MISSOURI

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2007

On the Cover:

Top
Capitol Building, Jefferson City
Courtesy of the Jefferson City Convention and Visitors Bureau

Bottom (from left to right)
Bollinger Mill, Burfordville
Courtesy of the Missouri Division of Tourism

JC Nichols Memorial Fountain, Kansas City
Courtesy of the Missouri Division of Tourism

Dogwood Canyon Waterfall, Lampe
Courtesy of Shyra Grantham, Joplin

Gateway Arch, St. Louis
Courtesy of the Missouri Division of Tourism

Alley Mill, Eminence
Courtesy of Greg Matchick, St. Louis

This report can be viewed on the Internet at http://www.oa.mo.gov/acct/cafrfy2007/index.htm

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2007

MATT BLUNT

Governor

MICHAEL N. KEATHLEY
Commissioner
Office of Administration

THOMAS J. SADOWSKI
Director
Division of Accounting

Prepared by
Office of Administration, Division of Accounting

STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

*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

February 28, 2008

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, 2007. 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.

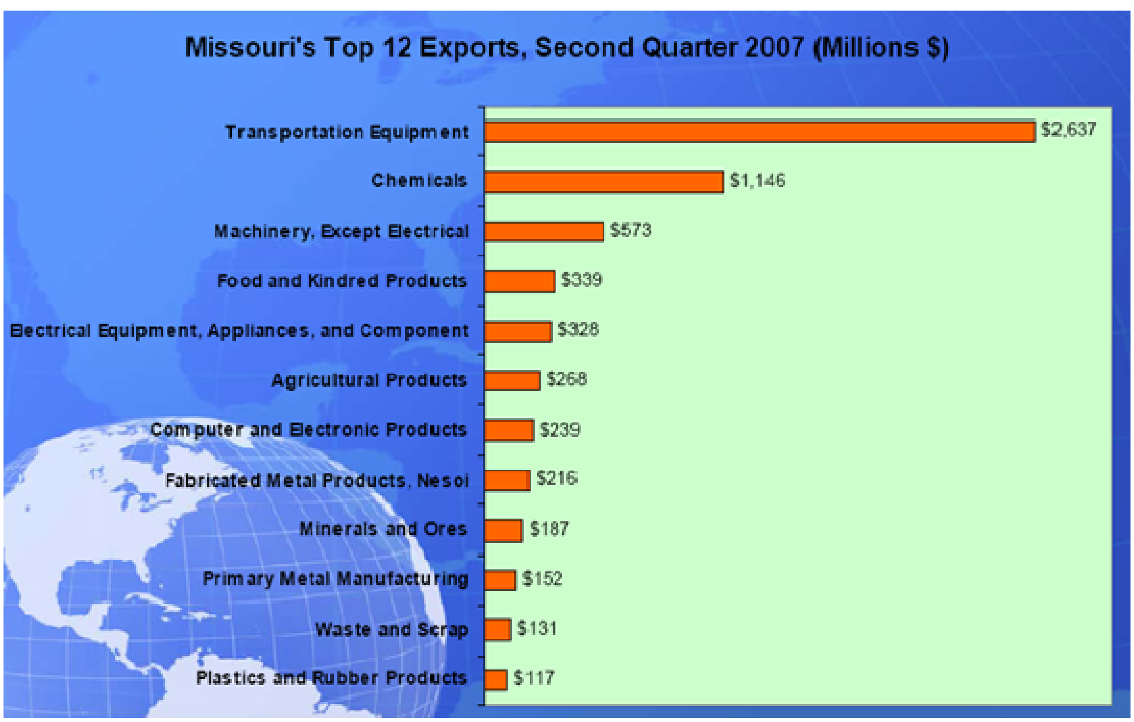
ECONOMIC CONDITION AND OUTLOOK

State Economy

Missouri's economy is highly diversified. This is indicative of a robust economy capable of supporting a variety of industries. As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. While the national economy has slowed in fiscal year 2007, it is expected to return to growth in fiscal year 2008.

Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 5.3% rate during calendar year 2006. Personal income trends indicate that Missouri can expect continued growth during fiscal year 2008. Along with higher personal income, Missourians also enjoy the seventh lowest cost of living in the United States.

Through the end of June 2007, exports by Missouri companies totaled $6.9 billion, compared to $6.0 billion after the second quarter of 2006. This is particularly good news for the State's businesses because Missouri set a record for exports in 2006 with $12.8 billion in total global sales. These second quarter 2007 figures put the State on track to top that mark this year. The following graph represents the top 12 products that have been exported in 2007.



Source: Missouri Economic Research and Information Center

Long-Term Financial Planning

Missouri's funding priorities include education, health care, public safety, and economic development. Continued efforts within State government to provide more efficient and effective customer service while using fewer administrative resources will save money that can be used to improve various State services. Missouri also has a long-range plan to improve highways and bridges and is exploring options for funding the improvements through fuel tax revenues and sales taxes on motor vehicle sales.

In an effort to improve State services and provide more information to the citizens of Missouri, the State implemented a free, internet-based tool called the Missouri Accountability Portal (MAP). MAP provides citizens a single point of reference to learn more about how the State's money is being spent. The goal of the MAP site is to ensure that State government is accountable to Missourians by allowing them to track the use of their tax dollars.

In addition to information about state agency expenditures, the MAP site contains state employee pay information and the distribution of economic development tax credits. The data on the MAP site is updated at the end of each business day. The MAP site is one of the first comprehensive searchable databases of financial records based on real-time data in the nation.

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 2007. The State does not expect the limit to be exceeded in fiscal year 2008.

Major Initiatives

Missouri will continue to focus on controlling increasing costs through various cost-effective alternatives and streamlining government functions.

Education. Funding for education remains a top priority for Missouri. The fiscal year 2008 budget includes a $132.6 million increase for public education as part of the revision to the school funding formula; $41.2 million increase for Missouri's public two and four year colleges and universities; $20.4 million increase for State scholarship programs, which is in addition to the $25 million in new funding for scholarships in the fiscal year 2007 supplemental budget, allowing additional students access to higher education and encouraging the State's top academic achievers to attend Missouri institutions. There was also a $1 million increase for after school programs with an emphasis on math, science, and health and wellness.

Health. The quality of health care continues to be a priority for Missouri. Missouri HealthNet was established as a new way to provide health care for low income Missourians. Missouri HealthNet replaces the old Medicaid system and emphasizes personal wellness and prevention. It expands health care coverage to employed persons with disabilities, covers foster children until they are 21 years of age, and it allows more children to be eligible for health coverage under the State Children's Health Insurance Program.

Public Safety. Fewer Missourians lost their lives traveling on Missouri roads last year. With the Smooth Roads Initiative, Missouri Department of Transportation (MoDOT) has been repairing Missouri roads and highways so Missourians travel more safely, with less wear and tear on their vehicles and less time in traffic. MoDOT plans to improve 5,600 miles of major highways over the next five years.

Environmental. Missouri's Energy and Green Power Initiative helped make Missouri among the first in the nation to enact a renewable fuel standard. Missouri launched a new project, that will save the taxpayers an estimated $8 million, to create renewable energy and heat by using byproducts from local landfills. Methane gas from the landfill will be converted to electricity, and the heat created by conversion facilities will be used to heat water for the Jefferson City Correctional Center and the Algoa Correctional Center. The project uses resources that would otherwise have been wasted while at the same time producing benefits for the environment, the State, and local communities. The anticipated environmental benefit from the project is equivalent to removing more than 30,000 cars from Missouri roads, or planting nearly 40,000 trees annually.

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,

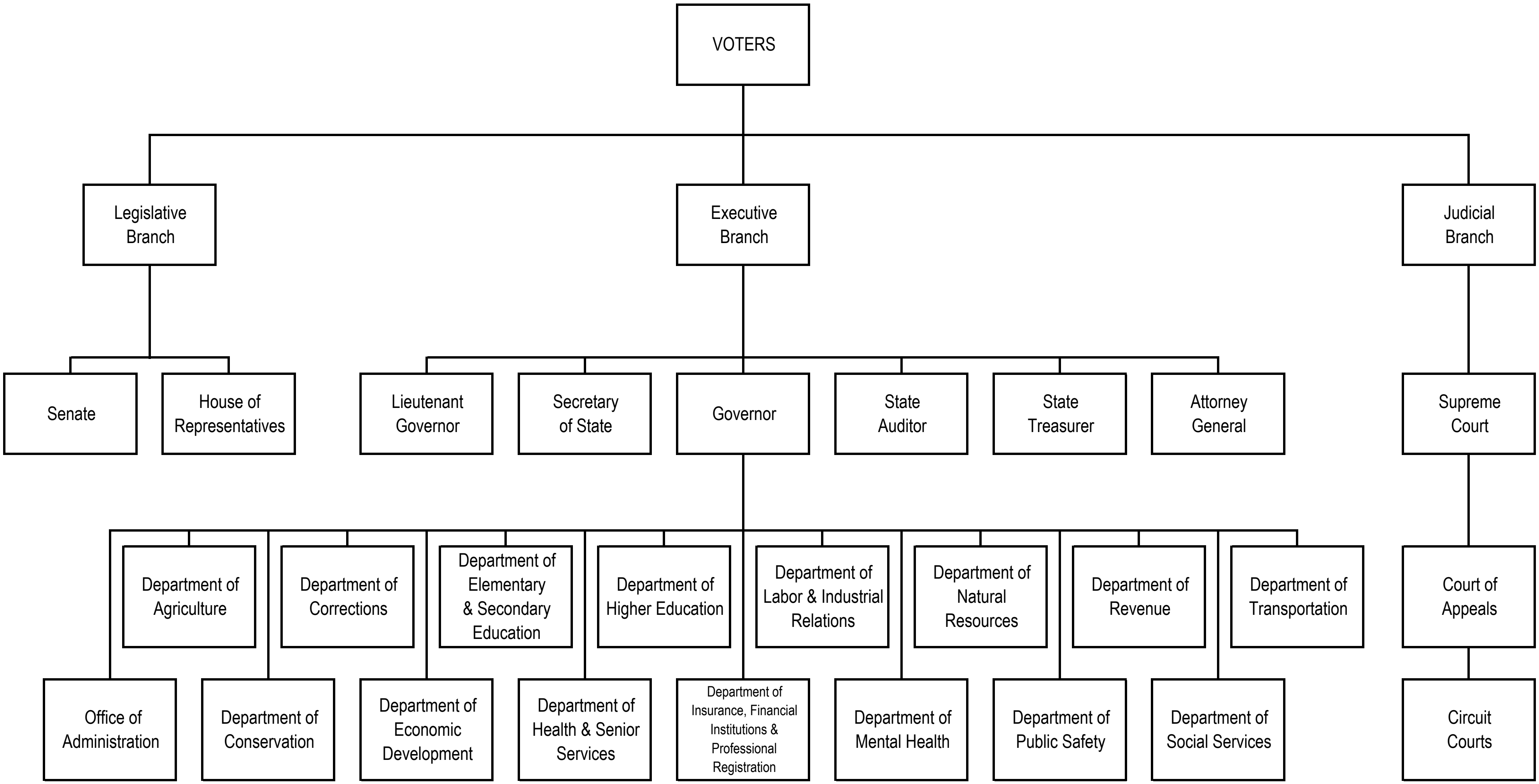
Thomas Sadowski

Thomas Sadowski, CGFM, CPA
Director

STATE OF MISSOURI

ORGANIZATIONAL CHART

June 30, 2007



STATE OF MISSOURI
PRINCIPAL STATE OFFICIALS
as of June 30, 2007

EXECUTIVE

Matt Blunt
Governor

Peter Kinder
Lieutenant Governor

Robin Carnahan
Secretary of State

Susan Montee, CPA
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, 2007, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain entities that comprise the state of Missouri. Those financial statements, with the exception of the financial statements of the Deferred Compensation 401(a) and 457 Plans discussed in paragraph four, 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. Those entities were:

1. The Missouri Department of Transportation and blended transportation corporations identified in Note 1A., 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, and the Transportation Self-Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 42 percent and 60 percent of the assets and revenues, respectively, of the business-type activities.

3. The component units.

4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 96 percent and 99 percent of the assets and additions, respectively, of the fiduciary funds.

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Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Fulton 54 Transportation Corporation, the Missouri Highway 63 Transportation Corporation, and the Wentzville Parkway Transportation Corporation, blended component units; the Missouri Consolidated Health Care Plan and the Missouri State Employees' Insurance Plan, internal service funds; the Missouri Development Finance Board and Northwest Missouri State University, discretely presented component units; and the pension (and other employee benefit) trust funds, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The audits of the Deferred Compensation 401(a) and 457 Plans have not been completed. The Deferred Compensation 401(a) and 457 Plans' financial activities are included in the state of Missouri's basic financial statements as aggregate remaining fund information and represent 9 percent and 6 percent of the assets and additions, respectively, of the aggregate remaining fund information.

We were not allowed access to tax returns and related source documents for income taxes. Access was denied based on the Director of Revenue's interpretation of the decision rendered by the Missouri Supreme Court in the case of Director of Revenue v. State Auditor 511 S.W.2d 779 (Mo. 1974). Approximately 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 the financial statements of the Deferred Compensation 401(a) and 457 Plans been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the state of Missouri, as of June 30, 2007, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, 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, and each major fund of the state of Missouri, as of June 30, 2007, 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.

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 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 matters discussed in paragraphs four and five, 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Susan Montee

Susan Montee, CPA
State Auditor

February 28, 2008

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, 2007. 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 $28.6 billion; this resulted in an increase in net assets of $418.8 million or 1.5% from the prior year. This increase can be attributed to more grants and contributions and more investment earnings due to an improved economy.
- Assets of the State's business activities exceeded liabilities by $235.7 million, an increase in net assets of $158.1 million or 203.8% from the prior year. This increase can be explained primarily by a significant decrease in liabilities due to the early repayment of a federal loan to the Unemployment Compensation Fund.

Fund-Level:

- Governmental fund assets exceeded liabilities by $4.7 billion, an increase of $771.6 million or 19.7% from the prior year. The increase was primarily due to an increase of $993.4 million in assets of which $671.2 million was investments. This was because of the continuing economic improvement which allowed for a higher return on investments, which in turn encouraged the State to invest more.

Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable increased $732.3 million or 28.0% over the prior year. The outstanding bonds payable represents 46.0% of financial assets (cash, receivables, and investments) and 9.3% of total assets. The net increase in bonds payable resulted from decreases of $173,875,000 due to bond payments, $407,610,000 due to refunding, and $1,070,000 due to defeasance as well as increases of $1,314,870,000 due to issuances of State Road Bonds and Board of Public Building 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 of 1% or more must be refunded to the taxpayers each year. During fiscal year 2007, the State did not exceed the revenue limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The State's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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, Missouri 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. Non-major enterprise funds are also combined into a single column for aggregated presentation. All internal service funds are combined into a single column in the proprietary fund financial statements. Individual fund data for the non-major enterprise and internal service funds is provided in the form of combining statements in supplementary information.

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

STATEMENT OF NET ASSETS

(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006*	2007	2006*
ASSETS:						
Current and Other Assets	$ 6,970,219	$ 5,987,957	$ 431,593	$ 518,703	$ 7,401,812	$ 6,506,660
Capital Assets, Net	28,433,666	28,009,035	40,772	39,669	28,474,438	28,048,704
Total Assets	35,403,885	33,996,992	472,365	558,372	35,876,250	34,555,364
LIABILITIES:						
Long-Term Liabilities	5,437,917	4,468,044	221,709	227,654	5,659,626	4,695,698
Other Liabilities	1,334,701	1,316,496	14,916	253,114	1,349,617	1,569,610
Total Liabilities	6,772,618	5,784,540	236,625	480,768	7,009,243	6,265,308
NET ASSETS:						
Invested in Capital Assets	25,547,427	25,840,886	40,772	39,669	25,588,199	25,880,555
Restricted	5,030,078	3,824,769	9,517	3,942	5,039,595	3,828,711
Unrestricted	(1,946,238)	(1,453,203)	185,451	33,993	(1,760,787)	(1,419,210)
Total Net Assets	$ 28,631,267	$ 28,212,452	$ 235,740	$ 77,604	$ 28,867,007	$ 28,290,056

*Fiscal year 2006 amounts have been restated.

The State's total net assets increased $577.0 million or 2.0% during fiscal year 2007. This increase resulted primarily from an increase of $895.2 million in current and other assets. Net assets invested in capital assets net of related debt and restricted net assets, which do not represent resources available to pay day-to-day operating expenses, increased by $918.5 million or 3.1%.

