>\$ 71,350</u>                            | <u>\$ 7,010</u>   | <u>\$ 78,983</u>                                     | <u>\$ 157,343</u>          |

NOTE: Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation were blended and are now part of the Missouri Road Fund (see *Note 2*).

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|   | Missouri<br>Development<br>Finance<br>Board | Agricultural<br>and Small<br>Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Totals<br>June 30,<br>2006 |
|---|---|---|--|----------------------------|
| <b>Operating Revenues:</b>                |   |   |  |                            |
| Licenses, Fees and Permits                | \$ 1,081                                    | \$ 2,435  | \$ 3   | \$ 3,519                   |
| Interest on Receivables                   | 326   | ---   | 1,154  | 1,480                      |
| Leases and Rentals                        | 2,346                                       | ---   | ---  | 2,346                      |
| Cost Reimbursement/Miscellaneous          | 119   | ---   | ---  | 119                        |
| Total Operating Revenues                  | <u>3,872</u>                                | <u>2,435</u>  | <u>1,157</u>   | <u>7,464</u>               |
| <b>Operating Expenses:</b>                |   |   |  |                            |
| Personal Service                          | 624   | 234   | 36   | 894                        |
| Operations                                | 1,110                                       | 62  | 10   | 1,182                      |
| Specific Programs                         | ---   | 1,132   | ---  | 1,132                      |
| Depreciation                              | 713   | ---   | ---  | 713                        |
| Amortization                              | 30  | ---   | ---  | 30                         |
| Bad Debt Expense                          | 3,498                                       | ---   | ---  | 3,498                      |
| Other Charges                             | 30  | ---   | 1  | 31                         |
| Total Operating Expenses                  | <u>6,005</u>                                | <u>1,428</u>  | <u>47</u>  | <u>7,480</u>               |
| Operating Income (Loss)                   | <u>(2,133)</u>                              | <u>1,007</u>  | <u>1,110</u>   | <u>(16)</u>                |
| <b>Non-Operating Revenues (Expenses):</b> |   |   |  |                            |
| Contributions and Intergovernmental       | 2,600                                       | ---   | ---  | 2,600                      |
| Investment Earnings:                      |   |   |  |                            |
| Increase in Fair Value of Investments     | ---   | 222   | 760  | 982                        |
| Interest                                  | 2,129                                       | 185   | 932  | 3,246                      |
| Miscellaneous Expenses                    | ---   | ---   | (28)   | (28)                       |
| Bond Interest and Related Expenses        | (734)                                       | (69)  | ---  | (803)                      |
| Total Non-Operating Revenues (Expenses)   | <u>3,995</u>                                | <u>338</u>  | <u>1,664</u>   | <u>5,997</u>               |
| Income Before Transfers                   | 1,862                                       | 1,345   | 2,774  | 5,981                      |
| Transfers Out                             | ---   | (35)  | ---  | (35)                       |
| Change in Net Assets                      | <u>1,862</u>                                | <u>1,310</u>  | <u>2,774</u>   | <u>5,946</u>               |
| <br>Total Net Assets – Beginning          | <br><u>69,488</u>                           | <br><u>5,700</u>  | <br><u>76,209</u>                                    | <br><u>151,397</u>         |
| <br>Total Net Assets – Ending             | <br><u>\$ 71,350</u>                        | <br><u>\$ 7,010</u>   | <br><u>\$ 78,983</u>                                 | <br><u>\$ 157,343</u>      |

NOTE: Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation were blended and are now part of the Missouri Road Fund (see *Note 2*).

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2006**  
**(In Thousands of Dollars)**