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 88.6% or $25.6 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 $5.0 billion or 17.5% of total net assets, vs. 13.5% from the prior year. Net assets are restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service, and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

Changes in Net Assets:

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

STATEMENT OF ACTIVITIES

(In Thousands of Dollars)

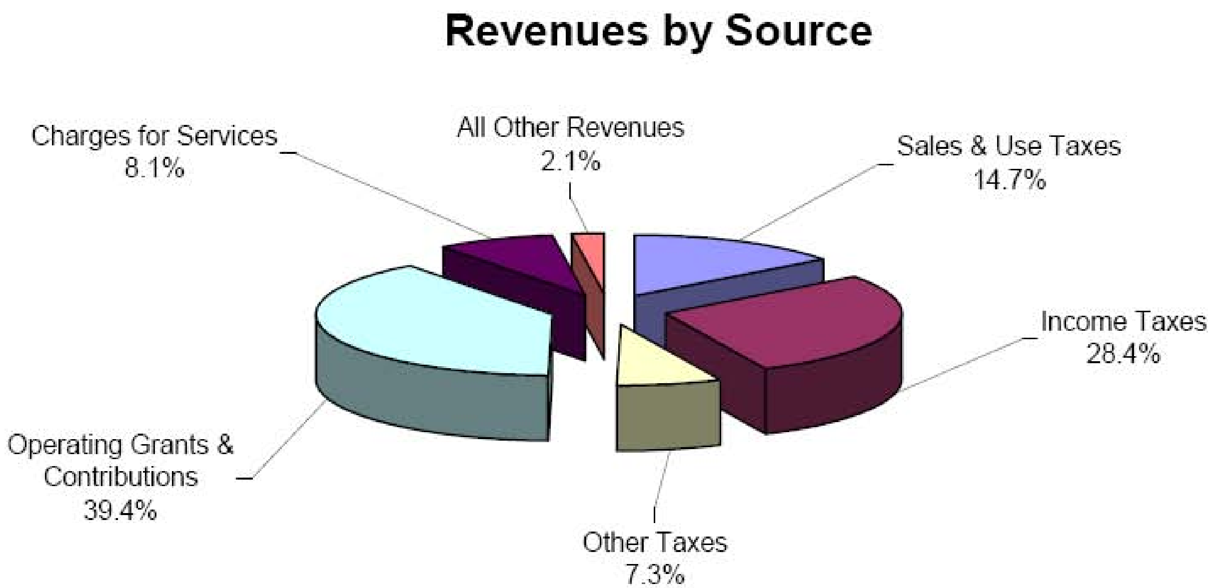
	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006*	2007	2006*
REVENUES:						
Program Revenues:						
Charges for Services	$ 1,603,383	$ 1,611,022	$ 1,011,407	$ 989,703	$ 2,614,790	$ 2,600,725
Operating Grants and Contributions	7,826,152	7,758,885	618,071	603,727	8,444,223	8,362,612
General Revenues:						
Sales and Use Taxes	2,931,035	3,047,305	---	---	2,931,035	3,047,305
Income Taxes	5,640,117	5,791,830	---	---	5,640,117	5,791,830
Unemployment and Other Taxes	1,446,615	1,615,335	---	---	1,446,615	1,615,335
Other Revenues	426,173	304,979	5,684	(2,154)	431,857	302,825
Total Revenues	19,873,475	20,129,356	1,635,162	1,591,276	21,508,637	21,720,632
EXPENSES:						
General Government	1,093,058	981,614	---	---	1,093,058	981,614
Education	6,042,584	5,773,048	---	---	6,042,584	5,773,048
Natural and Economic Resources	929,123	867,915	---	---	929,123	867,915
Transportation and Law Enforcement	2,303,411	2,025,341	---	---	2,303,411	2,025,341
Human Services	9,192,032	9,890,652	---	---	9,192,032	9,890,652
State Lottery	---	---	689,427	665,848	689,427	665,848
Unemployment Compensation	---	---	444,962	412,937	444,962	412,937
Petroleum Storage Tank	---	---	16,249	13,243	16,249	13,243
Veterans' Homes	---	---	53,233	46,664	53,233	46,664
All Other Expenses	151,139	130,438	16,468	20,764	167,607	151,202
Total Expenses	19,711,347	19,669,008	1,220,339	1,159,456	20,931,686	20,828,464
Increase (Decrease) in Net Assets before Contributions & Transfers	162,128	460,348	414,823	431,820	576,951	892,168
Transfers	256,687	258,773	(256,687)	(258,773)	---	---
Change in Net Assets	418,815	719,121	158,136	173,047	576,951	892,168
Net Assets - July 1	28,212,452	27,493,331	77,604	(95,443)	28,290,056	27,397,888
Net Assets - June 30	$ 28,631,267	$ 28,212,452	$ 235,740	$ 77,604	$ 28,867,007	$ 28,290,056

*Fiscal year 2006 amounts have been restated.

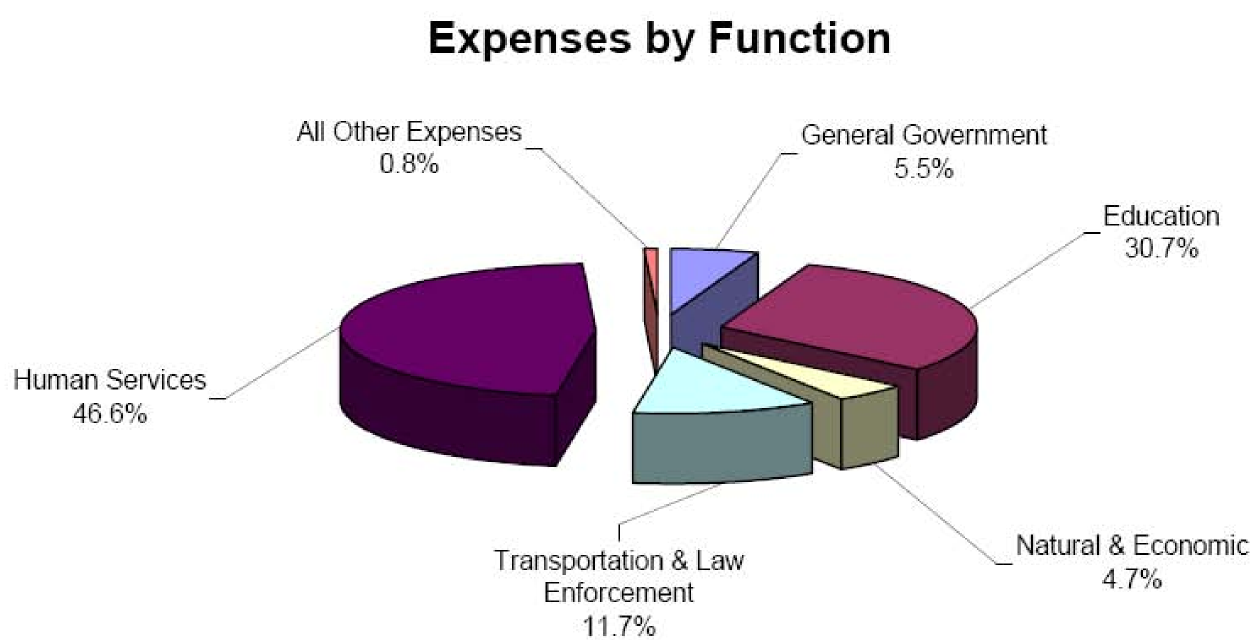
As shown on the above schedule, total revenue collections decreased by $212.0 million or 1.0% during fiscal year 2007, while total expenses only increased by $103.2 million. The decrease in revenue was due primarily to decreases in several types of taxes such as financial institution tax and managed care organization tax.

Governmental Activities:

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

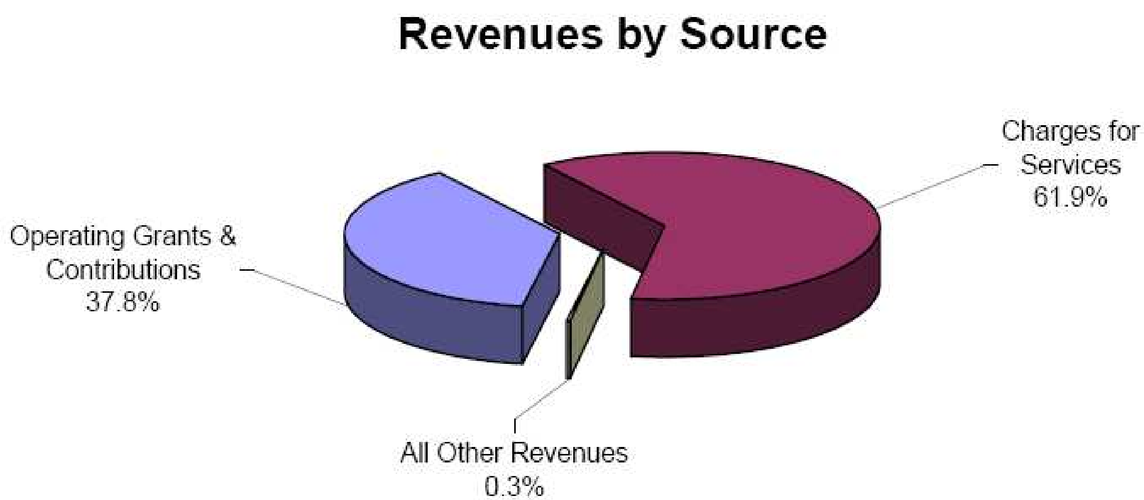


The following chart depicts expenses of the governmental activities for the fiscal year:

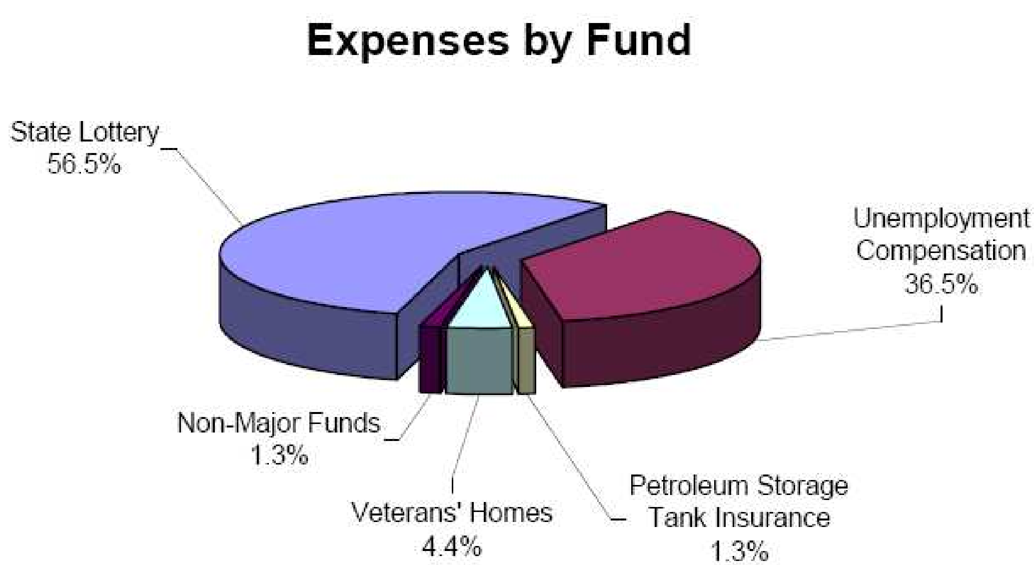


Business-Type Activities:

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 2007, the State's governmental funds reported combined ending fund balances of $4.7 billion. Approximately 65.0% 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 Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund	Non-Major	Total
Unreserved	$ 1,312,352	$ 304,695	$ 374,801	$ 209,088	$ 521,165	$ 321,487	$ 3,043,588
Reserved	567,880	84	756,412	6,691	136,647	168,699	1,636,413
Total	$ 1,880,232	$ 304,779	$ 1,131,213	$ 215,779	$ 657,812	$ 490,186	$ 4,680,001

The general fund is the chief operating fund of the State. At the end of fiscal year 2007, the State's general fund reported a total fund balance of $1.9 billion. The net increase in fund balance during fiscal year 2007 was $365.8 million. Expenditures of the general fund totaled $12.2 billion in fiscal year 2007, a decrease of $601.2 million from fiscal year 2006. The major contributing factor to this was a decrease in expenditures for human services of $667.0 million from fiscal year 2006 to fiscal year 2007. The most significant decrease was public assistance payments which decreased $328.8 million.

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 $37.0 million. Revenues of the public education funds totaled $1.3 billion in fiscal year 2007, an increase of $8.4 million from fiscal year 2006. The major factor that contributed to this was an increase of $20.4 million in the miscellaneous revenues for an increase in loan repayments.

The conservation and environmental protection fund category provides for the preservation of the State's wildlife and environment. The fund balance increased by $58.5 million. The major contributing factor to this was an increase of $13.2 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 decreased by $90.0 million. Revenues decreased $231.2 million during fiscal year 2007. The major factor contributing to this was a decrease of $104.4 million in motor vehicle fuel tax revenue relating to Amendment 3 of the State Constitution redirecting fees to the Missouri road fund.

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 $383.4 million in fiscal year 2007. Revenues of the Missouri road fund increased during fiscal year 2007 by $155.0 million primarily due to an increase of $74.0 million in revenues from taxes. Out of this amount, $59.3 million of the increase is from motor vehicle sales tax. The increase from motor vehicle sales taxes is the result of the redirecting of highway user fees from the general fund to the Missouri road fund set forth in Amendment 3.

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 for petroleum leaks or spills from underground storage tanks and certain above ground storage tanks as well as third party property damage or bodily injury resulting from such discharges. This fund is one of the largest insurers of tanks in the country.

The State Lottery Fund's net assets increased by $0.4 million. Revenues increased by $22.0 million during the fiscal year which was partially offset by an increase in expenses for prizes paid. The increase in revenues was mainly due to a $20.8 million increase in sales. The overall increase in sales was driven by a 7.1% increase in scratcher ticket sales due to an increase in prizes and the introduction of higher priced games.

The Unemployment Compensation Fund's net assets increased by $143.8 million due primarily to an increase of $18.0 million in contributions and intergovernmental receipts and a decrease in accounts payable of $238.6 million due to the early repayment on a federal loan.

The Petroleum Storage Tank Insurance Fund's net assets increased by $12.7 million. Revenues increased by $2.0 million primarily due to an increase in investment earnings.

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 2007 from the general fund were $17.4 billion original budget and $17.9 billion revised budget. Actual spending was $16.7 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 2007, for the general fund, was $16.6 billion original budget and $16.9 billion revised budget. Actual revenue/transfers in was $17.0 billion. A reason for the budget variances is that revenue growth in fiscal year 2007 outpaced economic growth forecasts for the State. This was due to the continued resilience of both the national and state economics, despite the slowdown in the housing and manufacturing sectors. Consumers continued spending and businesses continued hiring and investing, despite higher energy costs and interest rates.

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, 2007, was $28.5 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 Activities	Business-Type Activities	Total
Construction in Progress	$ 625,021	$ 4,076	$ 629,097
Infrastructure in Progress	2,733,988	---	2,733,988
Land	2,649,194	6,953	2,656,147
Land Improvements	150,021	7,079	157,100
Buildings and Improvements	2,420,393	27,231	2,447,624
Equipment	1,157,354	46,119	1,203,473
Infrastructure	40,251,481	---	40,251,481
Subtotal	49,987,452	91,458	50,078,910
Less Accumulated Depreciation	(21,553,786)	(50,686)	(21,604,472)
Total Capital Assets, Net	$ 28,433,666	$ 40,772	$ 28,474,438

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

Long-Term Debt:

At the end of fiscal year 2007, the State had total general obligation and other bonded debt outstanding of $3.3 billion. Of this amount, $684.5 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2007 were $55,420,000 for general obligation bonds and $527,135,000 for other 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):

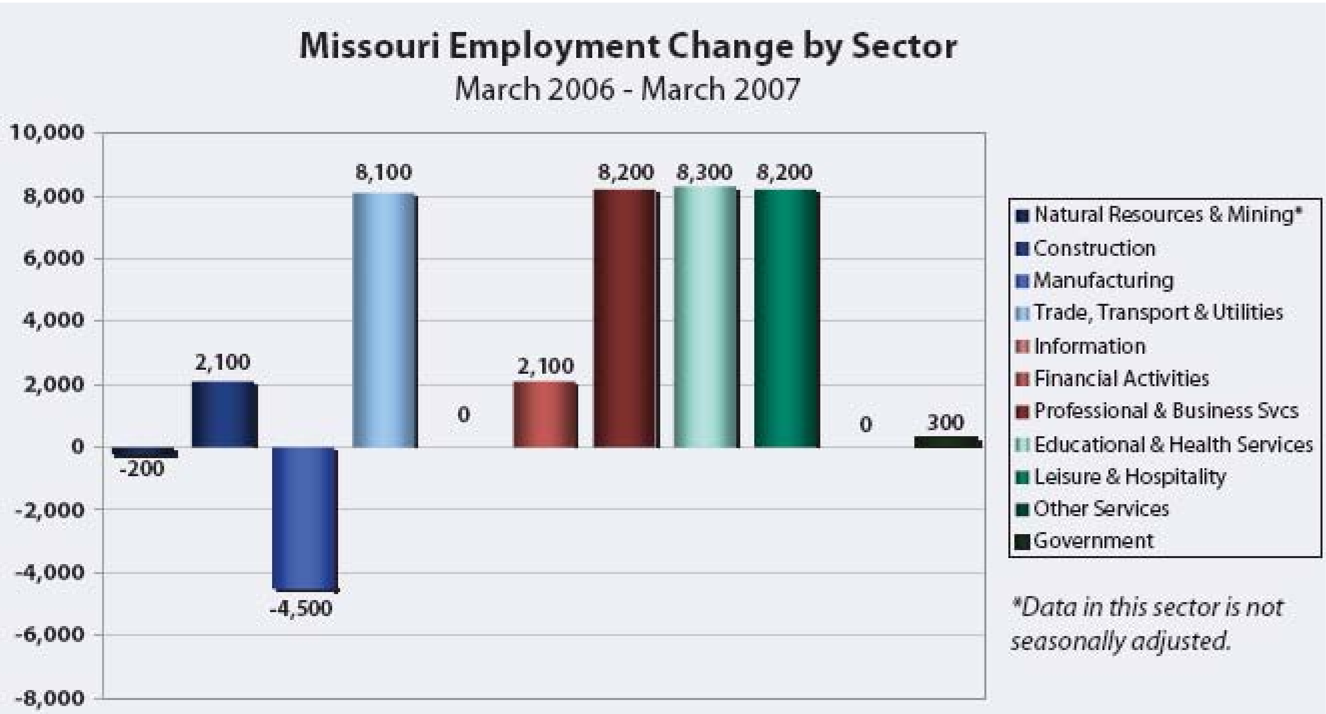
	Governmental Activities	Component Units	Total
General Obligation Bonds	$ 684,515	$ ---	$ 684,515
Other Bonds	2,660,875	1,111,403	3,772,278
Total	$ 3,345,390	$ 1,111,403	$ 4,456,793

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 2007 with a balanced budget. Net general revenue collections increased 5.2% from fiscal year 2006 ending with an amount of $7.7 billion. Also, consumer spending kept the economy growing at a steady pace. The approved budget for fiscal year 2008 anticipates an increase of 2.6% from fiscal year 2007.

Missouri's economic future remains positive as evidenced by economic indicators and statistics. Despite averaging slightly slower than the U.S., Missouri sustained a steady employment growth throughout 2005 and 2006. As of March 2007, Missouri employment growth over the year totaled 32,600 seasonally adjusted, an increase of 1.2% over the year. The graph below shows the growth and decline in employment by employment sector.



Source: Missouri Economic Report-2007

Over the last four years, the following industries have had above average employment growth: insurance carriers and related industries; computer systems design and most scientific and professional services; administrative and support services; private educational services; most health care industries; and most leisure and hospitality industries. Educational and health services industry had the largest increase in jobs mainly due to the increase in health care and social assistance. Growth within leisure and hospitality services was driven by a 7,500 increase in accommodations and food services. The strongest growth in professional and business services was in the administrative and support services sub sector, while growth in trade, transportation, and utilities was spread throughout the industry.

Despite a national decline in the housing market, Missouri experienced a growth in the construction industry. The State has not had the downturn in construction related to the housing bubble and meltdown of the sub-prime mortgage market. Missouri may not have speculatively overbuilt residential units to the same extent as other parts of the country. Heavy construction has continued unabated. However, there is still a risk that the troubles in the housing market could spill over to other parts of the economy.

Missouri's unemployment rate increased 0.1% in fiscal year 2007. At July 2007, the unemployment rate was 4.9% compared to the July 2006 unemployment rate of 4.8%. The national unemployment rate was 4.6% in July 2007.

In spite of continued growth, Missouri faces several funding challenges in areas such as education, health care, and transportation.

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 went to trial in 2007. The judge ruled in favor of the State but an appeal is expected to the State's Supreme Court. In fiscal year 2008, funding for Missouri Public schools will increase by $132.6 million due to a revision in the school funding formula. The fiscal year 2008 budget also included an additional $1 million for after school programs.

More than five million Missourians have health insurance while 700,000 are yet to be covered. House Bill 818 is working towards building a comprehensive program to expand access to quality health insurance and reduce the number of Missourians who lack coverage. This bill will also provide a tax relief measure to help lower the cost of health insurance for families by allowing them to deduct costs for health insurance premiums from their adjusted gross income.

Funding for Missouri's transportation is expected to be short of the amount needed to improve and maintain Missouri's transportation system. The projected cost to maintain and improve the transportation system for the next 20 years is $37 billion, while the expected available funding for the same time period is $19 billion. Currently, the Missouri Department of Transportation (MoDOT) receives funding from state vehicle sales taxes, fuel taxes, and federal sources. However, the U.S. Department of Transportation has advised states that by October 2009 the National Highway Trust Fund will have a deficit balance. This could decrease the federal money received by the State by one-third. Higher fuel prices are another likely cause in the decrease in available funds. A trend has shown that motorists are driving less and purchasing more economical vehicles due to higher fuel prices, which means lower revenue from fuel and sales taxes for the State. MoDOT is continuing to work to control the cost of construction as well as to find alternative funding.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In fiscal year 2007, Missouri passed Senate Bill 389 which establishes the need-based Access Missouri scholarship for Missouri students. The bill also caps tuition increases and requires institutional performance measures. The Senior Tax Bill (House Bill 444) establishes a six-year phase out of taxes on Social Security or Public Pension benefits for those who are 62 years and older and whose total income is less than $85,000 for single; $100,000 for married couples. The Quality Jobs Act (House Bill 1 – Special Session) expands the Quality Jobs Program by raising the cap on available tax credits from $12 million to $40 million annually. The program allows for state income tax and financial institutions tax credits for qualified businesses that create a minimum number of new jobs paying at or above the county average in addition to offering health insurance and paying at least 50% of the employees' premiums. The Health Insurance Portability and Accountability Act (House Bill 818) provides for various health insurance changes including establishing a health savings account; a tax deduction and a tax credit for costs associated with obtaining health insurance; and health screenings for pregnant women. The bill also establishes a process for hospitals and other health care providers to intercept an individual's tax refund or lottery winnings to offset the individual's debt to the hospital or other health care provider. Missouri Continuing Health Improvement Act (Senate Bill 577) modifies the laws to the State's medical assistance program, thereby transforming the State's Medicaid program into the new Missouri HealthNet Program. The bill extends health care coverage to the working disabled, to people who meet income limits, to foster children up to age 21, and to children participating in the State Children's Health Insurance Program.

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, 2007
(In Thousands of Dollars)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents (Note 3)	$ 1,258,328	$ 128,735	$ 1,387,063	$ 124,430
Investments (Note 3)	2,749,507	84,930	2,834,437	1,049,206
Receivables, Net (Note 14)	2,661,329	173,341	2,834,670	428,082
Internal Balances	18,414	(18,414)	---	---
Inventories	82,822	1,315	84,137	46,576
Deposits and Prepaid Expenses	136	73	209	23,306
Invested Securities Lending Collateral (Note 3)	---	---	---	138,014
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	93,491	---	93,491	405,241
Investments (Note 3)	67,485	61,498	128,983	952,606
Receivables, Net	---	---	---	16,495
Deferred Costs and Other Assets	38,707	---	38,707	21,895
Assets Held for Resale	---	115	115	---
Capital Assets (Note 5):				
Non-depreciable	6,008,203	11,029	6,019,232	418,609
Depreciable, Net	22,425,463	29,743	22,455,206	2,968,894
Total Assets	35,403,885	472,365	35,876,250	6,593,354
Liabilities				
Payables (Note 14)	1,157,939	14,306	1,172,245	441,945
Securities Lending Collateral (Note 3)	---	---	---	138,014
Unearned Revenue (Note 1)	80,986	610	81,596	88,575
Escheat/Unclaimed Property	95,776	---	95,776	---
Long-Term Liabilities (Note 11):				
Due within one year	577,153	60,880	638,033	84,543
Due in more than one year	4,860,764	160,829	5,021,593	1,189,476
Total Liabilities	6,772,618	236,625	7,009,243	1,942,553
Net Assets				
Invested in Capital Assets, Net of Related Debt	25,547,427	40,772	25,588,199	2,292,109
Restricted for:				
Budget Reserve	539,133	---	539,133	---
Debt Service	2,094,450	---	2,094,450	---
Grants	229,252	---	229,252	---
Enabling Legislation	1,120,424	2,964	1,123,388	---
Loans Receivable	755,395	---	755,395	---
Permanent Trusts:				
Expendable	88	---	88	---
Non-Expendable	65,431	---	65,431	---
College and Universities:				
Expendable	---	---	---	423,745
Non-Expendable	---	---	---	771,709
Other Purposes	225,905	6,553	232,458	80,698
Unrestricted	(1,946,238)	185,451	(1,760,787)	1,082,540
Total Net Assets	$ 28,631,267	$ 235,740	$ 28,867,007	$ 4,650,801

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, 2007
(In Thousands of Dollars)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
General Government	$ 1,093,058	$ 669,547	$ 84,113	$ ---	$ (339,398)	$ ---	$ (339,398)	$ ---
Education	6,042,584	27,744	971,518	---	(5,043,322)	---	(5,043,322)	---
Natural and Economic Resources	929,123	129,156	327,404	---	(472,563)	---	(472,563)	---
Transportation and Law Enforcement	2,303,411	473,997	1,179,557	---	(649,857)	---	(649,857)	---
Human Services	9,192,032	301,864	5,263,560	---	(3,626,608)	---	(3,626,608)	---
Interest on Debt (Excluding Direct Expense)	151,139	1,075	---	---	(150,064)	---	(150,064)	---
Total Governmental Activities	19,711,347	1,603,383	7,826,152	---	(10,281,812)	---	(10,281,812)	---
Business-Type Activities:								
State Lottery	689,427	946,017	---	---	---	256,590	256,590	---
Unemployment Compensation	444,962	---	588,599	---	---	143,637	143,637	---
Petroleum Storage Tank Insurance	16,249	25,093	---	---	---	8,844	8,844	---
Missouri Veterans' Homes	53,233	24,934	27,021	---	---	(1,278)	(1,278)	---
Non-Major Funds	16,468	15,363	2,451	---	---	1,346	1,346	---
Total Business-Type Activities	1,220,339	1,011,407	618,071	---	---	409,139	409,139	---
Total Primary Government	$ 20,931,686	$ 2,614,790	$ 8,444,223	$ ---	(10,281,812)	409,139	(9,872,673)	---
Component Units:								
College and Universities	$ 3,063,444	$ 1,853,945	$ 1,287,946	$ 46,061	---	---	---	124,508
Non-Major Component Units	7,205	6,336	225	---	---	---	---	(644)
Total Component Units	$ 3,070,649	$ 1,860,281	$ 1,288,171	$ 46,061	---	---	---	123,864
General Revenues:								
Taxes:								
Sales and Use					2,931,035	---	2,931,035	---
Individual Income					5,143,461	---	5,143,461	---
Corporate Income					496,656	---	496,656	---
County Foreign Insurance					178,607	---	178,607	---
Alcoholic Beverage					28,090	---	28,090	---
Corporate Franchise					69,743	---	69,743	---
Inheritance					5,354	---	5,354	---
Miscellaneous Taxes					1,164,821	---	1,164,821	---
Grants and Contributions not Restricted to Specific Programs					197,959	---	197,959	---
Unrestricted Investment Earnings					228,214	5,684	233,898	234,412
Extraordinary Items					---	---	---	698
Transfers					256,687	(256,687)	---	---
Total General Revenues and Transfers					10,700,627	(251,003)	10,449,624	235,110
Change in Net Assets					418,815	158,136	576,951	358,974
Net Assets - Beginning					28,212,452	77,604	28,290,056	4,291,827
Net Assets - Ending					$ 28,631,267	$ 235,740	$ 28,867,007	$ 4,650,801

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

*The **Governmental Funds** focus on current financial resources.*

Governmental Fund Financial Statements

Major Funds

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

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.

Classroom Trust – Accounts for moneys transferred to the Classroom Trust Fund under section 160.534, RSMo. The moneys shall be distributed by the State Board of Education to each school district in the State that is qualified to receive state aid. The moneys shall be spent at the discretion of the local school district.

Fire Education – To account for a percentage of premium taxes on insurance companies (148.310 to 148.461, RSMo) that was originally deposited in General Revenue. Forty percent of these moneys are to be transferred to the Missouri Fire Education Trust Fund. The rest will go to the University of Missouri Fire and Rescue to be used to provide training and continuing education to firefighters.

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 wastewater 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.

Missouri State Water Patrol – Accounts for moneys collected under section 306.030, RSMo, which requires owners of vessels to file an application for a number with the Department of Revenue. The first $2 million collected will be deposited in the State General Revenue Fund and anything in excess will be deposited in the Missouri State Water Patrol Fund. These moneys will be exclusively used for the Missouri State Water Patrol.

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.

MoSMART – Accounts for moneys appropriated to or received by the Missouri Sheriff Methamphetamine Relief Task Force (MoSMART) to fund anti-methamphetamine enforcement and eliminate methamphetamine labs.

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.

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, 2007
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund	Non-Major Funds	Totals June 30, 2007
ASSETS							
Cash and Cash Equivalents (Note 3)	$ 384,302	$ 48,184	$ 97,984	$ 22,467	$ 430,615	$ 95,331	$ 1,078,883
Investments (Note 3)	1,439,625	185,204	257,334	53,424	189,285	405,395	2,530,267
Accounts Receivable, Net	1,415,658	120,009	42,977	142,012	66,460	28,332	1,815,448
Interest Receivable	23,657	1,881	4,591	1,127	4,887	3,678	39,821
Due from Other Funds (Note 15)	300	16,525	57	30	---	719	17,631
Due from Component Units (Note 15)	---	---	726	---	---	---	726
Inventories	24,017	84	824	4,823	40,365	208	70,321
Advance to Component Units (Note 15)	---	---	3,300	---	---	---	3,300
Loans Receivable	---	---	753,063	1,868	---	464	755,395
Restricted Assets:							
Cash and Cash Equivalents (Note 3)	---	---	---	---	20,114	---	20,114
Investments (Note 3)	---	---	---	---	67,185	---	67,185
Total Assets	$ 3,287,559	$ 371,887	$ 1,160,856	$ 225,751	$ 818,911	$ 534,127	$ 6,399,091
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 814,480	$ 41,145	$ 5,465	$ 2,520	$ 104,034	$ 33,721	$ 1,001,365
Accrued Payroll	57,680	419	5,002	5,435	17,200	3,278	89,014
Due to Other Funds (Note 15)	4,851	261	377	328	330	709	6,856
Deferred Revenue (Note 1)	434,501	25,283	18,799	1,689	27,377	6,233	513,882
Arbitrage Liability	39	---	---	---	---	---	39
Escheat/Unclaimed Property	95,776	---	---	---	---	---	95,776
Advance from Component Units (Note 15)	---	---	---	---	12,158	---	12,158
Total Liabilities	1,407,327	67,108	29,643	9,972	161,099	43,941	1,719,090
Fund Balances:							
Reserved for:							
Budget Reserve	539,133	---	---	---	---	---	539,133
Inventories	24,017	84	824	4,823	40,365	208	70,321
Forfeited Assets	788	---	2,525	---	---	---	3,313
Taxes	3,942	---	---	---	---	---	3,942
Debt Service	---	---	---	---	96,282	102,596	198,878
Loans Receivable	---	---	753,063	1,868	---	464	755,395
Trust Principal	---	---	---	---	---	65,431	65,431
Unreserved, Reported In:							
General Fund	1,312,352	---	---	---	---	---	1,312,352
Special Revenue Funds	---	304,695	374,801	209,088	---	300,501	1,189,085
Capital Projects Funds	---	---	---	---	521,165	20,898	542,063
Permanent Funds	---	---	---	---	---	88	88
Total Fund Balances	1,880,232	304,779	1,131,213	215,779	657,812	490,186	4,680,001
Total Liabilities and Fund Balances	$ 3,287,559	$ 371,887	$ 1,160,856	$ 225,751	$ 818,911	$ 534,127	$ 6,399,091

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, 2007
(In Thousands of Dollars)

Total Fund Balances - Governmental Funds		$ 4,680,001
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	472,076	
Infrastructure in Progress	2,733,988	
Land	2,640,759	
Land Improvements	146,931	
Buildings and Improvements	2,124,410	
Equipment	1,071,343	
Infrastructure	40,251,481	
Accumulated Depreciation	(21,324,727)	
		28,116,261
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1).		458,915
Long-term assets held for the State with a paying agent to make payments on bonds.		25,867
Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the Statement of Net Assets.		38,707
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	(30,633)	
General Obligation and Other Bonds Payable	(3,345,390)	
Obligation under Lease Purchases	(220,602)	
Compensated Absences	(167,438)	
Net Pension Obligation	(106,385)	
Contingent Liabilities	(1,194,945)	
Claims Liability	(85,543)	
Accrued Interest on Bonds	(34,593)	
Unamortized Bond Premium	(159,986)	
		(5,345,515)
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.		657,031
Net Assets of Governmental Activities		$ 28,631,267

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, 2007
(In Thousands of Dollars)

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund	Non-Major Funds	Totals June 30, 2007
Revenues:							
Taxes	$ 7,684,586	$ 1,147,795	$ 187,657	$ 665,036	$ 213,697	$ 137,731	$ 10,036,502
Licenses, Fees, and Permits	75,376	6,790	57,262	143,792	122,070	169,478	574,768
Sales	12,007	5	8,697	11,475	---	2,789	34,973
Leases and Rentals	22	---	136	9	---	205	372
Services	229,982	---	---	---	---	191	230,173
Contributions and Intergovernmental	7,058,816	64,410	80,082	200	799,366	22,959	8,025,833
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	3,842	505	768	226	2,519	7,898	15,758
Interest	91,537	8,159	16,925	5,484	36,959	26,683	185,747
Penalties and Unclaimed Properties	43,807	1,163	1,148	398	---	16,632	63,148
Cost Reimbursement/ Miscellaneous	163,189	54,103	3,643	709	83,699	172,909	478,252
Total Revenues	15,363,164	1,282,930	356,318	827,329	1,258,310	557,475	19,645,526
Expenditures:							
Current:							
General Government	633,766	1,667	2,627	210,951	---	38,717	887,728
Education	1,813,918	4,217,479	16	2	---	6,645	6,038,060
Natural and Economic Resources	274,406	12,876	267,095	---	---	231,046	785,423
Transportation and Law Enforcement	337,673	153	692	160,389	809,276	41,364	1,349,547
Human Services	8,896,914	17,386	440	12	---	200,150	9,114,902
Capital Outlay:							
Current Expenditures	101,336	3,369	24,718	20,340	1,245,200	38,544	1,433,507
Capital Lease Purchases	4,132	---	94	3,212	2,161	---	9,599
Debt Service:							
Principal	43,450	---	881	172	96,631	56,078	197,212
Interest	45,268	---	286	80	85,452	34,384	165,470
Bond Issuance Costs	125	---	---	---	5,650	---	5,775
Underwriter's Discount	247	---	---	---	---	---	247
Total Expenditures	12,151,235	4,252,930	296,849	395,158	2,244,370	646,928	19,987,470
Excess Revenues (Expenditures)	3,211,929	(2,970,000)	59,469	432,171	(986,060)	(89,453)	(341,944)
Other Financing Sources (Uses):							
Proceeds from Capital Leases	4,132	---	94	3,212	1,356	---	8,794
Proceeds from Bonds	120,000	---	---	---	800,000	---	920,000
Issuance of Refunding Bonds	---	---	---	---	394,870	---	394,870
Escrow Agent	(1,069)	---	---	---	(432,408)	---	(433,477)
Bond Premium	3,919	---	---	---	73,180	---	77,099
Proceeds from Capital Asset Sale	---	---	---	---	8,675	---	8,675
Transfers In (Note 16)	48,059	3,014,314	664	315	523,757	187,704	3,774,813
Transfers Out (Note 16)	(3,020,090)	(7,309)	(1,962)	(527,305)	---	(81,446)	(3,638,112)
Total Other Financing Sources (Uses)	(2,845,049)	3,007,005	(1,204)	(523,778)	1,369,430	106,258	1,112,662
Net Change in Fund Balances	366,880	37,005	58,265	(91,607)	383,370	16,805	770,718
Fund Balances - Beginning (Note 17)	1,514,399	267,736	1,072,735	305,810	274,442	473,323	3,908,445
Increase (Decrease) in Reserve for Inventory	(1,047)	38	213	1,576	---	58	838
Fund Balances - Ending	$ 1,880,232	$ 304,779	$ 1,131,213	$ 215,779	$ 657,812	$ 490,186	$ 4,680,001

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, 2007
(In Thousands of Dollars)

Net Change in Fund Balances - Total Governmental Funds		$ 770,718
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.		838
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 $1,365,387 is exceeded by depreciation of $964,596 in the current period.		400,791
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(12,556)
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 (Notes 11 and 12).		
Bonds Issued	(1,314,870)	
Bond Premiums, Issuance, and Refunding Costs	(71,324)	
Bond Principal Payments	582,555	
Capital Leases Issued	(8,794)	
Capital Lease Payments	22,267	
		(790,166)
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	15,356	
Increase in Restricted Cash	24,674	
Increase in Accrued Interest	(1,432)	
Decrease in Due to Other Entities	628	
Increase in Compensated Absences	(10,770)	
Increase in Contingent Liabilities	(101,215)	
Increase in Claims Liability	(64,337)	
Increase in Net Pension Obligation	(2,591)	
		(139,687)
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.		188,877
Change in Net Assets of Governmental Activities		$ 418,815