|   | Missouri<br>Development<br>Finance<br>Board | Agriculture<br>and Small<br>Business<br>Development<br>Authority | Missouri<br>Transportation<br>Finance<br>Corporation | Totals<br>June 30,<br>2006 |
|---|---|--|--|----------------------------|
| <b>Cash Flows from Operating Activities:</b>  |   |  |  |                            |
| Receipts from Customers and Users   | \$ 4,060                                    | \$ 2,435   | \$ 450   | \$ 6,945                   |
| Loans to Outside Entities   | 756   | 304  | 4,900  | 5,960                      |
| Payments to Vendors and Suppliers   | (3,143)                                     | (58)   | (15)   | (3,216)                    |
| Payments to Employees   | (624)                                       | (234)  | (36)   | (894)                      |
| Payments Made for Program Expenses  | ---   | (1,132)  | ---  | (1,132)                    |
| Other Payments  | ---   | ---  | (1)  | (1)                        |
| Net Cash Provided by Operating Activities   | <u>1,049</u>                                | <u>1,315</u>   | <u>5,298</u>   | <u>7,662</u>               |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |   |  |  |                            |
| Loans Receivable Principal Receipts   | 2,424                                       | ---  | ---  | 2,424                      |
| Loans Receivable Issuance   | (5,321)                                     | ---  | ---  | (5,321)                    |
| Due to/from Primary Government  | ---   | 55   | 1,690  | 1,745                      |
| Advance to/from Primary Government  | ---   | (404)  | 4,228  | 3,824                      |
| Transfers to Other Funds  | ---   | (35)   | ---  | (35)                       |
| Net Cash Provided (Used) by<br>Non-Capital Financing Activities   | <u>(2,897)</u>                              | <u>(384)</u>   | <u>5,918</u>   | <u>2,637</u>               |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |   |  |  |                            |
| Interest Expense  | (682)                                       | (69)   | (28)   | (779)                      |
| Purchases and Construction of Capital Assets  | (7,749)                                     | ---  | ---  | (7,749)                    |
| Bond Principal Payments   | (2,750)                                     | ---  | ---  | (2,750)                    |
| Contributions for Tax Credit Program  | 2,600                                       | ---  | ---  | 2,600                      |
| Net Cash Used by Capital and Related<br>Financing Activities  | <u>(8,581)</u>                              | <u>(69)</u>  | <u>(28)</u>  | <u>(8,678)</u>             |
| <b>Cash Flows from Investing Activities:</b>  |   |  |  |                            |
| Proceeds from Investment Maturities   | 117,625                                     | ---  | ---  | 117,625                    |
| Purchase or Increase in Fair Value of Investments   | (73,168)                                    | (5,383)  | (24,253)   | (102,804)                  |
| Interest  | 2,028                                       | 185  | 932  | 3,145                      |
| Net Cash Provided (Used) by Investing Activities  | <u>46,485</u>                               | <u>(5,198)</u>   | <u>(23,321)</u>                                      | <u>17,966</u>              |
| Net Increase (Decrease) in Cash   | 36,056                                      | (4,336)  | (12,133)   | 19,587                     |
| Cash and Cash Equivalents, Beginning of Year  | 27,852                                      | 6,854  | 20,166   | 54,872                     |
| Cash and Cash Equivalents, End of Year  | <u>\$ 63,908</u>                            | <u>\$ 2,518</u>  | <u>\$ 8,033</u>                                      | <u>\$ 74,459</u>           |
| <b>Reconciliation of Net Operating Revenues (Expenses) to<br/>Net Cash Provided (Used) by Operating Activities:</b> |   |  |  |                            |
| Operating Income (Loss)   | \$ (2,133)                                  | \$ 1,007   | \$ 1,110   | \$ (16)                    |
| Adjustments to Reconcile Net Income to Net Cash Provided<br>by Operating Activities:                                |   |  |  |                            |
| Depreciation/Amortization Expense   | 743   | ---  | ---  | 743                        |
| Changes in Assets and Liabilities:  |   |  |  |                            |
| Accounts Receivable   | 3,498                                       | ---  | ---  | 3,498                      |
| Interest Receivable   | 3   | 25   | (707)  | (679)                      |
| Deferred Charges  | 4   | ---  | ---  | 4                          |
| Prepaid Items   | (87)  | ---  | ---  | (87)                       |
| Loans Receivable  | ---   | 276  | 4,900  | 5,176                      |
| Accounts Payable  | (1,920)                                     | 4  | (5)  | (1,921)                    |
| Deposit and Reserve   | 941   | ---  | ---  | 941                        |
| Interest Payable  | ---   | 3  | ---  | 3                          |
| Net Cash Provided by Operating Activities   | <u>\$ 1,049</u>                             | <u>\$ 1,315</u>  | <u>\$ 5,298</u>                                      | <u>\$ 7,662</u>            |

NOTE: Fulton 54 Transportation Corporation, Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation Corporation, Springfield, MO State Highway Improvement Corporation, and Wentzville Parkway Transportation Corporation were blended and are now part of the Missouri Road Fund (see Note 2).



*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.*



STATE OF MISSOURI  
STATISTICAL SECTION  
June 30, 2006

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**STATE OF MISSOURI  
NET ASSETS BY COMPONENT  
FISCAL YEARS 2005-2006  
(In Thousands of Dollars)**

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|  | 2006                 | 2005*                |
|--|----------------------|----------------------|
| <b>Governmental Activities</b>                   |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 25,840,886        | \$ 25,572,008        |
| Restricted                                       | 3,813,145            | 3,250,204            |
| Unrestricted                                     | (1,666,313)          | (1,321,738)          |
| <b>Total Governmental Activities Net Assets</b>  | <b>\$ 27,987,718</b> | <b>\$ 27,500,474</b> |
| <br><b>Business-Type Activities</b>              |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 39,599            | \$ 43,304            |
| Restricted                                       | 3,942                | 12,407               |
| Unrestricted                                     | 34,004               | (151,323)            |
| <b>Total Business-Type Activities Net Assets</b> | <b>\$ 77,545</b>     | <b>\$ (95,612)</b>   |
| <br><b>Primary Government</b>                    |                      |                      |
| Invested in Capital Assets, Net of Related Debt  | \$ 25,880,485        | \$ 25,615,312        |
| Restricted                                       | 3,817,087            | 3,262,611            |
| Unrestricted                                     | (1,632,309)          | (1,473,061)          |
| <b>Total Primary Government Net Assets</b>       | <b>\$ 28,065,263</b> | <b>\$ 27,404,862</b> |