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, 2007
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2007	Governmental Activities - Internal Service Funds
ASSETS						
Current Assets:						
Cash and Cash Equivalents (Note 3)	$ 20,314	$ 91,012	$ 14,799	$ 2,610	$ 128,735	$ 179,445
Investments (Note 3)	10,912	---	63,110	10,908	84,930	219,240
Accounts Receivable, Net	34,832	132,271	3,981	526	171,610	45,691
Interest Receivable	247	---	878	133	1,258	946
Due from Other Funds (Note 15)	---	---	---	40	40	6,062
Inventories	---	---	---	1,315	1,315	12,501
Prepaid Items	51	---	---	22	73	136
Loans Receivable	---	---	---	473	473	---
Non-Current Assets:						
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	47,510
Investments (Note 3)	61,498	---	---	---	61,498	300
Assets Held for Resale	---	---	---	115	115	---
Capital Assets (Note 5):						
Construction in Progress	305	---	---	3,771	4,076	152,945
Land	353	---	---	6,600	6,953	8,435
Land Improvements	---	---	---	7,079	7,079	3,090
Buildings	4,441	---	---	22,790	27,231	295,983
Equipment	12,485	---	208	33,426	46,119	86,011
Less Accumulated Depreciation (Note 5)	(14,173)	---	(193)	(36,320)	(50,686)	(229,059)
Total Capital Assets (Net of Accumulated Depreciation)	3,411	---	15	37,346	40,772	317,405
Total Assets	131,265	223,283	82,783	53,488	490,819	829,236
LIABILITIES						
Current Liabilities:						
Accounts Payable	2,644	8,565	15	1,105	12,329	19,040
Accrued Payroll	291	---	15	1,671	1,977	1,728
Due to Other Funds (Note 15)	16,567	---	11	77	16,655	222
Unearned Revenue (Note 1)	---	---	527	83	610	26,019
Claims Liability (Note 11)	---	---	13,000	---	13,000	69,902
Grand Prize Winner Liability (Note 11)	45,273	---	---	---	45,273	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	1,559
Compensated Absences (Note 11)	578	---	59	1,970	2,607	3,135
Notes Payable (Note 11)	---	---	---	---	---	158
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	103,056	---	103,056	37,742
Grand Prize Winner Liability (Note 11)	57,698	---	---	---	57,698	---
Obligations under Lease Purchase (Note 11)	---	---	---	---	---	9,548
Compensated Absences (Note 11)	31	---	---	44	75	1,204
Notes Payable (Note 11)	---	---	---	---	---	3,747
Total Liabilities	123,082	8,565	116,683	4,950	253,280	174,004
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	3,411	---	15	37,346	40,772	309,180
Restricted for:						
Revenue Bonds	---	---	---	---	---	46,990
Other Purposes	3,589	---	---	2,964	6,553	820
Unrestricted	1,183	214,718	(33,915)	8,228	190,214	298,242
Total Net Assets	$ 8,183	$ 214,718	$ (33,900)	$ 48,538	$ 237,539	$ 655,232

Total Net Assets Reported Above	$ 237,539
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds	(1,799)
Net Assets of Business-Type Activities	$ 235,740

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, 2007
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2007	Governmental Activities - Internal Service Funds
Operating Revenues:						
Employer Contributions	$ ---	$ 573,540	$ ---	$ ---	$ 573,540	$ 478,735
Employee Contributions	---	---	---	---	---	150,722
Medicare Part D Subsidy	---	---	---	---	---	8,111
Licenses, Fees, and Permits	---	---	25,091	7,494	32,585	27,106
Sales	934,271	---	---	5,755	940,026	29,694
Leases and Rentals	---	---	---	2,898	2,898	24,376
Charges for Services	---	---	---	24,677	24,677	93,752
Cost Reimbursement/Miscellaneous	1,396	---	2	282	1,680	11,668
Total Operating Revenues	935,667	573,540	25,093	41,106	1,575,406	824,164
Operating Expenses:						
Cost of Goods Sold	16,281	---	---	1,226	17,507	17,931
Personal Service	9,604	---	1,102	53,233	63,939	54,388
Operations	59,725	---	3,824	10,255	73,804	125,865
Prizes Expense	595,023	---	---	---	595,023	---
Inventories	---	---	---	1,490	1,490	1,138
Specific Programs	---	---	11,292	211	11,503	3,762
Insurance Benefits	---	---	---	---	---	549,854
Unemployment Benefits	---	444,962	---	---	444,962	---
Depreciation	750	---	11	2,773	3,534	18,150
Other Charges	8,166	---	26	523	8,715	3,094
Total Operating Expenses	689,549	444,962	16,255	69,711	1,220,477	774,182
Operating Income (Loss)	246,118	128,578	8,838	(28,605)	354,929	49,982
Non-Operating Revenues (Expenses):						
Contributions and Intergovernmental	---	15,059	---	29,472	44,531	44
Interest Expense	---	---	---	---	---	(1,050)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(354)	---	174	30	(150)	1,828
Interest	1,455	114	3,721	544	5,834	16,740
Penalties and Unclaimed Properties	---	---	---	1	1	777
Disposal of Capital Assets	54	---	---	(41)	13	(115)
Miscellaneous Revenues	10,350	---	---	---	10,350	---
Total Non-Operating Revenues (Expenses)	11,505	15,173	3,895	30,006	60,579	18,224
Income (Loss) Before Transfers	257,623	143,751	12,733	1,401	415,508	68,206
Transfers In (Note 16)	---	---	---	534	534	120,052
Transfers Out (Note 16)	(257,201)	---	---	(20)	(257,221)	(66)
Change in Net Assets	422	143,751	12,733	1,915	158,821	188,192
Total Net Assets - Beginning (Note 17)	7,761	70,967	(46,633)	46,623	78,718	467,040
Total Net Assets - Ending	$ 8,183	$ 214,718	$ (33,900)	$ 48,538	$ 237,539	$ 655,232

Total Net Change in Net Assets Reported Above	$ 158,821
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds	(685)
Change in Net Assets of Business-Type Activities	$ 158,136

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, 2007
(In Thousands of Dollars)

	Business-Type Activities - Enterprise Funds					
	Major Funds				Totals	
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2007	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers and Users	$ 935,347	$ 571,214	$ 24,915	$ 40,988	$ 1,572,464	$ 787,535
Payments to Suppliers	(75,850)	---	(3,816)	(12,262)	(91,928)	(145,107)
Payments to Employees	(9,543)	---	(1,096)	(52,539)	(63,178)	(52,722)
Payments Made for Program Expense	(600,631)	(683,571)	(12,165)	(211)	(1,296,578)	(547,244)
Other Receipts (Payments)	(6,770)	---	(24)	(241)	(7,035)	12,213
Net Cash Provided (Used) by Operating Activities	242,553	(112,357)	7,814	(24,265)	113,745	54,675
Cash Flows from Non-Capital Financing Activities:						
Loans Made to Outside Entities	---	---	---	14	14	---
Due to/from Other Funds	(2,623)	---	2	(583)	(3,204)	13,845
Contributions and Intergovernmental	---	15,059	---	29,440	44,499	18
Transfers to/from Other Funds	(257,201)	---	---	514	(256,687)	119,986
Other Receipts (Expenses)	10,350	---	---	---	10,350	---
Net Cash Provided (Used) by Non-Capital Financing Activities	(249,474)	15,059	2	29,385	(205,028)	133,849
Cash Flows from Capital and Related Financing Activities:						
Interest Expense	---	---	---	---	---	(1,050)
Purchases and Construction of Capital Assets	(1,092)	---	(2)	(3,560)	(4,654)	(31,992)
Bonds and Notes Payable	---	---	---	---	---	(142)
Capital Lease Downpayment/Obligations	---	---	---	---	---	(1,260)
Disposal of Capital Assets	54	---	---	---	54	---
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,038)	---	(2)	(3,560)	(4,600)	(34,444)
Cash Flows from Investing Activities:						
Proceeds from Investment Maturities	---	---	---	10	10	846,052
Purchase of Investments	4,956	---	(18,845)	(3,286)	(17,175)	(928,510)
Interest and Dividends Received	1,361	114	3,316	476	5,267	16,334
Other Receipts	---	---	---	1	1	777
Net Cash Provided (Used) by Investing Activities	6,317	114	(15,529)	(2,799)	(11,897)	(65,347)
Net Increase (Decrease) in Cash	(1,642)	(97,184)	(7,715)	(1,239)	(107,780)	88,733
Cash and Cash Equivalents, Beginning of Year	21,956	188,196	22,514	3,849	236,515	138,222
Cash and Cash Equivalents, End of Year	$ 20,314	$ 91,012	$ 14,799	$ 2,610	$ 128,735	$ 226,955
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	$ 246,118	$ 128,578	$ 8,838	$ (28,605)	$ 354,929	$ 49,982
Depreciation Expense	750	---	11	2,773	3,534	18,150
Changes in Assets and Liabilities:						
Accounts Receivable	1,076	(2,326)	(149)	175	(1,224)	(21,880)
Inventories	---	---	---	221	221	(1,650)
Prepaid Items	75	---	---	---	75	(6)
Accounts Payable	81	(238,609)	8	489	(238,031)	1,805
Accrued Payroll	22	---	1	202	225	419
Unearned Revenue	---	---	(27)	(11)	(38)	558
Grand Prize Winner Liability	(5,608)	---	---	---	(5,608)	---
Claims Liability	---	---	(873)	---	(873)	6,050
Compensated Absences	39	---	5	492	536	1,247
Net Cash Provided (Used) by Operating Activities	$ 242,553	$ (112,357)	$ 7,814	$ (24,264)	$ 113,746	$ 54,675

Non-Cash Financing Activities:

During fiscal year 2007, capital lease agreements were entered into for $11,276,000 in the internal service funds.

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, 2007
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents (Note 3)	$ 559,384	$ 3,424	$ 34,295
Investments at Fair Value: (Note 3)			
U.S. Government Securities	859,105	8,626	1,496
Repurchase Agreements	---	782	372,667
Stocks	1,807,790	---	48
Bonds	449,904	---	---
International Equities	1,505,270	---	---
Mutual and Index Funds	1,325,458	---	---
Venture Capital Limited Partnership	3,749,481	---	---
Other Investments	1,047,416	5,265	2,060
Receivables:			
Accounts Receivable	271,772	---	68,541
Interest Receivable	12,308	48	1,628
Inventories	---	1	---
Invested Securities Lending Collateral (Note 3)	1,049,095	---	---
Prepaid Expenses	45	---	---
Capital Assets:			
Land	351	---	---
Buildings	4,003	---	---
Equipment	1,895	37	---
Accumulated Depreciation	(2,312)	(17)	---
Total Capital Assets, Net	3,937	20	---
Total Assets	12,640,965	18,166	$ 480,735
LIABILITIES			
Accounts Payable	305,088	751	$ 33
Accrued Payroll	---	20	---
Securities Lending Collateral (Note 3)	1,049,485	---	---
Due to Other Entities	---	---	444,644
Due to Individuals	---	---	36,058
Obligations under Lease Purchase	6	---	---
Compensated Absences	367	---	---
Total Liabilities	1,354,946	771	$ 480,735
Net Assets Held in Trust for Benefits and Other Purposes	$ 11,286,019	$ 17,395	

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, 2007
(In Thousands of Dollars)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Employer	$ 419,392	$ ---
Plan Member	62,465	---
Other	25,267	---
Investment Earnings:		
Increase in Appreciation of Assets	1,774,645	365
Securities Lending Income	63,546	---
Total Investment Earnings	1,838,191	365
Less Investment Expenses:		
Investment Activity Expense	(102,891)	---
Securities Lending Expense	(60,219)	---
Total Investment Expense	(163,110)	---
Net Investment Earnings	1,675,081	365
Cost Reimbursement/Miscellaneous	579	11,012
Total Additions	2,182,784	11,377
Deductions:		
Benefits	670,754	---
Administrative Expenses	9,130	1,984
Program Distributions	79,064	38,381
Service Transfer Payments	52	---
Depreciation	278	5
Total Deductions	759,278	40,370
Change in Net Assets	1,423,506	(28,993)
Net Assets held in Trust - Beginning of Year (Note 17)	9,862,513	46,388
Net Assets held in Trust - End of Year	$ 11,286,019	$ 17,395

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, 2007
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2007
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 3)	$ 116,941	$ 7,489	$ 124,430
Investments (Note 3)	253,137	34,726	287,863
Receivables, Net	299,825	19,522	319,347
Invested Securities Lending Collateral (Note 3)	138,014	---	138,014
Inventories	46,576	---	46,576
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	376,749	---	376,749
Investments (Note 3)	100,502	---	100,502
Receivables, Net	10,289	---	10,289
Deposits and Prepaid Expenses	20,669	400	21,069
Deferred Costs and Other Assets	651	---	651
Non-Current Assets:			
Investments (Note 3)	761,343	---	761,343
Receivables, Net	89,095	7,482	96,577
Advance to Primary Government (Note 15)	---	12,158	12,158
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	1,816	26,676	28,492
Investments (Note 3)	778,550	73,554	852,104
Receivables, Net	6,206	---	6,206
Deposits and Prepaid Expenses	2,237	---	2,237
Deferred Costs and Other Assets	21,242	2	21,244
Capital Assets, Net of Accumulated Depreciation (Note 5)	3,325,091	62,412	3,387,503
Total Assets	6,348,933	244,421	6,593,354
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	298,456	622	299,078
Due to Primary Government (Note 15)	---	726	726
Securities Lending Collateral (Note 3)	138,014	---	138,014
Unearned Revenue (Note 1)	86,413	---	86,413
Deposits	78,272	---	78,272
Claims Liability (Note 21)	31,242	---	31,242
Compensated Absences	16,678	---	16,678
Capital Lease Obligations (Note 6)	1,229	---	1,229
Bonds and Notes Payable (Note 12)	35,394	---	35,394
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	16,979	---	16,979
Advance from Primary Government (Note 15)	---	3,300	3,300
Unearned Revenue (Note 1)	2,162	---	2,162
Deposits and Reserves	259	43,331	43,590
Claims Liability (Note 21)	49,732	---	49,732
Compensated Absences	7,001	---	7,001
Capital Lease Obligations (Note 6)	19,696	---	19,696
Bonds and Notes Payable (Note 12)	1,081,197	31,850	1,113,047
Total Liabilities	1,862,724	79,829	1,942,553
NET ASSETS			
Invested in Capital Assets, Net	2,261,547	30,562	2,292,109
Restricted for:			
Expendable	423,745	---	423,745
Non-Expendable	771,709	---	771,709
Other Purposes	---	80,698	80,698
Unrestricted	1,029,208	53,332	1,082,540
Total Net Assets	$ 4,486,209	$ 164,592	$ 4,650,801

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, 2007
(In Thousands of Dollars)

	College and Universities	Non-Major	Totals June 30, 2007	Adjustments	Statement of Activities
Revenues:					
Operating Revenues:					
Licenses, Fees, and Permits	$ ---	$ 3,121	$ 3,121	$ ---	$ 3,121
Student Tuition and Fees (Net of Scholarship Allow.)	671,855	---	671,855	---	671,855
Sales and Services of Educational Departments	41,324	---	41,324	---	41,324
Auxiliary Enterprises	1,029,611	---	1,029,611	---	1,029,611
Leases and Rentals	---	2,837	2,837	---	2,837
Cost Reimbursement/Miscellaneous	90,955	378	91,333	20,200	111,533
Total Charges for Services					1,860,281
Federal Appropriations, Grants, and Contracts	260,966	---	260,966	43,251	304,217
State Grants and Contracts	56,226	---	56,226	765,743	821,969
Private Gifts, Grants, and Contracts	64,036	---	64,036	69,230	133,266
Additions to Endowments	---	---	---	28,494	28,494
Contributions and Intergovernmental	---	---	---	225	225
Total Operating Grants and Contributions					1,288,171
Interest Revenue	731	1,345	2,076	(2,076)	---
Total Operating Revenues	2,215,704	7,681	2,223,385	925,067	
Expenses:					
Operating Expenses:					
Personal Service	1,905,114	1,012	1,906,126	---	1,906,126
Operations	---	2,115	2,115	---	2,115
Specific Programs	---	1,791	1,791	---	1,791
Scholarships and Fellowships	83,251	---	83,251	---	83,251
Utilities	26,501	---	26,501	---	26,501
Supplies and Other Services	770,260	---	770,260	---	770,260
Contracted Services	21,113	---	21,113	---	21,113
Interest Expense	---	---	---	46,410	46,410
Depreciation and Amortization	182,487	1,025	183,512	---	183,512
Bad Debt Expense	---	139	139	---	139
Miscellaneous	28,401	70	28,471	960	29,431
Total Operating Expenses	3,017,127	6,152	3,023,279	47,370	3,070,649
Operating Income (Loss)	(801,423)	1,529	(799,894)	877,697	
Non-Operating Revenues (Expenses):					
Federal Appropriations, Grants, and Contracts	43,251	---	43,251	(43,251)	---
State Appropriations, Grants, and Contracts	765,743	---	765,743	(765,743)	---
Private Gifts, Grants, and Contracts	69,230	---	69,230	(69,230)	---
Contributions and Intergovernmental	---	225	225	(225)	---
Investment Earnings:					
Increase in the Fair Value of Investments	---	1,658	1,658	---	1,658
Interest/Investment and Endowment Income	225,788	4,890	230,678	2,076	232,754
Interest and Bond Related Expenses	(45,412)	(998)	(46,410)	46,410	---
Gain (Loss) on Sale of Capital Assets	(905)	---	(905)	905	---
Miscellaneous Revenues	20,200	---	20,200	(20,200)	---
Miscellaneous Expenses	---	(55)	(55)	55	---
Total General Revenues					234,412
Total Non-Operating Revenues (Expenses)	1,077,895	5,720	1,083,615	(849,203)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	276,472	7,249	283,721	28,494	
State Capital Appropriations	46,061	---	46,061	---	46,061
Total Capital Grants and Contributions					46,061
Additions to Endowments	28,494	---	28,494	(28,494)	---
Extraordinary Items	698	---	698	---	698
Change in Net Assets	351,725	7,249	358,974	---	358,974
Net Assets - Beginning of Year (Note 17)	4,134,484	157,343	4,291,827	---	4,291,827
Net Assets - End of Year	$ 4,486,209	$ 164,592	$ 4,650,801	$ ---	$ 4,650,801

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.*

Index of Notes

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, Missouri 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

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, Financial Institutions and Professional Registration; and the Commissioner of Administration. The management of MCHCP is the responsibility of the Executive Director who is appointed by the Board. Copies of the Plan's financial statements may be requested from:

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

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

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, 2006, 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:

CitiStreet
One Heritage Drive
North Quincy, Massachusetts 02171

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:

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 Central Missouri
213 Administration Building
Warrensburg, Missouri 64093

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

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, the Department of Natural Resources, and the Department of Agriculture, who serve as ex-officio voting members, and eight members appointed by the Governor and confirmed by the Senate. Copies of the Board's financial statements may be requested from:

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

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

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

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

Missouri Department of Transportation
Highway Building, 2nd Floor
105 West Capitol Avenue
Jefferson City, Missouri 65101

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.

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.

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

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.

Note 1 – Significant Accounting Policies (cont.)

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.

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.

Note 1 – Significant Accounting Policies (cont.)

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.

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.

Note 1 – Significant Accounting Policies (cont.)

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 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 Net Assets.

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*).

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

F. Interfund Receivables/Payables

The State makes various transactions between funds or between 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*). These receivables/payables are eliminated if both the receivable/payable are in the same activity (Business-Type or Governmental). Any remaining interfund receivable/payable is reported as internal balances on the Government-Wide Statement of Net Assets.

G. Advances to/from Other Funds

Long-term interfund receivables are classified as "advances to other funds" or "advances to primary government/component units" on the Balance Sheet and 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*). These receivables/payables are eliminated if both the receivable/payable are in the same activity (Business-Type or Governmental). Any remaining long-term interfund receivables/payables are reported as internal balances on the Government-Wide Statement of Net Assets.

Note 1 – Significant Accounting Policies (cont.)

H. Inventories

Inventories in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase, except for the Missouri Road Fund, which updates inventory perpetually under the consumption method. 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.

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.

Note 1 – Significant Accounting Policies (cont.)

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 capitol grounds. Assets that were previously capitalized continue to be reported in the government-wide financial statements.

Component unit capital assets are stated at cost and are depreciated 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.

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 $392,053,000 within the General Fund, $44,928,000 within the major special revenue funds, $15,701,000 within the Missouri Road Fund, and $6,233,000 within non-major governmental funds which totals $458,915,000 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 $42,448,000 within the General Fund, $843,000 within major special revenue funds, and $11,676,000 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 $26,019,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is $610,000 which includes $527,000 within the Petroleum Storage Tank Insurance Fund, and $83,000 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 $88,575,000 within the college and universities which is the total unearned revenue amount for component units.

Note 1 – Significant Accounting Policies (cont.)

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 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*).

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.

Note 1 – Significant Accounting Policies (cont.)

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, 2007, net assets restricted by enabling legislation equaled $1,120,424,000 for governmental activities and $2,964,000 for business-type activities.

N. Revenues

The revenues of the General Fund include federal grants and contributions of $7,041,549,000. Revenues for all funds are reported net of refunds of $1,689,340,000.

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 three types:

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

2. Transactions that reimburse another fund for an expense reduce expenses of the fund that is being reimbursed and increase expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.

3. 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*). These transactions are eliminated at the Government-Wide Statement of Activities if the transfer in and transfer out are in funds within the same activity (Business-Type and Governmental).

P. Expenditures and Expenses

Expenditures and expenses are reported net of revenue over collections of $1,347,001,000 and $403,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts, and for cost reimbursements of $341,003,000 and $933,000, 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

GASB Statement No. 47, *Accounting for Termination Benefits*, gives employers assistance on how benefits should be accounted for when an employee is terminated, whether the termination is on a voluntary or involuntary basis. The requirements of this new declaration went into effect for the fiscal period after June 15, 2005 (with the exception of those provisions concerning additional postemployment benefits, which only take effect upon the execution of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*). However, this statement does not apply to the State of Missouri as the State does not pay for benefits of terminated employees that are not included in retirement or other postemployment benefits.

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, 2007.

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, 2007, the bank balance of the primary government's deposits was $975,860,000. Of the bank amount, $16,926,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institution, and $278,000 was exposed to custodial credit risk by being uninsured and uncollateralized.

Fiduciary

At June 30, 2007, the bank balance of the deposits of the fiduciary funds was $68,106,000. Of the bank amount, $132,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institution.

Component Units

At June 30, 2007, the bank balance of the deposits of the component units was $248,796,000. Of the bank amount, $16,795,000 was exposed to custodial credit risk, $5,260,000 was insured and uncollateralized, and $11,535,000 was uninsured and collateralized with securities held by the pledging financial institution.

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

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 2007.

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.

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, 2007, the reported amount of the primary government's investments was $3,536,844,000. Of this amount, $10,695,000 was exposed to custodial credit risk, because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2007, the reported amount of the fiduciary funds investments was $11,657,348,000. Of the amount, $1,941,000 was exposed to custodial credit risk due to it being 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, 2007, the reported amount of the component units investments was $2,253,379,000 was exposed to custodial credit risk. Of this amount, $282,848,000 was uninsured and unregistered with securities held by the counterparty while $56,928,000 was insured and unregistered with securities held by the counterparty's trust department or agent, but not in the name of the investor.

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

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					
	Less than 1	1-5	6-10	More than 10	No Maturity	Total Fair Value
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Government Securities	$ 1,062,580	$ 985,384	$ 12,780	$ 8,688	$ ---	$ 2,069,432
Repurchase Agreements	347,797	---	---	---	---	347,797
Stocks	---	---	---	---	6,238	6,238
Bonds	348	2,289	497	---	308	3,442
Commercial Paper	1,109,675	---	---	---	---	1,109,675
Other	120	---	---	---	140	260
Subtotal	2,520,520	987,673	13,277	8,688	6,686	3,536,844
Fiduciary Funds:						
U.S. Government Securities	5,111	226,318	630,711	7,086	---	869,226
Repurchase Agreements	375,304	---	---	---	---	375,304
Stocks	---	---	---	---	1,807,838	1,807,838
Bonds	---	433,545	2,875	13,483	---	449,903
Commercial Paper	6,177	---	---	---	---	6,177
International Equities	1,505,270	---	---	---	---	1,505,270
Mortgages/ Real Estate	---	11,357	1,546	59,582	207,556	280,041
Short-Term Securities	601,625	---	---	---	---	601,625
Foreign Securities	---	---	---	---	119,070	119,070
Mutual Funds	---	---	---	---	1,332,032	1,332,032
Venture Capital Limited Partnership	---	---	---	---	3,749,481	3,749,481
Absolute Return	---	---	---	---	369,635	369,635
Tactical Fixed Income	---	---	---	---	80,385	80,385
Other	---	86,286	---	---	25,075	111,361
Subtotal	2,493,487	757,506	635,132	80,151	7,691,072	11,657,348

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

	Maturities in Years					
	Less than 1	1–5	6–10	More than 10	No Maturity	Total Fair Value
Component Units:						
U.S. Government Securities	345,409	390,074	43,165	43,105	45,724	867,477
Repurchase Agreements	5,433	---	---	---	---	5,433
Stocks	---	---	---	---	734,390	734,390
Bonds	23,933	136,016	13,282	30,549	13,475	217,255
Mortgages	---	---	---	---	5,336	5,336
Mutual Funds	2,060	---	---	---	19,845	21,905
Commercial Paper	238,333	---	---	---	---	238,333
Other	67,399	35,165	29,329	31,356	---	163,249
Subtotal	682,567	561,255	85,776	105,010	818,770	2,253,378
Total Investments	$ 5,696,574	$ 2,306,434	$ 734,185	$ 193,849	$ 8,516,528	$ 17,447,570

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 2007, the State did not have more than 5% of total investments in a single issuer.

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.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
Bonds	Aaa		$ 2,624
	Aaa	AAA	1,810,006
		AAA	65,256
		AA	481,395
		A+	992
		A	268,920
		A–	1,469
		BBB+	2,145
		BBB	9,101
		BBB–	2,074
		BB+	1,567
		BB	52,589
		B	92,443
		CCC	31,815
		Unrated	7,329
		Treasury	436
	AA3		307
	Aa2		511

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

	Moody's	S & P	Fair Value
Commercial Paper	Aa		1,980
	P-1	A-1+	675,802
	P-1	A-1	199,319
		Tier 1	9,232
		Tier 2	316,596
	Unrated	Unrated	243,660
Asset-Backed Securities		AAA	405,939
		AA	4,225
		BBB	254
		Agency	3,220
Pooled Investments		Unrated	229,732
Repurchase Agreements	P-1	A-1+	142,474
	P-1	A-1	22,012
	Unrated	Unrated	200
U.S. Government	Aaa	AAA	3,541
U.S. Agencies	Aaa	AAA	20,817
	Aaa		1,240
U.S. Security	Aaa		23,425
		AAA	17,690
	Aa		135,020
		Agency	196
	Unrated		1,857
	Unrated	Unrated	3,469
Stock		AAA	30,625
		AA1	6,238
		BBB	718
		CCC	8
Other		AAA	47,306
		AA	505
		A-	294
		BBB+	345
		BBB	1,017
		BB	24,172
		B	41,633
		CCC	9,979
		Agency	119,351
		Unrated	21,588
	Unrated		155
Subtotal			5,596,813
Component Units:			
Bonds and Notes	AAA	AAA	67,249
	AAA		19,569
		AA	6,021
	Aa		88,094
	A		69,221
	Baa		4,245
	Unrated		30,106
Mutual Fund		Unrated	2,091
Commercial Paper		A1+	609
	Unrated		235,230

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

	Moody's	S & P	Fair Value
U.S. Treasury Obligations	AAA	AAA	1,025
	AAA		59,213
U.S. Agency Obligations	AAA	AAA	24,795
	AAA	A1+	17,779
	AAA		472,255
	Aa		125
	Unrated		36,871
U.S. Securities	AAA	AAA	44,358
		AAA	17,462
Stock	Unrated		734,390
Other	AAA		62,795
	Aa		136
	A		23,813
	Baa		1,748
	Unrated		72,865
Equity Securities	AAA	AAA	391
	Unrated	AAA	1,154
	Unrated	Unrated	7
Subtotal			2,093,617
Total Rated Investments			$ 7,690,430

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 colleges had $97,223,000 in government obligations, $13,123,000 in bonds and notes, $151,161,000 in corporate stocks, and $4,477,000 in cash and cash equivalents held in foreign currencies as of June 30, 2007.

	Investment Type				
Currency	Cash	Equities	Fixed Income	Alternatives	Total
Argentina Peso	$ 3	$ ---	$ ---	$ ---	$ 3
Australian Dollar	101	29,501	---	---	29,602
Brazilian Real	92	26,822	---	---	26,914
British Pound Sterling	(49,924)	316,370	5,197	---	271,643
Canadian Dollar	106	12,336	---	---	12,442
Czech Koruna	(725)	2,435	---	---	1,710
Danish Krone	61	7,418	---	---	7,479
Euro	5,587	537,349	16,713	73,084	632,733
Hong Kong Dollar	164	88,886	---	---	89,050
Hungarian Forint	(877)	6,427	---	---	5,550
Indian Rupee	523	3,731	---	---	4,254
Indonesion Rupiah	(33)	1,307	---	---	1,274
Israeli New Shekel	---	1,717	---	---	1,717
Japenese Yen	181,904	357,370	---	---	539,274
Malaysian Ringgit	2	17,827	---	---	17,829
Maltise Lira	---	22	---	---	22

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

Currency	Investment Type Cash	Equities	Fixed Income	Alternatives	Total
Mexican Peso	2	24,923	---	---	24,925
New Zealand Dollar	7	335	---	---	342
Norweign Krone	48	29,277	---	---	29,325
Peruvian Nuevo Sol	---	6	---	---	6
Philippine Peso	60	5,471	---	---	5,531
Polish Zloty	(777)	3,459	---	---	2,682
Russian Ruble	---	2,265	---	---	2,265
Singapore Dollar	278	81,691	---	---	81,969
South African Rand	---	5,148	---	---	5,148
South Korean Won	(19)	58,370	4,324	---	62,675
Sri Lanka Rupee	---	3	---	---	3
Swedish Krona	21	58,492	---	---	58,513
Swiss Franc	2,533	97,782	---	---	100,315
Taiwan Dollar	596	39,898	---	---	40,494
Thai Baht	90	16,605	---	---	16,695
Turkish Lira	(333)	6,238	---	---	5,905
Venezuelan Bolivar	107	---	---	---	107
Total	$ 139,597	$ 1,839,481	$ 26,234	$ 73,084	$ 2,078,396

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, 2007, the State Treasurer’s Office had an aggregate fair value of securities lent of $729,309,000 and an aggregate fair value of collateral received of $743,042,000.

Missouri State Employees’ Retirement System:

The Missouri State Employees' Retirement System's (MOSERS) board of trustees' investment policies permit the pension trust funds to participate in a securities lending program. Certain securities of the pension trust funds are loaned to participating brokers who provide collateral in the form of cash, U.S. Treasury or government agency securities, or letters of credit issued by approved banks. Collateral must be provided in the amount of 102% of market value for domestic loans and 105% of market value for international loans. MOSERS does not have the authority to pledge or sell collateral securities, without borrower default. On June 30, 2007, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

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

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, 2007, the cash collateral fund had a market value of $899,055,000 and a weighted average maturity of 31 days. At June 30, 2007 and 2006, MOSERS earned $2,859,000 and $3,677,000, 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, 2007, was $154,239,000 and the market value of securities on loan for the System was $150,040,000.

At June 30, 2007 and 2006, the System earned $468,000 and $494,000, respectively, on the securities lending program.

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.

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

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, 2007, 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, 2007, letters of credit and security collateral, not meeting the criteria for inclusion on the Combined Statement of Net Assets, totaled $11,607,000. At June 30, 2007, the aggregate fair value of the securities lent was $138,014,000 and the aggregate fair value of the collateral received was $144,351,000.

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, 2007. The investments are reported at fair value and are included on the Statement of Net Assets of the pension trust funds.

Futures Contracts:

Notional Amount	Exposure
$10,051	$(6)

Swaps:

Notional Amount	Counterparty Exposure
$1,327,035	$1,389

Note 4 – Federal Surplus Commodities Inventory

The federal surplus commodities inventory for the Department of Social Services was $93,000 as of June 30, 2007. 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, 2007, was as follows (in thousands of dollars):

	*Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$ 565,742	$ 203,084	$ (143,805)	$ 625,021
Infrastructure in Progress	2,797,922	1,115,824	(1,179,758)	2,733,988
Land	2,558,398	95,741	(4,945)	2,649,194
Total Capital Assets not being Depreciated	5,922,062	1,414,649	(1,328,508)	6,008,203
Capital Assets being Depreciated:				
Land Improvements	148,797	1,517	(293)	150,021
Buildings and Improvements	2,380,742	59,036	(19,385)	2,420,393
Equipment	1,145,905	100,469	(89,020)	1,157,354
Infrastructure	39,108,601	1,179,759	(36,879)	40,251,481
Total Capital Assets being Depreciated	42,784,045	1,340,781	(145,577)	43,979,249
Less Accumulated Depreciation for:				
Land Improvements	(66,399)	(4,484)	143	(70,740)
Buildings and Improvements	(832,955)	(76,554)	8,752	(900,757)
Equipment	(786,795)	(97,835)	80,259	(804,371)
Infrastructure	(19,010,923)	(803,873)	36,878	(19,777,918)
Total Accumulated Depreciation	(20,697,072)	(982,746)	126,032	(21,553,786)
Total Capital Assets being Depreciated, Net	22,086,973	358,035	(19,545)	22,425,463
Governmental Activities Capital Assets, Net	$ 28,009,035	$ 1,772,684	$ (1,348,053)	$ 28,433,666
Business-Type Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$ 4,639	$ 880	$ (1,443)	$ 4,076
Land	6,453	500	---	6,953
Total Capital Assets not being Depreciated	11,092	1,380	(1,443)	11,029
Capital Assets being Depreciated:				
Land Improvements	6,846	298	(65)	7,079
Buildings and Improvements	26,600	631	---	27,231
Equipment	47,395	3,889	(5,165)	46,119
Total Capital Assets being Depreciated	80,841	4,818	(5,230)	80,429
Less Accumulated Depreciation for:				
Land Improvements	(3,080)	(247)	---	(3,327)
Buildings and Improvements	(12,449)	(769)	---	(13,218)
Equipment	(36,735)	(2,507)	5,101	(34,141)
Total Accumulated Depreciation	(52,264)	(3,523)	5,101	(50,686)
Total Capital Assets being Depreciated, Net	28,577	1,295	(129)	29,743
Business-Type Activities Capital Assets, Net	$ 39,669	$ 2,675	$ (1,572)	$ 40,772

*Beginning balances as of July 1, 2006 have been restated (see *Note 17*).

Note 5 – Capital Assets (cont.)

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

General Government	$	31,262
Education		3,272
Natural and Economic Resources		13,063
Transportation and Law Enforcement		868,744
Human Services		66,405
Total	$	982,746

Discretely Presented Component Units

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

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress	$ 255,853	$ ---	$ 255,853
Land	133,344	9,271	142,615
Other Non-Depreciable Assets	20,141	---	20,141
Total Capital Assets not being Depreciated	409,338	9,271	418,609
Capital Assets being Depreciated:			
Land Improvements	19,353	---	19,353
Buildings and Improvements	3,602,360	57,198	3,659,558
Equipment, Fixtures, and Books	1,055,079	150	1,055,229
Infrastructure	333,627	---	333,627
Total Capital Assets being Depreciated	5,010,419	57,348	5,067,767
Less Total Accumulated Depreciation	(2,094,666)	(4,207)	(2,098,873)
Total Capital Assets being Depreciated, Net	2,915,753	53,141	2,968,894
Discretely Presented Component Units – Capital Assets, Net	$ 3,325,091	$ 62,412	$ 3,387,503

Capital Asset Impairments

The net gain after insurance recovery of $270,000 would be reported as an extraordinary item in the statement of net activities, due to the restoration of Lincoln University's Caruthersville Extension facility from tornado damage.

The net gain after insurance recovery of $428,000 would be reported as an extraordinary item in the statement of net activities, due to the restoration of Lincoln University's Dawson Hall from fire damage.

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):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds	College and Universities
2008	$ 14,273	$ 2,078	$ 2,652
2009	13,584	2,018	2,583
2010	13,038	1,507	2,551
2011	12,357	786	2,512
2012	4,351	786	2,483
2013-2017	18,204	3,666	12,358
2018-2022	6,089	2,905	7,299
2023-2027	2,000	---	---
2028-2032	1,785	---	---
After 2033	29,600	---	---
Total Minimum Lease Payments	115,281	13,746	32,438
Less Amount Representing Interest	(46,521)	(2,667)	(11,513)
Present Value of Net Minimum Lease Payments	$ 68,760	$ 11,079	$ 20,925

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.

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):

Fiscal Year Ending June 30	Governmental Funds	Internal Service Funds
2008	$ 2,634	$ 2
2009	2,622	2
2010	2,611	2
2011	2,599	2
2012	2,598	2
2013-2017	12,949	10
2018-2022	12,869	9
2023-2027	18,803	9
2028-2032	10,259	8
Total Minimum Lease Payments	67,944	46
Less Amount Representing Interest	(30,092)	(18)
Present Value of Net Minimum Lease Payments	$ 37,852	$ 28

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 also issued Certificates of Participation Series 2002 dated December 15, 2002, in the amount of $4,700,000 for the Conservation Commission of the State of Missouri Project.

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

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

Fiscal Year Ending June 30	Governmental Funds
2008	$ 13,776
2009	13,777
2010	13,771
2011	13,778
2012	13,833
2013-2017	59,361
2018-2020	16,922
Total Minimum Lease Payments	145,218
Less Amount Representing Interest	(31,228)
Present Value of Net Minimum Lease Payments	$ 113,990

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, 2007 (in thousands of dollars):

	Governmental Funds	Internal Service Funds	College and Universities
Buildings	$ 209,387	$ 4,716	$ 21,366
Equipment	46,262	8,266	632
	$ 255,649	$ 12,982	$ 21,998

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, 2007, were as follows (in thousands of dollars):

Year Ending June 30	Primary Government	Component Units
2008	$ 54,864	$ 3,308
2009	356	2,394
2010	222	1,444
2011	131	1,173
2012	109	907
2013–2017	556	3,031
2018–2022	566	---
2023–2027	578	---
After 2027	590	---
Total Minimum Commitments	$ 57,972	$ 12,257

Expenditures for rent under operating leases for the years ended June 30, 2007 and June 30, 2006 were $39,888,000 and $37,240,000, respectively.