\*Fiscal year 2005 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN NET ASSETS  
FISCAL YEARS 2005–2006  
(In Thousands of Dollars)**

|  | 2006                | 2005*               |
|--|---------------------|---------------------|
| <b><u>Governmental Activities:</u></b>                       |                     |                     |
| <b>Expenses</b>  |                     |                     |
| General Government   | \$ 980,806          | \$ 1,035,396        |
| Education  | 5,773,117           | 5,669,627           |
| Natural and Economic   | 849,952             | 834,269             |
| Transportation and Law Enforcement                           | 2,025,179           | 2,189,839           |
| Human Services   | 9,890,571           | 9,771,651           |
| Interest on Debt (Excluding Direct Expense)                  | 130,438             | 126,202             |
| Total Expenses   | 19,650,063          | 19,626,984          |
| <b>Program Revenues</b>                                      |                     |                     |
| Charges for Services   | 1,610,044           | 1,453,667           |
| Operating Grants and Contributions                           | 7,757,468           | 7,767,831           |
| Total Program Revenues                                       | 9,367,512           | 9,221,498           |
| <b>Total Governmental Activities Net Program Expense</b>     | <b>(10,282,551)</b> | <b>(10,405,486)</b> |
| <b>General Revenues and Other Changes in Net Assets</b>      |                     |                     |
| Taxes:   |                     |                     |
| Sales and Use  | 2,974,842           | 3,003,405           |
| Individual Income  | 5,146,153           | 4,821,500           |
| Corporate Income   | 507,951             | 351,116             |
| County Foreign Insurance                                     | 182,209             | 163,952             |
| Alcoholic Beverage   | 28,377              | 28,045              |
| Corporate Franchise  | 74,753              | 118,343             |
| Inheritance  | 14,955              | 41,832              |
| Miscellaneous Taxes  | 1,276,630           | 1,334,595           |
| Grants and Contributions not Restricted to Specific Programs | 158,716             | 158,140             |
| Unrestricted Investment Earnings                             | 146,436             | 80,161              |
| Transfers  | 258,773             | 207,159             |
| Total General Revenues and Other Changes in Net Assets       | 10,769,795          | 10,308,248          |
| <b>Total Governmental Activities Change in Net Assets</b>    | <b>\$ 487,244</b>   | <b>\$ (97,238)</b>  |
| <b><u>Business–Type Activities:</u></b>                      |                     |                     |
| <b>Expenses</b>  |                     |                     |
| State Lottery  | \$ 665,846          | \$ 575,667          |
| Unemployment Compensation                                    | 412,937             | 501,098             |
| Petroleum Storage Tank Insurance                             | 13,243              | 25,944              |
| Missouri Veteran's Homes                                     | 46,643              | 58,760              |
| Non–Major Funds  | 20,675              | 13,345              |
| Total Expenses   | 1,159,344           | 1,174,814           |
| <b>Revenues</b>  |                     |                     |
| Charges for Services   | 989,701             | 857,674             |
| Operating Grants and Contributions                           | 603,727             | 542,984             |
| Total Revenues   | 1,593,428           | 1,400,658           |
| <b>Total Business–Type Activities Net Program Expense</b>    | <b>434,084</b>      | <b>225,844</b>      |
| <b>General Revenues and Other Changes in Net Assets</b>      |                     |                     |
| Unrestricted Investment Earnings                             | (2,189)             | 3,213               |
| Extraordinary Items  | 35                  | ---                 |
| Transfers  | (258,773)           | (207,159)           |
| Total General Revenues and Other Changes in Net Assets       | (260,927)           | (203,946)           |
| <b>Total Business–Type Activities Change in Net Assets</b>   | <b>\$ 173,157</b>   | <b>\$ 21,898</b>    |
| <b>Total Primary Government Change in Net Assets</b>         | <b>\$ 660,401</b>   | <b>\$ (75,340)</b>  |

\*Fiscal year 2005 amounts have been restated.

STATE OF MISSOURI  
 FUND BALANCES – GOVERNMENTAL FUNDS  
 FISCAL YEARS 2005–2006  
 (In Thousands of Dollars)

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|  | 2006         | 2005*        |
|--|--------------|--------------|
| <b>General Fund</b>                            |              |              |
| Reserved                                       | \$ 526,159   | \$ 577,561   |
| Unreserved                                     | 988,240      | 326,920      |
| <b>Total General Fund</b>                      | 1,514,399    | 904,481      |
| <br><b>All Other Governmental Funds</b>        |              |              |
| Reserved                                       | 988,493      | 876,859      |
| Unreserved, Reported in:                       |              |              |
| Special Revenue Funds                          | 1,177,778    | 1,043,965    |
| Capital Projects Funds                         | 213,026      | 251,124      |
| Permanent Funds                                | 96           | 87           |
| <b>Total All Other Governmental Funds</b>      | 2,379,393    | 2,172,035    |
| <b>Total Fund Balances, Governmental Funds</b> | \$ 3,893,792 | \$ 3,076,516 |