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, 2007, were as follows (in thousands of dollars):

Year Ending June 30	Primary Government	Component Units
2008	$ 505	$ 1,540
2009	445	1,540
2010	407	1,518
2011	341	1,515
2012	322	1,462
2013-2017	1,454	7,925
2018-2022	1,443	4,602
2023-2027	1,121	4,383
After 2027	136	13,828
Total Minimum Receivables	$ 6,174	$ 38,313

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.

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 equals 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.

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 12.78% and 58.48%, 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 44.28% for uniformed members of the Highway Patrol and 31.10% 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.

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):

	MSEP	Judicial Plan	MPERS
Annual required contribution	$ 239,488	$ 23,746	$ 121,264
Interest on net pension obligation	5,224	3,598	---
Actuarial adjustment to annual required contribution	(3,690)	(2,541)	---
Annual pension cost	241,022	24,803	121,264
Contributions made	(239,488)	(23,746)	(121,264)
Increase in net pension obligation	1,534	1,057	---
Net pension obligation, beginning of year	61,463	42,331	---
Net pension obligation, end of year	$ 62,997	$ 43,388	$ ---

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, 2005, 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, 2007, will set the required contribution rates for the fiscal year ending June 30, 2009. 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, 2005, 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 3.75%.

Note 7 – Retirement Systems (cont.)

As of June 30, 2007, 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		
	06/30/07	06/30/06	06/30/05	06/30/07	06/30/06	06/30/05
Annual Pension Cost (APC)	$ 241,022	$ 228,730	$ 198,980	$ 24,803	$ 23,433	$ 22,770
Percentage of APC Contributed	99.36%	99.35%	99.32%	95.73%	95.60%	95.97%
Net Pension Obligation	$ 62,997	$ 61,463	$ 59,996*	$ 43,388	$ 42,331	$ 41,300

*Restated

	MPERS		
	Fiscal Year Ending		
	06/30/07	06/30/06	06/30/05
Annual Pension Cost (APC)	$ 121,264	$ 111,272	$ 102,240
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 $2,984,000, $2,776,000, and $2,179,000 for the years ending June 30, 2007, 2006, and 2005, respectively, to the System. These were equal to the required contributions for 2007 and 2006. Required contributions for 2005 were $2,218,000.

Copies of the System's June 30, 2007, Comprehensive Annual Financial Report may be requested from:

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

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 2007 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 8.7% for the year ended June 30, 2007. 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	$ 74,736
Interest on net pension obligation	---
Actuarial adjustment to annual required contribution	---
Annual pension cost	74,736
Contributions made	(74,736)
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	$ ---

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, 2005, 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		
	06/30/07	06/30/06	06/30/05
Annual Pension Cost (APC)	$ 74,736	$ 64,399	$ 49,075
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 17,241, 5,356, and 536, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 16,308, 3,427, and 365, 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 2007, the State's contributions were 50.89% 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	17,241	---
MOSERS	---	16,308
MHPML	5,356	3,427
CEIP	536	365
Total	23,133	20,100

Note 8 – Other Postemployment Benefits (cont.)

During fiscal year 2007, the State contributed the following amounts (in thousands of dollars):

	Health Care	Life Insurance
MCHCP	$ 55,428	$ ---
MOSERS	---	1,787
MHPML	12,489	---
CEIP	1,440	---
Total	$ 69,357	$ 1,787

During fiscal year 2007, the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

	Health Care	Life Insurance
MCHCP	$ 77,582	$ ---
MOSERS	---	---
MHPML	34,551	2,662
CEIP	3,050	124
Total	$ 115,183	$ 2,786

The MCHCP retained PricewaterhouseCoopers, LLP to perform an actuarial valuation of its Postemployment 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 2009, the NOO as of June 30, 2008, is projected to be $96.5 million. The State has appropriated $15 million to fund the ARC in fiscal year 2008, in addition to pay as you go.

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, 5,810 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2007 the University's contributions were 50.46% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the numbers of retirees/long-term disability claimants participating are 4,854 for medical care, 4,609 for dental care, 2,672 for life insurance, and 3,045 for accidental death and dismemberment, dependent life and long-term care insurance. During fiscal year 2007, the University contributed $14,318,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were $30,210,000.

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:

CitiStreet
One Heritage Drive
North Quincy, Massachusetts 02171

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 CitiStreet.

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 2007, employer contributions to CitiStreet were $34,894,000. No employee contributions are made to the Plan.

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

CitiStreet
One Heritage Drive
North Quincy, Massachusetts 02171

On June 1, 2006, CitiStreet became the third-party administrator (TPA) of both Plans. The 401(a) deferred compensation plan displayed in the Pension (and Other Employee Benefit) Trust Funds statement presents 18 months of activity ended December 31, 2006, whereas the 457 deferred compensation plan presents 12 months of activity ended December 31, 2006.

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, 2007 (in thousands of dollars):

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental Activities:				
Bank Overdraft	$ 2	$ 586,882	$ (586,884)	$ ---
Budget Reserve Loans	---	6,802	(6,802)	---
Total Governmental Activities	$ 2	$ 593,684	$ (593,686)	$ ---

Note 11 - Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007 (in thousands of dollars):

	*Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007	Due Within One Year
Governmental Activities:					
Due to Other Entities	$ 35,308	$ 409	$ (1,179)	$ 34,538	$ 3,833
General Obligation Bonds Payable	739,935	---	(55,420)	684,515	66,395
Other Bonds Payable	1,873,140	1,314,870	(527,135)	2,660,875	109,595
Unamortized Bond Premium	104,413	77,099	(21,526)	159,986	---
Obligations under Lease/ Purchases	235,164	19,964	(23,419)	231,709	22,286
Compensated Absences	159,760	182,627	(170,610)	171,777	170,610
Claims Liabilities	122,800	518,033	(447,646)	193,187	109,876
Contingent Liabilities	111,402	---	(28,480)	82,922	28,480
2nd Injury Fund Contingent Liabilities	982,328	195,773	(66,078)	1,112,023	66,078
Net Pension Obligation	103,794	387,089	(384,498)	106,385	---
Total Governmental Activities	$ 4,468,044	$ 2,695,864	$ (1,725,991)	$ 5,437,917	$ 577,153
Business-Type Activities:					
Claims Liabilities	$ 116,929	$ 11,292	$ (12,165)	$ 116,056	$ 13,000
Grand Prize Winner Liability	108,579	41,833	(47,441)	102,971	45,273
Compensated Absences	2,146	3,143	(2,607)	2,682	2,607
Total Business-Type Activities	$ 227,654	$ 56,268	$ (62,213)	$ 221,709	$ 60,880

*Beginning balances as of July 1, 2006 have been restated (see *Note 17*).

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):

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

Note 12 – Bonds Payable (cont.)

	Date Issued	Amount Issued	Series Refunded	Amount 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, 2007, $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, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity 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	$ 16,925
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	30,000	27,015
Series B 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	147,710	121,880
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	125,705
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/12	75,650	39,640
Fourth State Building Bonds:						
Series A 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	154,840	153,370
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	8,460
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	15,000	13,510
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	17,175
Total General Obligation Bonds					$ 897,090	$ 684,515
Less: Amount in Sinking Fund for payment of Principal						(66,395)
						$ 618,120

Note 12 – Bonds Payable (cont.)

As of June 30, 2007, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
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	56,775	18,346	75,121
2013–2017	237,290	57,057	294,347
2018–2022	98,535	15,760	114,295
2023–2027	20,165	3,295	23,460
2028	2,955	74	3,029
Totals	$ 684,515	$ 200,362	$ 884,877

Other Bonds:

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

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

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	$ 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, 2007, the Board of Public Buildings Bonds had issued $871,205,000 of the bond authorization. The remaining authorization is $73,795,000.

Note 12 – Bonds Payable (cont.)

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2001	4.25 – 5.75%	5/1; 11/1	5/01	5/1/26	$ 173,870	$ 148,230
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	37,640
Series A 2003	4.0 – 6.0%	4/15;10/15	4/03	10/15/28	387,425	376,385
Series A 2006	4.0 – 5.0%	4/1; 10/1	10/06	10/1/31	120,000	120,000
Total Board of Public Buildings Bonds					$ 764,760	$ 682,255

As of June 30, 2007, 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 Ended June 30	Principal	Interest	Totals
2008	$ 28,925	$ 33,234	$ 62,159
2009	30,000	31,720	61,720
2010	31,175	30,127	61,302
2011	22,950	28,702	51,652
2012	23,815	27,551	51,366
2013–2017	124,930	118,582	243,512
2018–2022	152,830	84,748	237,578
2023–2027	180,685	43,366	224,051
2028–2032	86,945	6,795	93,740
Totals	$ 682,255	$ 404,825	$ 1,087,080

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, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Educational Facilities Revenue Bonds:						
Series 2001	3.0 – 5.0%	5/1; 11/1	11/01	11/1/21	$ 35,000	$ 30,855

Note 12 – Bonds Payable (cont.)

As of June 30, 2007, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
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	1,760	1,112	2,872
2013-2017	10,040	4,310	14,350
2018-2022	12,730	1,600	14,330
Totals	$ 30,855	$ 12,253	$ 43,108

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, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Convention and Sports Facility Project Bonds:						
Series A 2003 - Refunding	1.42-5.375%	2/15; 8/15	8/03	8/15/21	$ 116,030	$ 102,955

As of June 30, 2007, the debt service requirements for these bonds are as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
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	5,745	4,104	9,849
2013-2017	33,520	15,589	49,109
2018-2022	43,260	5,625	48,885
Totals	$ 102,955	$ 44,385	$ 147,340

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):

Fiscal Year Ended June 30	State Debt Service Payments
2008	$ 10,000
2009	10,000
2010	10,000
2011	10,000
2012	10,000
2013–2017	50,000
2018–2022	45,000
Total	$ 145,000

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.

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 Commission issued $296,670,000 of Series A 2006 First Lien State Road Bonds on August 1, 2006. Series B 2006 First Lien State Road Bonds was issued in the amount of $503,330,000 by the Commission on August 1, 2006. The Commission issued Series 2006 Senior Lien Refunding State Road Bonds dated December 1, 2006, in the amount of $394,870,000. This refunded $135,980,000 of Series A 2000, $105,075,000 of Series A 2001, $109,165,000 of Series A 2002, and $57,390,000 of Series A 2003.

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, 2007, the Missouri Highways and Transportation Commission had used $2,057,660,000.

Note 12 – Bonds Payable (cont.)

The State Road Bonds issued and outstanding as of June 30, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity 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	$ 60,525
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/21	200,000	57,275
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/22	203,000	62,865
Series A 2003	2.00–5.00%	2/1; 8/1	11/03	2/1/23	254,000	168,045
Series A 2005-First Lien	2.50-5.00%	11/1; 5/1	7/05	5/1/15	278,660	231,295
Series B 2005-Third Lien	Variable	Variable	7/05	5/1/15	72,000	58,920
Series A 2006-First Lien	3.75-5.00%	5/1;11/1	8/06	5/1/21	296,670	296,670
Series B 2006-First Lien	4.50-5.00%	5/1;11/1	8/06	5/1/26	503,330	503,330
Series 2006-Refunding	4.00-5.00%	2/1; 8/1	12/06	2/1/22	394,870	394,870
Total Missouri Highways and Transportation Commission					$ 2,452,530	$ 1,833,795

As of June 30, 2007, 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 Ended June 30	Principal	Interest[1]	Totals
2008	$ 69,105	$ 88,502	$ 157,607
2009	81,920	85,415	167,335
2010	90,020	81,679	171,699
2011	98,380	77,495	175,875
2012	101,950	72,775	174,725
2013-2017	482,105	290,286	772,391
2018-2022	455,810	182,500	638,310
2023-2026	454,505	57,725	512,230
Totals	$ 1,833,795	$ 936,377	$ 2,770,172

(1) The annual debt service schedule assumes an interest rate of 3.70%, representing the interest rate at June 30, 2007, 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, 2007.

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 Commission 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 Commission and do not constitute a pledge of the full faith and credit of the State.

Note 12 – Bonds Payable (cont.)

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 Commission and do not constitute a pledge of the full faith and credit of the State.

The revenue bonds issued and outstanding as of June 30, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Fulton 54 Transportation Corporation:						
Highway Revenue Bonds Series 2000	4.60 – 5.00%	9/1	11/00	9/1/07	$ 8,705	$ 2,195
Missouri Highway 179 Transportation Corporation:						
Highway Revenue Bonds Series 1997	3.95 – 5.25%	3/1; 9/1	12/97	9/1/08	$ 22,930	$ 5,430
Wentzville Parkway Transportation Corporation:						
Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	$ 12,935	$ 3,390

As of June 30, 2007, 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):

Fiscal Year Ended June 30	Principal	Interest	Totals
2008	$ 5,325	$ 419	$ 5,744
2009	3,300	202	3,502
2010	535	104	639
2011	1,855	45	1,900
Totals	$ 11,015	$ 770	$ 11,785

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):

Fiscal Year Ended June 30	City Payments
2008	$ 995

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):

Fiscal Year Ended June 30	Principal	Interest	City's Total Payments
2008	$ 485	$ 152	$ 637
2009	515	129	644
2010	535	104	639
2011	1,855	45	1,900
Totals	$ 3,390	$ 430	$ 3,820

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, 2007, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2008	$ 33,294	$ 47,663	$ 80,957
2009	34,649	46,433	81,082
2010	35,808	44,955	80,763
2011	36,327	43,434	79,761
2012	34,692	41,910	76,602
2013-2017	191,081	185,452	376,533
2018-2022	201,537	140,543	342,080
2023-2027	253,675	86,987	340,662
2028-2032	181,410	34,273	215,683
2033-2037	77,080	3,783	80,863
Totals (1)	$ 1,079,553	$ 675,433	$ 1,754,986

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

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 a parking garage. Bonds are payable, both principal and interest, only out of revenues derived from the operation of the parking garage.

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, 2007, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Missouri Development 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 Development Finance Board Revenue Bonds					$ 37,600	$ 31,850

As of June 30, 2007, 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 Ended June 30	Principal	Interest	Totals
2008	$ ---	$ 716	$ 716
2009	240	4,527	4,767
2010	255	1,455	1,710
2011	270	1,443	1,713
2012	285	1,429	1,714
2013-2017	1,740	6,917	8,657
2018-2022	17,755	5,711	23,466
2023-2027	3,300	2,174	5,474
2028-2032	4,550	1,245	5,795
2033-2034	3,455	164	3,619
Totals	$ 31,850	$ 25,781	$ 57,631

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 4.66%, representing the interest rate at June 30, 2007, for the Series 2000B and Series 2000C bonds. The annual debt service schedule also assumes an interest rate of 4.62%, representing the interest rate as of June 30, 2007, for the Ninth Street Garage Series 2004A and 2004B bonds.

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, 2007 (in thousands of dollars):

	Governmental Funds		Component Units	
	General Obligation Bonds	Other Bonds	Revenue Bonds	Totals
Bonds Payable at July 1, 2006	$ 739,935	$ 1,873,140	$ ---	$ 2,613,075
Bond Issuance	---	1,314,870	---	1,314,870
Bonds Retired	(55,420)	(527,135)	---	(582,555)
Subtotal	684,515	2,660,875	---	3,345,390
College and Universities[1]	---	---	1,079,553	1,079,553
Missouri Development Finance Board	---	---	31,850	31,850
Bonds Payable at June 30, 2007	$ 684,515	$ 2,660,875	$ 1,111,403	$ 4,456,793

[1] Detailed information for college and universities are not shown.

Note 13 – Defeased Debt

A. Current Year Debt Defeasance

On July 11, 2006, the State defeased the Midtown State Office Building in the amount of $1,070,000. This building is part of the Board of Public Buildings Series B 2001 Refunding Bonds. The defeasance is an extinguishment of the debt as the Board was legally released from its obligation. Accordingly, the amount defeased is excluded from the Statement of Net Assets.

On December 13, 2006, the Missouri Department of Transportation issued $394,870,000 of Series 2006 bonds. The Series 2006 bonds refunded $407,610,000 of outstanding State Road Bonds, which included $135,980,000 of Series A 2000, $105,075,000 of Series A 2001, $109,165,000 of Series A 2002, and $57,390,000 of Series A 2003. The economic gain on the refunding is $19,900,000. 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 $27,000,000.

On December 27, 2006, Northwest Missouri State University issued $9,905,000 of Series 2006 bonds. The Series 2006 bonds refunded $8,750,000 of outstanding 1998 series bonds. The economic gain (difference between the present values of the old and new debt service payments) on the refunding is $406,000. The difference in cash flows between the old debt service requirements and the new debt requirements is $736,000.

On March 5, 2007, Northwest Missouri State University issued $9,975,000 of Series 2007 bonds. The Series 2007 bonds refunded $3,000,000 of outstanding 1997 series bonds and $6,700,000 of outstanding 1998 series bonds. The economic gain (difference between the present values of the old and new debt service payments) on the refunding is $232,000. The difference in cash flows between the old debt service requirements and the new debt requirements is $427,000.

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, 2007, bonds outstanding of $543,033,000 are defeased.

College and Universities – As of June 30, 2007, bonds outstanding of $175,306,000 are defeased.

Note 14 – Payables and Receivables

A summary of accounts payable and accounts receivable at June 30, 2007, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2007
Accounts Payable:			
Taxpayers	$ 80,324	$ 15	$ 80,339
Other Governments	113,031	29	113,060
Vendors	792,372	11,581	803,953
Employees	119,711	2,680	122,391
Other	52,501	1	52,502
Total Accounts Payable	$ 1,157,939	$ 14,306	$ 1,172,245
Accounts Receivable:			
Taxpayers	$ 1,143,445	$ 4,004	$ 1,147,449
Other Governments	484,521	281	484,802
Vendors	1,931,889	---	1,931,889
Customers	74,485	167,329	241,814
Other	950,608	1,731	952,339
Accounts Receivable	4,584,948	173,345	4,758,293
Amounts not expected to be collected	(1,923,619)	(4)	(1,923,623)
Accounts Receivable, net	$ 2,661,329	$ 173,341	$ 2,834,670

Note 15 – Interfund Assets and Liabilities

A summary of interfund assets and liabilities at June 30, 2007, is shown below (in thousands of dollars):

Due to Other Funds and Primary Government	Due From Other Funds, Component Units, and Primary Government: General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement
General Fund	$ ---	$ ---	$ 3	$ 18
Public Education	189	---	---	---
Conservation and Environmental Protection	---	---	---	1
Transportation and Law Enforcement	---	---	---	---
Missouri Road Fund	---	---	53	11
Non-Major Governmental Funds	111	---	1	---
State Lottery	---	16,525	---	---
Petroleum Storage Tank Insurance	---	---	---	---
Non-Major Enterprise Funds	---	---	---	---
Internal Service Funds	---	---	---	---
Non-Major Component Units	---	---	726	---
Totals	$ 300	$ 16,525	$ 783	$ 30

Continues Below

Due to Other Funds and Primary Government	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	Totals
General Fund	$ 508	$ 8	$ 4,314	$ 4,851
Public Education	4	---	68	261
Conservation and Environmental Protection	72	23	281	377
Transportation and Law Enforcement	4	---	324	328
Missouri Road Fund	---	7	259	330
Non-Major Governmental Funds	95	---	502	709
State Lottery	---	---	42	16,567
Petroleum Storage Tank Insurance	10	---	1	11
Non-Major Enterprise Funds	---	---	77	77
Internal Service Funds	26	2	194	222
Non-Major Component Units	---	---	---	726
Totals	$ 719	$ 40	$ 6,062	$ 24,459

Note 15 – Interfund Assets and Liabilities (cont.)

	Advance From Component Units and Primary Government		
Advance To Component Units and Primary Government	Missouri Road Fund	Non-Major Component Units	Totals
Conservation and Environmental Protection	$ ---	$ 3,300	$ 3,300
Non-Major Component Units	12,158	---	12,158
Totals	$ 12,158	$ 3,300	$ 15,458

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: governmental activities in the amount of $7,038,000.

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, 2007, were as follows (in thousands of dollars):

Transfers Out:	Transfers In: General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund
General Fund	$ ---	$ 2,723,140	$ 664	$ 315	$ 12
Public Education	7,309	---	---	---	---
Conservation and Environmental Protection	570	---	---	---	---
Transportation and Law Enforcement	3,560	---	---	---	523,745
Non-Major Governmental Funds	36,593	33,973	---	---	---
State Lottery	---	257,201	---	---	---
Non-Major Enterprise Funds	20	---	---	---	---
Internal Service Funds	7	---	---	---	---
Totals	$ 48,059	$ 3,014,314	$ 664	$ 315	$ 523,757

Continues Below

Transfers Out:	Non-Major Governmental Funds	Non-Major Enterprise Funds	Internal Service Funds	Totals
General Fund	$ 175,373	$ 534	$ 120,052	$ 3,020,090
Public Education	---	---	---	7,309
Conservation and Environmental Protection	1,392	---	---	1,962
Transportation and Law Enforcement	---	---	---	527,305
Non-Major Governmental Funds	10,880	---	---	81,446
State Lottery	---	---	---	257,201
Non-Major Enterprise Funds	---	---	---	20
Internal Service Funds	59	---	---	66
Totals	$ 187,704	$ 534	$ 120,052	$ 3,895,399

Principal reasons for interfund transfers include:

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

During fiscal year 2007, unusual transfers of $120.1 million from the General Fund to State Facility Maintenance and Operation, an internal service fund, occurred to move the proceeds from Board of Public Buildings Series A 2006.

Note 17– Restatements

During fiscal year 2007, 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, 2006 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2006 Fund Balance/ Net Assets Restated
GOVERNMENTAL FUNDS			
Major Governmental Funds			
Public Education	$ 254,285	$ 13,451	$ 267,736
Non-Major Governmental Funds			
Special Revenue	265,313	1,202	266,515
PROPRIETARY FUNDS			
Non-Major Proprietary Funds			
Enterprise	46,561	62	46,623
Internal Service	467,766	(726)	467,040

Breakdown of restatements by type:

- Public Education, the restatement was a decrease in accounts receivable of $23,333,000 and an increase in deferred revenue of $9,882,000.
- Non-major special revenue funds, the restatement was a decrease to cash of $3,000 and an increase in investments of $1,205,000.
- Non-major enterprise funds, the restatement was an increase to capital assets (net of accumulated depreciation) of $62,000.
- Non-major internal service funds, the restatement was a decrease in accounts receivable by $5,000, a decrease in capital assets (net of accumulated depreciation) of $692,000, and an increase in capital lease obligation by $29,000.

Purpose for restatements:

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

On the Government-Wide Statement of Activities, net assets for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation) decreased by $2,333,000, the internal balance increased by $3,000, contingent liabilities increased by $17,837,000, capital lease obligation increased by $4,176,000, and accounts receivable increased by $235,150,000, which included a $228,746,000 increase in the General Fund, $6,223,000 increase in Conservation and Environmental Protection, and a $181,000 increase in Transportation and Law Enforcement.

On the Government-Wide Statement of Activities, net assets for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by a decrease in the internal balance of $3,000.

Note 18 – Fund Deficit

The following funds had deficit balances:

Enterprise Fund – Petroleum Storage Tank – At June 30, 2007, this fund had a net asset deficit of $33,900,000. The deficit at June 30, 2006 was $46,633,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 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.

Note 19 – Related Party Transactions

The Missouri State Public Employees' Deferred Compensation Plan is administered by CitiStreet. ING Life Insurance and Annuity Company provides fixed earnings investments for plan participants while CitiStreet provides variable earnings investments. At December 31, 2006, total investments of the Plan were $1,059,796,000 and investments in ING Life Insurance and Annuity Company were $464,379,000.

Note 20 – Commitments

Contracts

The Department of Conservation had contracts outstanding of $2,775,000 for construction contracts at June 30, 2007. 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 $1,151,750,000 outstanding at June 30, 2007. These contracts are paid from capital projects funds with approximately 70% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2007, of $120,327,000. Approximately 26% will be paid from the General Fund, 8% from special revenue funds, 2% from capital projects funds, and 64% from internal service funds.

The Department of Elementary and Secondary Education had desegregation payments outstanding of $30 million at June 30, 2007. 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, 2007	$ 11,000,000
July 1, 2008	10,000,000
July 1, 2009	9,000,000

Note 20 – Commitments (cont.)

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 2007 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 $3,000 for land acquisition and $30,000 for construction contracts at June 30, 2007. The land acquisition contracts will be funded through federal funds and the construction contracts will be funded through special revenue funds.

As of June 30, 2007, the University of Missouri had outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling $12,869,000. The payments are as follows:

2008	$ 3,960,000
2009	3,960,000
2010	3,960,000
2011	989,000

Missouri State University had approximately $43,800,000 in outstanding commitments for various construction contracts at June 30, 2007, still to be incurred.

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%.

Note 21 – Risk Management and Insurance (cont.)

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.

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. In FY 2007, the Department of Revenue (DOR) resolved (by negotiated settlement) some claims related to the suit, filed by multiple taxpayers, for $88.5 million. During FY 2007, $22 million in payments were made resulting in a remaining liability of $66.5 million as of June 30, 2007.

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.

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

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:

Governmental Activities	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2006	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2007
OA Workers Compensation	Workers Comp.	$ 21,053	$ 17,655	$ (20,529)	$ 18,179
OA Legal Expense Fund	Liability	153	5,706	(4,995)	864
MoDOT Self-Insurance Plan	Workers Comp. and Liability	55,857	7,002	(11,544)	51,315
MCHCP	Health Care	32,494	300,493	(289,933)	43,054
MHPML	Health Care and Life Insurance	9,561	91,487	(90,048)	11,000
CEIP	Health Care and Life Insurance	3,682	7,190	(8,597)	2,275
DOR	Southwestern Bell Lawsuit	---	88,500	(22,000)	66,500
Total Governmental Activities		$ 122,800	$ 518,033	$ (447,646)	$ 193,187
Business-Type Activities					
PSTIF	Contamination Cleanup	$ 116,929	$ 11,292	$ (12,165)	$ 116,056
Component Units					
University of Missouri System	Workers Comp. and Liability	$ 86,850	$ 139,294	$ (146,345)	$ 79,799
Missouri State University	Health Care, Workers Comp. and Liability	962	11,779	(11,566)	1,175
Total Component Units		$ 87,812	$ 151,073	$ (157,911)	$ 80,974

Governmental Activities	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2005	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2006
OA Workers Compensation	Workers Comp.	$ 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
Total Governmental Activities		$ 109,647	$ 411,278	$ (398,125)	$ 122,800
Business-Type Activities					
PSTIF	Contamination Cleanup	$ 121,054	$ 8,722	$ (12,847)	$ 116,929
Component Units					
University of Missouri System	Workers Comp. and Liability	$ 78,190	$ 148,993	$ (140,333)	$ 86,850
Missouri State University	Health Care, Workers Comp. and Liability	1,041	10,997	(11,076)	962
Total Component Units		$ 79,231	$ 159,990	$ (151,409)	$ 87,812

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, 2007, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be $264,085,000. 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, 2007, 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, 2007, it is expected that $788,000 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.

Note 23 – Contingencies (cont.)

At June 30, 2007, the amount of the contingent liabilities was $83 million. Changes in the reported liability since June 30, 2006, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2006-2007	$ 111,402	$ (18,643)	$ (9,837)	$ 82,922
2005-2006	117,631	1,663	(7,892)	111,402
2004-2005 *	141,031	(17,164)	(6,236)	117,631

*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 2007 actuarial study. At June 30, 2007, the amount of liabilities for the Second Injury Fund was $1.1 billion. Changes in the reported liability since June 30, 2006, resulted from the following (in thousands of dollars):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance Fiscal Year End
2006-2007	$ 982,328	$ 195,773	$ (66,078)	$ 1,112,023
2005-2006 *	863,774	180,930	(62,376)	982,328
2004-2005 *	749,600	177,564	(63,390)	863,774

*Restated.

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:

In the past, the State appropriated 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 Board funds. The total loans outstanding at June 30, 2007, for which the Board has guaranteed payment is $391,000. During 2007, 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, 2007, for which the Authority has guaranteed payment is $2,211,000 and $10,528,000, respectively. During 2007, no loans defaulted.

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 Missouri Court of Appeals ruled in favor of the Department. The issue is pending before the Supreme Court. DSS/DMS paid $1.9 million on the judgment in FY 07. However, if DSS/DMS prevails on appeal, DSS may be able to recoup some or all of the payment.

Sales and Use Tax Lawsuits:

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441). The Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell case. A $66.5 million liability remains as of June 30, 2007, and is referenced in *Note 21 – Risk Management and Insurance*. Refund claims filed by other related companies as of June 30, 2007, totaled approximately $100 million (including a portion payable by local governments). These claims are pending verification and could negatively affect the State's General Revenue Fund by $61 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 2007 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of $2.8 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.

Note 24 – Joint Ventures

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

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

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

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2006, is presented below (in thousands of dollars):

Total Assets	$ 301,961
Total Liabilities	$ 202,270
Total Net Assets	99,691
Total Liabilities and Net Assets	$ 301,961
Total Revenues	$ 26,519
Total Expenses	23,011
Net Increase in Net Assets	$ 3,508

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

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 $86,053,000, and of this amount, $84,248,000 is reported as restricted non-expendable net assets and $1,805,000 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, 2007, the Missouri Development Finance Board issued $910,262,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,435,540,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2007, were approximately $424,350,328, $135,000, and $614,476,000, 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

General Obligation Bonds:

On August 1, 2007, the Board of Fund Commissioners of the State of Missouri defeased the Water Pollution Control Bonds Series A 2001, the Stormwater Control Bonds Series A 2001, and the Stormwater Control Bonds Series A 2002. The defeased amounts were $80,000, $235,000, and $1,640,000, respectively.

On November 28, 2007, the Board of Fund Commissioners of the State of Missouri issued $50,000,000 of Water Pollution Control Bonds, Series A 2007. The interest rates range from 4.0% to 5.0% and have a final maturity date of December 1, 2032.

Missouri Department of Transportation:

On August 27, 2007, the Department issued $526,800,000 of Second Lien State Road Bonds Series 2007. These bonds bear interest, payable semiannually, from 4.00% to 5.25%, due in semiannual installments beginning May 1, 2009. 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 conjunction with the bond sale, the Department settled an interest rate swap agreement that resulted in a termination payment of $11,118,000 from bond proceeds.

Lincoln University:

On July 3, 2007, the University issued $21,000,000 of insured Auxiliary System Subordinate Revenue Bonds, Series 2007. These bonds bear interest, payable semiannually, at rates of 4.0% to 4.7% and are due in semiannual installments beginning December 1, 2007. Principal maturities will begin June 1, 2009, and continue until 2037.

Note 27- Subsequent Events (cont.)

University of Central Missouri:

On October 1, 2007, the University issued $1,200,000 of insured Educational Facilities Revenue Bonds, Series 2007. These bonds bear interest, payable semiannually, at 4.9% and are due in semiannual installments beginning April 1, 2008. Principal maturities will begin April 1, 2008, and continue until 2017.

University of Missouri:

On July 2, 2007, the University sold $160,000,000 of capital project notes at an effective interest rate of 3.7%. The notes will be repaid in full by June 30, 2008.

On July 26, 2007, the University issued $365,220,000 of System Facilities Revenue Bonds, consisting of $262,970,000 in Series 2007A bonds at the interest cost of 4.0% to 5.0% and $102,250,000 of Series 2007B bonds with variable rates.

Settlement:

On November 28, 2007, the State of Missouri reached a settlement for $179,750,000 with Ameren over the collapse of the Taum Sauk Reservoir. On December 14, 2005, a breach of the 55-acre reservoir released more than a billion gallons of water causing extensive damage to the nearby Johnson's Shut-Ins State Park. The settlement requires Ameren to restore and rebuild the area in and around the park. Approximately $14,400,000 of the settlement will go to local government agencies.

Missouri State Public Employees' Deferred Compensation Commission:

On August 28, 2007, the Missouri State Public Employees' Deferred Compensation Commission was dissolved per Section 105.910 of the Revised Statutes of Missouri. The Missouri State Employees' Retirement System Board of Trustees assumed supervision of the deferred compensation program on September 1, 2007.

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, 2007
(In Thousands of Dollars)

	General				Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 1,487,155	$ 1,487,155	$ 1,487,155	$ ---	$ 194,918	$ 194,918	$ 194,918	$ ---
Resources (Inflows):								
Taxes:								
Sales and Use	1,975,452	2,013,977	2,042,377	28,400	949,320	949,320	772,236	(177,084)
Individual Income	5,538,895	5,646,914	5,726,545	79,631	6,113	6,113	4,973	(1,140)
Corporate Income	535,796	546,245	553,948	7,703	---	---	---	---
County Foreign Insurance	192,683	196,441	199,211	2,770	---	---	---	---
Beer	8,136	8,295	8,412	117	---	---	---	---
Liquor	20,924	21,331	21,632	301	---	---	---	---
Cigarette	---	---	---	---	91,148	91,148	74,145	(17,003)
Fuel	---	---	---	---	---	---	---	---
Corporation Franchise	75,239	76,707	77,788	1,081	---	---	---	---
Inheritance	5,776	5,889	5,972	83	---	---	---	---
Reimbursement/Miscellaneous	1,071,701	1,092,601	1,108,009	15,408	360,449	360,449	293,212	(67,237)
Total Taxes	9,424,602	9,608,400	9,743,894	135,494	1,407,030	1,407,030	1,144,566	(262,464)
Licenses, Fees, and Permits	76,723	78,216	79,298	1,082	8,358	8,358	6,799	(1,559)
Sales	11,534	11,736	11,744	8	---	---	---	---
Leases and Rentals	22	22	23	1	---	---	---	---
Services	251,212	252,841	234,833	(18,008)	---	---	---	---
Contributions and Intergovernmental	6,918,964	6,945,038	6,324,749	(620,289)	82,415	82,415	67,042	(15,373)
Interest	84,878	86,488	87,406	918	9,788	9,788	7,962	(1,826)
Penalties and Unclaimed Property	978	993	988	(5)	1,458	1,458	1,186	(272)
Cost Reimbursement/ Miscellaneous	444,887	445,766	400,605	(45,161)	68,980	68,980	56,113	(12,867)
Transfers In	168,627	253,748	159,191	(94,557)	2,909,071	2,909,071	3,016,852	107,781
Total Resources (Inflows)	17,382,427	17,683,248	17,042,731	(640,517)	4,487,100	4,487,100	4,300,520	(186,580)
Amount Available for Appropriation	18,869,582	19,170,403	18,529,886	(640,517)	4,682,018	4,682,018	4,495,438	(186,580)
Charges to Appropriations (Outflows):								
Current:								
General Government	1,827,953	1,825,670	1,741,945	83,725	1,884	1,888	1,308	580
Education	1,928,516	1,898,655	1,786,193	112,462	4,158,673	4,238,715	4,216,425	22,290
Natural and Economic Resources	304,748	313,222	243,598	69,624	24,036	24,036	12,769	11,267
Transportation and Law Enforcement	384,310	423,924	323,968	99,956	155	169	153	16
Human Services	9,427,727	9,817,787	8,898,446	919,341	21,575	21,585	20,405	1,180
Capital Outlay	112,352	116,432	101,264	15,168	3,444	3,499	3,363	136
Debt Service	85,179	84,836	82,478	2,358	---	---	---	---
Transfers Out	3,483,266	3,583,088	3,549,084	34,004	6,357	11,294	10,584	710
Total Charges to Appropriations	17,554,051	18,063,614	16,726,976	1,336,638	4,216,124	4,301,186	4,265,007	36,179
Ending Budgetary Fund Balance	$ 1,315,531	$ 1,106,789	$ 1,802,910	$ 696,121	$ 465,894	$ 380,832	$ 230,431	$ (150,401)
Reconciling Items:								
Reclassifying Cash Equivalents as Investments			(1,418,608)				(182,247)	
Investments at Fair Value			1,439,625				185,204	
Receivables			1,439,315				121,890	
Due from Other Funds			300				16,525	
Due from Component Units			---				---	
Inventory			24,017				84	
Advance to Component Units			---				---	
Accounts Payable			(814,480)				(41,145)	
Accrued Payroll			(57,680)				(419)	
Due to Other Funds			(4,851)				(261)	
Arbitrage Liability			(39)				---	
Deferred Revenue			(434,501)				(25,283)	
Escheat/Unclaimed Property			(95,776)				---	
Fund Balance - GAAP Basis			$ 1,880,232				$ 304,779	

	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
Beginning Budgetary Fund Balance	$ 340,475	$ 340,475	$ 340,475	$ ---	$ 49,759	$ 49,759	$ 49,759	$ ---
Resources (Inflows):								
Taxes:								
Sales and Use	186,357	186,357	186,001	(356)	98,559	98,559	62,292	(36,267)
Individual Income	---	---	---	---	---	---	---	---
Corporate Income	---	---	---	---	---	---	---	---
County Foreign Insurance	---	---	---	---	---	---	---	---
Beer	---	---	---	---	---	---	---	---
Liquor	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	---	---	---	---
Fuel	---	---	---	---	1,178,581	1,178,581	744,892	(433,689)
Corporation Franchise	---	---	---	---	---	---	---	---
Inheritance	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	1,552	1,552	1,549	(3)	---	---	---	---
Total Taxes	187,909	187,909	187,550	(359)	1,277,140	1,277,140	807,184	(469,956)
Licenses, Fees, and Permits	78,681	78,681	78,530	(151)	236,059	236,059	149,196	(86,863)
Sales	8,839	8,839	8,822	(17)	18,106	18,106	11,443	(6,663)
Leases and Rentals	136	136	135	(1)	15	15	9	(6)
Services	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	80,558	80,558	80,404	(154)	1,310	1,310	828	(482)
Interest	16,599	16,599	16,568	(31)	8,074	8,074	5,103	(2,971)
Penalties and Unclaimed Property	1,149	1,149	1,147	(2)	630	630	398	(232)
Cost Reimbursement/ Miscellaneous	50,464	50,464	50,368	(96)	2,011	2,011	1,272	(739)
Transfers In	699	715	715	---	1,322	1,322	1,498	176
Total Resources (Inflows)	425,034	425,050	424,239	(811)	1,544,667	1,544,667	976,931	(567,736)
Amount Available for Appropriation	765,509	765,525	764,714	(811)	1,594,426	1,594,426	1,026,690	(567,736)
Charges to Appropriations (Outflows):								
Current:								
General Government	3,246	3,762	3,251	511	215,407	216,344	213,787	2,557
Education	---	---	---	---	---	---	---	---
Natural and Economic Resources	341,852	466,729	336,763	129,966	---	---	---	---
Transportation and Law Enforcement	983	984	648	336	214,712	213,352	192,862	20,490
Human Services	499	499	312	187	---	---	---	---
Capital Outlay	24,993	33,954	24,622	9,332	22,945	22,801	20,619	2,182
Debt Service	86	117	85	32	31	31	29	2
Transfers Out	53,850	55,117	44,333	10,784	562,749	565,052	537,523	27,529
Total Charges to Appropriations	425,509	561,162	410,014	151,148	1,015,844	1,017,580	964,820	52,760
Ending Budgetary Fund Balance	$ 340,000	$ 204,363	$ 354,700	$ 150,337	$ 578,582	$ 576,846	$ 61,870	$ (514,976)
Reconciling Items:								
Reclassifying Cash Equivalents as Investments			(256,716)				(39,403)	
Investments at Fair Value			257,334				53,424	
Receivables			800,631				145,007	
Due from Other Funds			57				30	
Due from Component Units			726				---	
Inventory			824				4,823	
Advance to Component Units			3,300				---	
Accounts Payable			(5,465)				(2,520)	
Accrued Payroll			(5,002)				(5,435)	
Due to Other Funds			(377)				(328)	
Arbitrage Liability			---				---	
Deferred Revenue			(18,799)				(1,689)	
Escheat/Unclaimed Property			---				---	
Fund Balance - GAAP Basis			$ 1,131,213				$ 215,779	

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, 2007, 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/AAR2007/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.