\*Fiscal year 2005 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEARS 2005-2006  
(In Thousands of Dollars)**

|   | 2006              | 2005*               |
|---|-------------------|---------------------|
| <b>Revenues:</b>  |                   |                     |
| Taxes   | \$ 10,634,762     | \$ 9,646,452        |
| Licenses, Fees and Permits  | 622,815           | 591,530             |
| Sales   | 11,321            | 16,849              |
| Leases and Rentals  | 155               | 2,143               |
| Services  | 240,857           | 182,112             |
| Contributions and Intergovernmental                                 | 7,929,053         | 7,901,109           |
| Investment Earnings:  |                   |                     |
| Net Increase (Decrease) in the Fair Value of Investments            | (113)             | 3,152               |
| Interest  | 137,080           | 69,698              |
| Penalties and Unclaimed Properties                                  | 83,173            | 25,854              |
| Cost Reimbursement/Miscellaneous                                    | 427,069           | 441,555             |
| <b>Total Revenues</b>   | <b>20,086,172</b> | <b>18,880,454</b>   |
| <b>Expenditures:</b>  |                   |                     |
| Current:  |                   |                     |
| General Government  | 808,861           | 822,107             |
| Education   | 5,769,528         | 5,663,301           |
| Natural and Economic Resources                                      | 720,204           | 763,222             |
| Transportation and Law Enforcement                                  | 1,154,086         | 1,135,010           |
| Human Services  | 9,745,590         | 9,758,066           |
| Capital Outlay:   |                   |                     |
| Current Expenditures  | 1,415,080         | 1,015,165           |
| Capital Lease Purchases   | 41,924            | 53,025              |
| Debt Service:   |                   |                     |
| Principal   | 170,295           | 127,264             |
| Interest  | 121,301           | 120,982             |
| Bond Issuance Costs   | 1,821             | ---                 |
| Underwriter's Discount  | ---               | 326                 |
| <b>Total Expenditures</b>   | <b>19,948,690</b> | <b>19,458,468</b>   |
| Excess Revenues (Expenditures)                                      | 137,482           | (578,014)           |
| <b>Other Financing Sources (Uses):</b>                              |                   |                     |
| Proceeds from Capital Leases  | 41,924            | 53,025              |
| Proceeds from General Obligation/Other Bonds                        | 350,660           | ---                 |
| Issuance of Refunding Bonds   | ---               | 157,605             |
| Payments to Escrow Agent  | ---               | (175,553)           |
| Bond Premium  | 21,336            | 18,274              |
| Proceeds from Capital Asset Sale                                    | 6,634             | 5,920               |
| Transfers In  | 3,521,028         | 3,062,605           |
| Transfers Out   | (3,261,659)       | (2,842,560)         |
| <b>Total Other Financing Sources (Uses)</b>                         | <b>679,923</b>    | <b>279,316</b>      |
| Net Change in Fund Balances   | 817,405           | (298,698)           |
| Increase (Decrease) in Reserve for Inventory                        | (129)             | 327                 |
| <b>Net Change in Fund Balances</b>                                  | <b>\$ 817,276</b> | <b>\$ (298,371)</b> |
| <b>Debt Service as a Percentage of<br/>Non-Capital Expenditures</b> | 1.59%             | 1.35%               |

\*Fiscal year 2005 amounts have been restated.

**STATE OF MISSOURI  
REVENUE BASE  
FISCAL YEARS 2005–2006  
(In Thousands of Dollars)**

| <b>Taxable Sales by Industry</b>          | <b>Calendar Year*</b>    |                          |
|---|--------------------------|--------------------------|
|   | <u>2005</u>              | <u>2004</u>              |
| Agricultural/Forestry, Fishing, and Other | \$ 190,183,959           | \$ 173,064,997           |
| Mining                                    | 148,041,999              | 144,360,458              |
| Construction                              | 929,146,007              | 781,324,533              |
| Manufacturing                             | 3,217,299,757            | 3,033,835,702            |
| Transportation and Public Utilities       | 7,285,790,054            | 6,950,561,788            |
| Wholesale Trade                           | 8,604,467,502            | 8,136,436,052            |
| Retail Trade                              | 44,878,694,872           | 42,950,724,459           |
| Finance, Insurance, and Real Estate       | 533,582,629              | 507,350,286              |
| Services                                  | 8,433,450,983            | 8,015,509,010            |
| State and Local Government                | 156,947,658              | 84,808,852               |
| Non-Classifiable                          | 16,694,236               | 16,301,552               |
| <b>Total Taxable Sales</b>                | <b>\$ 74,394,299,656</b> | <b>\$ 70,794,277,689</b> |
| <b>Direct Sales Tax Rate</b>              | <b>4.225%</b>            | <b>4.225%</b>            |

| <b>Personal Income by Industry</b>           | <b>Calendar Year*</b> |                       |
|--|-----------------------|-----------------------|
|  | <u>2005</u>           | <u>2004</u>           |
| Farm Earnings                                | \$ 682,815            | \$ 1,530,462          |
| Agricultural/Forestry, Fishing, and Other    | 304,947               | 313,447               |
| Mining                                       | 556,628               | 406,383               |
| Construction/Utilities                       | 10,770,331            | 10,063,022            |
| Manufacturing                                | 19,454,661            | 18,780,396            |
| Transportation and Public Utilities          | 5,253,974             | 5,104,099             |
| Wholesale Trade                              | 7,943,744             | 7,465,233             |
| Retail Trade                                 | 9,633,827             | 9,324,951             |
| Finance, Insurance, and Real Estate          | 10,870,931            | 10,326,016            |
| Services                                     | 53,186,906            | 50,083,751            |
| Federal, civilian                            | 4,627,807             | 4,507,517             |
| Military                                     | 2,001,140             | 1,848,590             |
| State and Local Government                   | 15,623,245            | 14,969,326            |
| <b>Total Personal Income</b>                 | <b>\$ 140,910,956</b> | <b>\$ 134,723,193</b> |
| <b>Total Direct Personal Income Tax Rate</b> | <b>6.0%</b>           | <b>6.0%</b>           |

\*This information is only available by calendar year on the Bureau of Economic Analysis website.

**STATE OF MISSOURI  
REVENUE RATES  
FISCAL YEARS 2005-2006  
(In Thousands of Dollars)**

|  | 2006              | 2005              |
|--|-------------------|-------------------|
| Personal Income Tax Revenue                                      | \$662,996,843     | \$543,193,091     |
| Personal Income (Federal AGI)                                    | \$185,705,288,582 | \$161,726,939,117 |
| Taxable Income   | \$133,414,355,787 | \$114,900,652,083 |
| Average Effective Rate: Federal Adjusted Gross<br>Taxable Income | 0.36%             | 0.34%             |
|  | 0.50%             | 0.47%             |

**Ranges of Tax Rates on the Portion of Taxable  
Income (In Thousands)**

|               | 2006  | 2005  |
|---------------|-------|-------|
| Tax Rate      | 1.5%  | 1.5%  |
| Income Levels | 1.1-2 | 1.1-2 |
| Tax Rate      | 2.0%  | 2.0%  |
| Income Levels | 2.1-3 | 2.1-3 |
| Tax Rate      | 2.5%  | 2.5%  |
| Income Levels | 3.1-4 | 3.1-4 |
| Tax Rate      | 3.0%  | 3.0%  |
| Income Levels | 4.1-5 | 4.1-5 |
| Tax Rate      | 3.5%  | 3.5%  |
| Income Levels | 5.1-6 | 5.1-6 |
| Tax Rate      | 4.0%  | 4.0%  |
| Income Levels | 6.1-7 | 6.1-7 |
| Tax Rate      | 4.5%  | 4.5%  |
| Income Levels | 7.1-8 | 7.1-8 |
| Tax Rate      | 5.0%  | 5.0%  |
| Income Levels | 8.1-9 | 8.1-9 |
| Tax Rate      | 6.0%  | 6.0%  |
| Income Levels | 9.1+  | 9.1+  |

**The State Sales and Use Tax Rate is 4.225%.**

Source: Missouri Department of Revenue

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.

**STATE OF MISSOURI  
REVENUE PAYERS BY INDUSTRY/CATEGORY  
FISCAL YEARS 2005-2006  
(In Thousands of Dollars)**

| <b>Sales Tax</b>                    | <u>2006</u>                    | <u>%</u>              | <u>2005</u>                    | <u>%</u>              |
|-------------------------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| 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, and 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>                        | <u><u>\$ 3,143,159,161</u></u> | <u><u>100.00%</u></u> | <u><u>\$ 2,991,058,232</u></u> | <u><u>100.00%</u></u> |

**Personal Income \***

2006

|                         | <u>Number of Filers</u> | <u>Percentage of Total</u> | <u>Personal Income Tax Liability</u> | <u>Percentage of Total</u> |
|-------------------------|-------------------------|----------------------------|--------------------------------------|----------------------------|
| \$50,000 and under      | 3,366,462               | 81.44%                     | 1,397,791,712                        | 32.53%                     |
| \$50,000 - \$100,000    | 583,571                 | 14.12%                     | 1,206,476,911                        | 28.07%                     |
| \$100,000 - \$250,000   | 137,704                 | 3.33%                      | 681,723,630                          | 15.86%                     |
| \$250,000 - \$1,000,000 | 36,905                  | 0.89%                      | 533,311,827                          | 12.41%                     |
| \$1,000,000 and over    | 9,139                   | 0.22%                      | 478,397,579                          | 11.13%                     |
| <b>Total</b>            | <u><u>4,133,781</u></u> | <u><u>100.00%</u></u>      | <u><u>4,297,701,659</u></u>          | <u><u>100.00%</u></u>      |

2005

|                         | <u>Number of Filers</u> | <u>Percentage of Total</u> | <u>Personal Income Tax Liability</u> | <u>Percentage of Total</u> |
|-------------------------|-------------------------|----------------------------|--------------------------------------|----------------------------|
| \$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%                      | 486,312,065                          | 12.13%                     |
| \$1,000,000 and over    | 7,854                   | 0.19%                      | 399,557,445                          | 9.97%                      |
| <b>Total</b>            | <u><u>4,080,816</u></u> | <u><u>100.00%</u></u>      | <u><u>4,008,911,851</u></u>          | <u><u>100.00%</u></u>      |

\*Federal Adjusted Gross Income

Source: Missouri Department of Revenue



**STATE OF MISSOURI  
RATIOS OF OUTSTANDING DEBT  
FISCAL YEARS 2005–2006  
(In Thousands of Dollars)**

|  | 2006                | 2005                |
|--|---------------------|---------------------|
| <b>Governmental Activities</b>                             |                     |                     |
| General Obligation Bonds                                   | \$ 739,935          | \$ 790,910          |
| Other Bonds  | 1,873,140           | 1,609,815           |
| Leasehold Revenue Bonds                                    | 38,852              | ---                 |
| Certificates of Participation                              | 118,990             | 124,490             |
| Capital Leases   | 73,118              | 107,647             |
| <b>Total Governmental Activities</b>                       | <b>\$ 2,844,035</b> | <b>\$ 2,632,862</b> |
| <b>Business-Type Activities</b>                            |                     |                     |
| Leasehold Revenue Bonds                                    | \$ 8                | \$ ---              |
| <b>Total Business-Type Activities</b>                      | <b>\$ 8</b>         | <b>\$ ---</b>       |
| <b>Total Primary Government</b>                            | <b>\$ 2,844,043</b> | <b>\$ 2,632,862</b> |
| Debt as a Percentage of Personal Income <sup>1</sup>       | 1.6%                | 1.5%                |
| Debt Per Capita <sup>1</sup>                               | \$ 490              | \$ 457              |
| <b>Legal Debt Margin Calculation for Fiscal Year 2006:</b> |                     |                     |
| General Obligation Bonds Authorized (Debt Limit)           | \$ 1,775,000        |                     |
| Unforeseen Emergency or Casual Deficiency                  | 1,000               |                     |
| Less: General Obligation Issued                            | (1,439,494)         |                     |
| Legal Debt Margin  | <b>\$ 336,506</b>   |                     |
| <b>Legal Debt Margin Summary by Fiscal Year:</b>           |                     |                     |
| Debt Limit   | \$ 1,775,000        | \$ 1,775,000        |
| Total net debt applicable to limit                         | (1,438,494)         | (1,438,494)         |
| Legal Debt Margin  | <b>\$ 336,506</b>   | <b>\$ 336,506</b>   |
| Legal Debt Margin to Debt Limit Ratio                      | 18.96%              | 18.96%              |

<sup>1</sup>These ratios are calculated using personal income and population for the calendar year.  
See *Demographic and Economic Indicators* for personal income and population data.

**STATE OF MISSOURI  
 PLEDGED REVENUE COVERAGE  
 FISCAL YEAR 2006  
 (In Thousands of Dollars)**

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|  | 2006       |
|--|------------|
| <b>Revenue Bonds--State Facility Maintenance and Operation</b> |            |
| Revenue--lease and rental payments                             | \$ 93,264  |
| Less: Operating expenses                                       | N/A        |
| Net available revenue  | \$ 93,264  |
| Debt Service Payments  |            |
| Principal  | \$ 52,980  |
| Interest   | \$ 36,415  |
| Coverage*  | 1.0        |
| <br><b>Revenue Bonds--Missouri Road Fund</b>                   |            |
| Revenues--taxes and fees received                              | \$ 727,870 |
| Less: Operating expenditures                                   | N/A        |
| Net available revenue  | \$ 727,870 |
| Debt Service Payments  |            |
| Principal  | \$ 63,149  |
| Interest   | \$ 49,248  |
| Coverage*  | 6.5        |

N/A = not available

\*Coverage equals net available revenue divided by debt services/payments.

Source: Bond records and debt service schedules.

**STATE OF MISSOURI  
DEMOGRAPHIC AND ECONOMIC INDICATORS  
CALENDAR YEARS 2004-2005**

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|   | <u>2005</u>    | <u>2004</u>    |
|---|----------------|----------------|
| <b>Population</b>                                   |                |                |
| Missouri (In Thousands)                             | 5,800          | 5,760          |
| Change  | 0.7%           | 0.7%           |
| National (In Thousands)                             | 296,410        | 293,657        |
| Change  | 0.9%           | 1.0%           |
| <b>Total Personal Income</b>                        |                |                |
| Missouri (In Thousands)                             | 181,542,382    | 173,458,135    |
| Change  | 4.7%           | 4.2%           |
| National (In Thousands)                             | 10,224,761,000 | 9,717,173,000  |
| Change  | 5.2%           | 6.2%           |
| <b>Per Capita Personal Income</b>                   |                |                |
| Missouri  | 31,299         | 30,117         |
| Change  | 3.9%           | 3.5%           |
| National  | 34,495         | 33,090         |
| Change  | 4.2%           | 5.2%           |
| <b>Resident Civilian Labor Force and Employment</b> |                |                |
| Civilian Labor Force (In Thousands)                 | 3,024          | 3,014          |
| Employed (In Thousands)                             | 2,862          | 2,840          |
| Unemployed (In Thousands)                           | 162            | 174            |
| Unemployment Rate                                   | 5.4%           | 5.8%           |
| National Unemployment Rate                          | 5.1%           | 5.5%           |
|   | <u>2005-06</u> | <u>2004-05</u> |
| <b>School Enrollment (In Thousands)</b>             |                |                |
| Elementary and Secondary Education                  | 898            | 892            |
| Higher Education                                    | 240            | 235            |
| Total Enrollment                                    | 1,138          | 1,127          |
| % Change from Prior Year                            | 1.0%           | 0.3%           |
| <b>Higher Education</b>                             |                |                |
| <b>Public Community Colleges</b>                    |                |                |
| Number of Campuses                                  | 18             | 18             |
| Number of Students (Full-Time Equivalent FTE)       | 51,945         | 52,204         |
| Number of Regular Term Teaching Positions (FTE)     | 1,309          | 1,291          |
| <b>State Technical College</b>                      |                |                |
| Number of Campuses                                  | 1              | 1              |
| Number of Students (Full-Time Equivalent FTE)       | 885            | 854            |
| Number of Regular Term Teaching Positions (FTE)     | 51             | 50             |
| <b>State Colleges/Universities</b>                  |                |                |
| Number of Campuses                                  | 14             | 14             |
| Number of Students (Full-Time Equivalent FTE)       | 102,628        | 100,717        |
| Number of Regular Term Teaching Positions (FTE)     | 4,578          | 4,597          |

**STATE OF MISSOURI  
MAJOR EMPLOYERS  
CALENDAR YEARS 2005 AND 1996  
(In Thousands of Dollars)**

| <b>2005</b>                      |                                |  |
|----------------------------------|--------------------------------|--|
| <b>Employer</b>                  | <b>Number of<br/>Employees</b> | <b>Percent of<br/>Total State<br/>Employment</b> |
| State of Missouri <sup>1</sup>   | 63,000                         | 2.20%  |
| Wal-Mart Associates, Inc.        | 40,000+                        | 1.40%  |
| University of Missouri           | 20,000 – 25,000                | 0.70%–0.87%                                      |
| U.S. Post Office                 | 17,500 – 20,000                | 0.61%–0.70%                                      |
| Boeing Corporation               | 15,000 – 17,500                | 0.52%–0.61%                                      |
| Washington University            | 12,500 – 15,000                | 0.44%–0.52%                                      |
| Schnuck Markets, Inc.            | 7,500 – 10,000                 | 0.26%–0.35%                                      |
| Barnes–Jewish Hospitals          | 7,500 – 10,000                 | 0.26%–0.35%                                      |
| U.S. Department of Defense       | 7,500 – 10,000                 | 0.26%–0.35%                                      |
| City of St. Louis                | 7,500 – 10,000                 | 0.26%–0.35%                                      |
| Total                            | <u>198,000 – 220,500</u>       | <u>6.91%–7.70%</u>                               |
| <b>Total Missouri Employment</b> |                                | <b>2,862,000</b>                                 |

| <b>1996</b>                      |                                |  |
|----------------------------------|--------------------------------|--|
| <b>Employer<sup>2</sup></b>      | <b>Number of<br/>Employees</b> | <b>Percent of<br/>Total State<br/>Employment</b> |
| Wal-Mart Associates, Inc.        | 25,000 – 30,000                | 0.91%–1.10%                                      |
| McDonnell Douglas Corporation    | 20,000 – 25,000                | 0.73%–0.91%                                      |
| Trans World Airlines, Inc.       | 10,000 – 15,000                | 0.37%–0.55%                                      |
| Southwestern Bell Telephone Co.  | 10,000 – 15,000                | 0.37%–0.55%                                      |
| Schnuck Markets, Inc.            | 10,000 – 15,000                | 0.37%–0.55%                                      |
| Washington University            | 7,500 – 10,000                 | 0.27%–0.37%                                      |
| Barnes–Jewish Hospitals          | 7,500 – 10,000                 | 0.27%–0.37%                                      |
| Ford Motor Company               | 7,500 – 10,000                 | 0.27%–0.37%                                      |
| Chrysler Corporation             | 7,500 – 10,000                 | 0.27%–0.37%                                      |
| May Department Stores            | 7,500 – 10,000                 | 0.27%–0.37%                                      |
| Total                            | <u>112,500 – 150,000</u>       | <u>4.10%–5.51%</u>                               |
| <b>Total Missouri Employment</b> |                                | <b>2,735,000</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.

<sup>2</sup>Only includes major private employers.

Sources: Missouri Economic Research and Information Center,  
State of Missouri CAFR–Fiscal Year 1997, State Employee Headcount report.

**STATE OF MISSOURI  
STATE EMPLOYEES BY FUNCTION  
FISCAL YEARS 2005-2006  
FULL-TIME EQUIVALENTS**

|   | <u>2006</u>   | <u>2005</u>   |
|---|---------------|---------------|
| <b>General Government</b>                   |               |               |
| Legislature                                 | 749           | 708           |
| Judiciary                                   | 3,826         | 3,452         |
| Public Defender                             | 561           | 571           |
| Governor                                    | 34            | 35            |
| Lt. Governor                                | 7             | 8             |
| Secretary of State                          | 266           | 262           |
| State Auditor                               | 132           | 142           |
| State Treasurer                             | 51            | 50            |
| Attorney General                            | 427           | 423           |
| Office of Administration                    | 868           | 899           |
| Revenue                                     | 1,766         | 2,086         |
| Total General Government                    | <u>8,687</u>  | <u>8,636</u>  |
| <b>Education</b>                            |               |               |
| Elementary & Secondary Education            | 2,719         | 2,261         |
| Higher Education                            | 67            | 73            |
| Total Education                             | <u>2,786</u>  | <u>2,334</u>  |
| <b>Natural and Economic Resources</b>       |               |               |
| Agriculture                                 | 456           | 388           |
| Insurance                                   | 200           | 207           |
| Conservation                                | 2,270         | 2,047         |
| Economic Development                        | 1,681         | 1,379         |
| Labor and Industrial Relations              | 1,056         | 1,051         |
| Natural Resources                           | 2,175         | 2,019         |
| Total Natural and Economic Resources        | <u>7,838</u>  | <u>7,091</u>  |
| <b>Transportation &amp; Law Enforcement</b> |               |               |
| Transportation                              | 7,300         | 7,024         |
| Public Safety                               | 5,101         | 4,927         |
| Total Transportation & Law Enforcement      | <u>12,401</u> | <u>11,951</u> |
| <b>Human Services</b>                       |               |               |
| Health & Senior Services                    | 1,969         | 2,048         |
| Mental Health                               | 9,784         | 9,571         |
| Social Services                             | 8,794         | 9,034         |
| Corrections                                 | 11,235        | 11,493        |
| Total Human Services                        | <u>31,782</u> | <u>32,146</u> |
| State Total                                 | <u>63,494</u> | <u>62,158</u> |

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan.

**STATE OF MISSOURI  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEAR 2006**

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|  | 2006         |
|--|--------------|
| <b>General Government</b>  |              |
| Individual Income Tax Returns Processed (in thousands)                               | 2,770        |
| Sales and Use Tax Returns Processed (in thousands)                                   | 742          |
| Driver Licenses Processed (in thousands)   | 1,106        |
| Motor Vehicle Registrations Processed (in thousands)                                 | 2,994        |
| Audit Reports Issued   | 103          |
| Statewide Court Filings (in thousands)*  | 2,152        |
| Business Services Requests Made on Secretary of State Web Page (in thousands)*       | 35,000       |
| Checks Issued (in thousands)   | 3,309        |
| Unclaimed Property Returned (in thousands)   | \$ 21,816    |
| <b>Education</b>   |              |
| High School Drop Out Rate*   | 3.8%         |
| Elementary and Secondary Schools Meeting Adequate Yearly Progress*                   | 65.2%        |
| Clients Achieving Employment after Receiving Vocational Rehabilitation Services      | 67.6%        |
| Guaranteed Student Loans (in thousands)  | \$ 1,162,519 |
| Scholarships/Grants Awarded to Eligible Missouri Residents (in thousands)            | \$ 41,845    |
| <b>Natural and Economic Resources</b>  |              |
| Job Placement Rate of unemployed individuals that registered on Great Hires Web Page | 63.3%        |
| Insurance Policies Filed Electronically  | 50.0%        |
| Initial Unemployment Claims (in thousands)   | 393          |
| International Agricultural Exports (in thousands)                                    | \$ 18,191    |
| Hunting License Holders (in thousands)*  | 570          |
| Visitors to Missouri State Parks and Historic Sites (in thousands)                   | 16,650       |
| <b>Transportation &amp; Law Enforcement</b>  |              |
| Methamphetamines Labs Seized   | 375          |
| State-licensed Fire Safety Inspections   | 9,848        |
| Buildings Served by Missouri Capitol Police  | 79           |
| Alcohol Arrests  | 1,084        |
| Missouri Major Roads Rated in Good Condition   | 60.8%        |
| Difference Between Awarded and Actual Transportation Construction Costs              | 3.1%         |
| <b>Human Services</b>  |              |
| Medicaid enrollees   | 830,262      |
| Food Stamp recipients  | 795,963      |
| Doses of Vaccine Issued by Vaccines for Children Providers (in thousands)            | 1,075        |
| Incarcerated Offenders   | 30,185       |
| Individuals Served in State Comprehensive Psychiatric Service Facilities             | 73,150       |

\*Fiscal year 2005 data was used since it was the most recent available.

**STATE OF MISSOURI  
CAPITAL ASSET COUNTS AND SQUARE FOOTAGE  
OF BUILDINGS OCCUPIED BY FUNCTION  
FISCAL YEARS 2005–2006**

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|   | 2006    | 2005      |
|---|---------|-----------|
| <b>General Government</b>                   |         |           |
| Parcels of Land                             | 18      | 15        |
| Land Improvements                           | 35      | 31        |
| Square Footage of Buildings                 | 933,265 | 1,053,219 |
| Equipment                                   | 44,469  | 49,644    |
| <b>Education</b>                            |         |           |
| Parcels of Land                             | 32      | 32        |
| Land Improvements                           | 31      | 29        |
| Square Footage of Buildings                 | 102,719 | 98,396    |
| Equipment                                   | 6,780   | 6,723     |
| <b>Natural and Economic Resources</b>       |         |           |
| Parcels of Land                             | 815     | 812       |
| Land Improvements                           | 320     | 216       |
| Square Footage of Buildings                 | 370,912 | 353,969   |
| Equipment                                   | 46,574  | 46,915    |
| State Parks and Historic Sites              | 84      | 84        |
| State Conservation Areas                    | 1,148   | 1,140     |
| <b>Transportation &amp; Law Enforcement</b> |         |           |
| Parcels of Land                             | 862     | 1,608     |
| Land Improvements                           | 177     | 183       |
| Square Footage of Buildings                 | 155,355 | 157,172   |
| Equipment                                   | 62,984  | 61,965    |
| Miles of State Highway                      | 32,423  | 32,402    |
| State-Owned Bridges and Culverts            | 10,224  | 10,190    |
| Highway Patrol Stations                     | 9       | 9         |
| <b>Human Services</b>                       |         |           |
| Parcels of Land                             | 83      | 85        |
| Land Improvements                           | 115     | 112       |
| Square Footage of Buildings                 | 822,932 | 761,973   |
| Equipment                                   | 107,434 | 106,334   |
| Correctional Facilities                     | 22      | 22        |

Note: This includes the occupied square footage of all state-owned leased buildings included in the Statewide Indirect Cost Allocation Plan.

Source: State of Missouri capital asset records by agency.

STATE OF MISSOURI  
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