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, 2007
(In Thousands of Dollars)

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	$ 354,167	$ 354,167	$ 354,167	$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	188,481	188,481	206,244	17,763
Fuel	113	113	93	(20)
Total Taxes	188,594	188,594	206,337	17,743
Licenses, Fees, and Permits	114,499	114,499	123,971	9,472
Contributions and Intergovernmental	835,154	835,154	809,520	(25,634)
Interest	15,581	15,581	33,870	18,289
Cost Reimbursment/Miscellaneous	87,950	87,950	103,739	15,789
Bond Sales Proceeds	800,000	800,000	829,994	29,994
Transfers In	550,013	550,013	523,757	(26,256)
Total Resources (Inflows)	2,591,791	2,591,791	2,631,188	39,397
Amount Available for Appropriation	2,945,958	2,945,958	2,985,355	39,397
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	850,913	860,096	843,367	16,729
Capital Outlay	1,252,863	1,266,385	1,241,753	24,632
Debt Service	260,171	263,807	195,057	68,750
Total Charges to Appropriations	2,363,947	2,390,288	2,280,177	110,111
Ending Budgetary Fund Balance	$ 582,011	$ 555,670	$ 705,178	$ 149,508
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(254,449)	
Investments at Fair Value			256,470	
Receivables			71,347	
Inventories			40,365	
Accounts Payable			(104,034)	
Accrued Payroll			(17,200)	
Due to Other Funds			(330)	
Deferred Revenue			(27,377)	
Advance from Component Units			(12,158)	
Fund Balance - GAAP Basis			$ 657,812	

*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.

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

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.

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 Costs – 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:

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

STATE OF MISSOURI
BALANCE SHEET
GENERAL FUND
June 30, 2007
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2007
ASSETS				
Cash and Cash Equivalents	$ 347,543	$ 36,759	$ ---	$ 384,302
Investments	1,278,632	160,993	---	1,439,625
Accounts Receivable, Net	870,390	545,268	---	1,415,658
Interest Receivable	23,252	405	---	23,657
Due from Other Funds	1	300	(1)	300
Inventories	22,912	1,105	---	24,017
Total Assets	$ 2,542,730	$ 744,830	$ (1)	$ 3,287,559
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 360,474	$ 454,006	$ ---	$ 814,480
Accrued Payroll	44,207	13,473	---	57,680
Due to Other Funds	2,935	1,917	(1)	4,851
Deferred Revenue	389,424	45,077	---	434,501
Arbitrage Liability	39	---	---	39
Escheat/Unclaimed Property	95,776	---	---	95,776
Total Liabilities	892,855	514,473	(1)	1,407,327
Fund Balances:				
Reserved for:				
Budget Reserve	539,133	---	---	539,133
Inventories	22,912	1,105	---	24,017
Forfeited Assets	788	---	---	788
Taxes	3,942	---	---	3,942
Unreserved	1,083,100	229,252	---	1,312,352
Total Fund Balances	1,649,875	230,357	---	1,880,232
Total Liabilities and Fund Balances	$ 2,542,730	$ 744,830	$ (1)	$ 3,287,559

STATE OF MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2007
Revenues:				
Taxes	$ 7,684,586	$ ---	$ ---	$ 7,684,586
Licenses, Fees, and Permits	75,235	141	---	75,376
Sales	10,800	1,207	---	12,007
Leases and Rentals	22	---	---	22
Services	87,131	142,851	---	229,982
Contributions and Intergovernmental	1,380,725	5,678,092	(1)	7,058,816
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	3,337	505	---	3,842
Interest	89,166	2,371	---	91,537
Penalties and Unclaimed Properties	43,676	131	---	43,807
Cost Reimbursement/Miscellaneous	35,597	127,592	---	163,189
Total Revenues	9,410,275	5,952,890	(1)	15,363,164
Expenditures:				
Current:				
General Government	540,322	93,444	---	633,766
Education	967,372	846,546	---	1,813,918
Natural and Economic Resources	41,120	233,286	---	274,406
Transportation and Law Enforcement	92,716	244,957	---	337,673
Human Services	4,496,641	4,400,274	(1)	8,896,914
Capital Outlay:				
Current Expenditures	63,107	38,229	---	101,336
Capital Lease Purchases	3,462	670	---	4,132
Debt Service:				
Principal	42,781	669	---	43,450
Interest	44,449	819	---	45,268
Bond Issuance Cost	125	---	---	125
Underwriter's Discount	247	---	---	247
Total Expenditures	6,292,342	5,858,894	(1)	12,151,235
Excess Revenues (Expenditures)	3,117,933	93,996	---	3,211,929
Other Financing Sources (Uses):				
Proceeds from Capital Leases	3,462	670	---	4,132
Proceeds from General Obligation/Other Bonds	120,000	---	---	120,000
Payments to Escrow Agents	(1,069)	---	---	(1,069)
Bond Premium	3,919	---	---	3,919
Transfers In	94,260	4,363	(50,564)	48,059
Transfers Out	(3,023,355)	(47,299)	50,564	(3,020,090)
Total Other Financing Sources (Uses)	(2,802,783)	(42,266)	---	(2,845,049)
Net Change in Fund Balances	315,150	51,730	---	366,880
Fund Balances - Beginning	1,335,918	178,481	---	1,514,399
Increase (Decrease) in Reserve for Inventory	(1,193)	146	---	(1,047)
Fund Balances - Ending	$ 1,649,875	$ 230,357	$ ---	$ 1,880,232

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
June 30, 2007
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2007
ASSETS					
Cash and Cash Equivalents	$ 56,703	$ 33,419	$ 5,105	$ 104	$ 95,331
Investments	255,673	68,589	15,721	65,412	405,395
Accounts Receivable, Net	28,332	---	---	---	28,332
Interest Receivable	1,949	1,366	357	6	3,678
Due from Other Funds	719	---	---	---	719
Inventories	208	---	---	---	208
Loans Receivable	464	---	---	---	464
Total Assets	$ 344,048	$ 103,374	$ 21,183	$ 65,522	$ 534,127
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 33,685	$ ---	$ 36	$ ---	$ 33,721
Accrued Payroll	3,234	---	44	---	3,278
Due to Other Funds	708	---	1	---	709
Deferred Revenue	5,248	778	204	3	6,233
Total Liabilities	42,875	778	285	3	43,941
Fund Balances:					
Reserved for Inventories	208	---	---	---	208
Reserved for Debt Service	---	102,596	---	---	102,596
Reserved for Loans Receivable	464	---	---	---	464
Reserved for Trust Principal	---	---	---	65,431	65,431
Unreserved	300,501	---	20,898	88	321,487
Total Fund Balances	301,173	102,596	20,898	65,519	490,186
Total Liabilities and Fund Balances	$ 344,048	$ 103,374	$ 21,183	$ 65,522	$ 534,127

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, 2007
(In Thousands of Dollars)

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2007
Revenues:					
Taxes	$ 137,731	$ ---	$ ---	$ ---	$ 137,731
Licenses, Fees, and Permits	169,478	---	---	---	169,478
Sales	2,789	---	---	---	2,789
Leases and Rentals	205	---	---	---	205
Services	191	---	---	---	191
Contributions and Intergovernmental	19,858	---	3,101	---	22,959
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	1,373	179	164	6,182	7,898
Interest	19,958	4,542	2,149	34	26,683
Penalties and Unclaimed Properties	8,386	---	---	8,246	16,632
Cost Reimbursement/Miscellaneous	172,908	---	---	1	172,909
Total Revenues	532,877	4,721	5,414	14,463	557,475
Expenditures:					
Current:					
General Government	38,547	---	170	---	38,717
Education	6,645	---	---	---	6,645
Natural and Economic Resources	212,077	---	18,969	---	231,046
Transportation and Law Enforcement	38,707	---	2,657	---	41,364
Human Services	199,911	---	204	35	200,150
Capital Outlay:					
Current Expenditures	7,061	---	31,483	---	38,544
Debt Service:					
Principal	658	55,420	---	---	56,078
Interest	386	33,998	---	---	34,384
Total Expenditures	503,992	89,418	53,483	35	646,928
Excess Revenues (Expenditures)	28,885	(84,697)	(48,069)	14,428	(89,453)
Other Financing Sources (Uses):					
Transfers In	87,161	94,543	6,000	---	187,704
Transfers Out	(81,446)	---	---	---	(81,446)
Total Other Financing Sources (Uses)	5,715	94,543	6,000	---	106,258
Net Change in Fund Balances	34,600	9,846	(42,069)	14,428	16,805
Fund Balances - Beginning	266,515	92,750	62,967	51,091	473,323
Increase (Decrease) in Reserve for Inventory	58	---	---	---	58
Fund Balances - Ending	$ 301,173	$ 102,596	$ 20,898	$ 65,519	$ 490,186

*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.

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

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.

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.

Missouri Wine and Grape Fund – Accounts for revenue derived from the privilege of selling wine. Moneys shall be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

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.

Health Care Technology – Moneys in this fund will consist of donations, gifts, money appropriated by the general assembly, and bequests. Social Services will be the administrator of this fund. Moneys shall be used to promote technological advances.

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.

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.

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's Trust Fund.

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.

Life Sciences Research Trust – Accounts for moneys received from the Tobacco Master Settlement Agreement. For the purposes of enhancing the capacity of the State of Missouri to perform life sciences research, build upon existing research institutions, and commercialize life sciences technologies.

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.

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 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 Horse Racing Commission – Accounts for all revenues generated from the licensing of race tracks and authorization of races and pari-mutuel wagering pools.

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.

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.

Missouri Public Broadcasting Corporation Special – Accounts for a transfer of funds from General Revenue, which consists of 10% of the annual estimate of generated taxes from nonresident professional athletic team and entertainer income tax. Public television stations will receive these funds in the form of annual operating and basic service grants.

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.

STATE OF MISSOURI
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2007
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2007
ASSETS							
Cash and Cash Equivalents	$ 8,882	$ 5,012	$ 623	$ 18,678	$ 12,514	$ 10,994	$ 56,703
Investments	37,910	21,475	6,329	89,177	53,743	47,039	255,673
Accounts Receivable, Net	---	1,624	100	4,643	19,524	2,441	28,332
Interest Receivable	---	173	57	534	744	441	1,949
Due from Other Funds	---	40	---	---	---	679	719
Inventories	26	24	---	---	---	158	208
Loans Receivable	---	---	464	---	---	---	464
Total Assets	$ 46,818	$ 28,348	$ 7,573	$ 113,032	$ 86,525	$ 61,752	$ 344,048
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 211	$ 736	$ 801	$ 2,167	$ 24,895	$ 4,875	$ 33,685
Accrued Payroll	190	365	79	254	405	1,941	3,234
Due to Other Funds	14	156	10	157	214	157	708
Deferred Revenue	---	141	14	2,060	2,581	452	5,248
Total Liabilities	415	1,398	904	4,638	28,095	7,425	42,875
Fund Balances:							
Reserved for:							
Inventories	26	24	---	---	---	158	208
Loans Receivable	---	---	464	---	---	---	464
Unreserved	46,377	26,926	6,205	108,394	58,430	54,169	300,501
Total Fund Balances	46,403	26,950	6,669	108,394	58,430	54,327	301,173
Total Liabilities and Fund Balances	$ 46,818	$ 28,348	$ 7,573	$ 113,032	$ 86,525	$ 61,752	$ 344,048

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, 2007
(In Thousands of Dollars)

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2007
Revenues:							
Taxes	$ 174	$ ---	$ 1,286	$ 60,868	$ 75,403	$ ---	$ 137,731
Licenses, Fees, and Permits	16,994	28,393	3,687	21,556	---	98,848	169,478
Sales	---	4	12	1,126	1,050	597	2,789
Leases and Rentals	---	---	---	205	---	---	205
Services	---	184	---	---	---	7	191
Contributions and Intergovernmental	---	163	32	19,212	---	451	19,858
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	125	82	168	649	213	136	1,373
Interest	---	398	78	2,493	14,887	2,102	19,958
Penalties and Unclaimed Properties	376	4,422	---	33	2,952	603	8,386
Cost Reimbursement/Miscellaneous	240	2,118	53	140,323	252	29,922	172,908
Total Revenues	17,909	35,764	5,316	246,465	94,757	132,666	532,877
Expenditures:							
Current:							
General Government	226	21,470	143	2,801	5,860	8,047	38,547
Education	84	---	1	6,152	4	404	6,645
Natural and Economic Resources	15,686	6,972	23,644	8,739	91,367	65,669	212,077
Transportation and Law Enforcement	---	13,686	---	5,405	1	19,615	38,707
Human Services	2	---	6	189,790	21	10,092	199,911
Capital Outlay:							
Current Expenditures	248	2,476	80	574	742	2,941	7,061
Debt Service:							
Principal	---	69	---	37	68	484	658
Interest	---	51	---	7	53	275	386
Total Expenditures	16,246	44,724	23,874	213,505	98,116	107,527	503,992
Excess Revenues (Expenditures)	1,663	(8,960)	(18,558)	32,960	(3,359)	25,139	28,885
Other Financing Sources (Uses):							
Transfers In	59	6,621	17,984	36,793	---	25,704	87,161
Transfers Out	(628)	---	---	(35,503)	(50)	(45,265)	(81,446)
Total Other Financing Sources (Uses)	(569)	6,621	17,984	1,290	(50)	(19,561)	5,715
Net Change in Fund Balances	1,094	(2,339)	(574)	34,250	(3,409)	5,578	34,600
Fund Balances - Beginning	45,309	29,266	7,243	74,149	61,839	48,709	266,515
Increase (Decrease) in Reserve for Inventory	---	23	---	(5)	---	40	58
Fund Balances - Ending	$ 46,403	$ 26,950	$ 6,669	$ 108,394	$ 58,430	$ 54,327	$ 301,173

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, 2007
(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
Revenues:												
Taxes:												
Cigarette	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 35,705	$ 34,732	$ (973)
Liquor	---	---	---	---	---	---	1,633	1,286	(347)	---	---	---
Reimbursement/Miscellaneous	155	174	19	---	---	---	---	---	---	27,137	26,396	(741)
Total Taxes	155	174	19	---	---	---	1,633	1,286	(347)	62,842	61,128	(1,714)
Licenses, Fees, and Permits	15,131	17,003	1,872	30,534	27,946	(2,588)	4,808	3,787	(1,021)	21,881	21,284	(597)
Leases and Rentals	---	---	---	---	---	---	---	---	---	223	217	(6)
Sales	---	---	---	---	---	---	15	12	(3)	1,157	1,126	(31)
Services	---	---	---	201	184	(17)	---	---	---	---	---	---
Contributions and Intergovernmental	1	1	---	1,384	1,267	(117)	40	32	(8)	20,915	20,345	(570)
Interest	---	---	---	420	384	(36)	77	60	(17)	2,284	2,222	(62)
Penalties and Unclaimed Property	335	377	42	4,959	4,538	(421)	---	---	---	6	5	(1)
Cost Reimbursement/ Miscellaneous	214	240	26	2,352	2,153	(199)	336	265	(71)	144,865	140,913	(3,952)
Total Revenues	15,836	17,795	1,959	39,850	36,472	(3,378)	6,909	5,442	(1,467)	254,173	247,240	(6,933)
Expenditures:												
Current:												
General Government	19	9	10	22,932	19,634	3,298	68	49	19	5,086	3,720	1,366
Education	117	85	32	---	---	---	---	---	---	10,807	5,943	4,864
Natural and Economic Resources	9,393	7,696	1,697	8,075	6,771	1,304	26,562	22,436	4,126	11,676	8,762	2,914
Transportation and Law Enforcement	---	---	---	18,845	14,452	4,393	5	---	5	6,480	5,044	1,436
Human Services	---	---	---	---	---	---	---	---	---	228,157	185,152	43,005
Capital Outlay	329	245	84	2,927	2,473	454	97	80	17	700	502	198
Debt Service	---	---	---	---	---	---	---	---	---	8	6	2
Total Expenditures	9,858	8,035	1,823	52,779	43,330	9,449	26,732	22,565	4,167	262,914	209,129	53,785
Excess Revenues (Expenditures)	5,978	9,760	3,782	(12,929)	(6,858)	6,071	(19,823)	(17,123)	2,700	(8,741)	38,111	46,852
Other Financing Sources (Uses):												
Transfers In	202	59	(143)	6,726	6,626	(100)	18,827	17,985	(842)	31,422	36,820	5,398
Transfers Out	(11,345)	(8,900)	2,445	(2,479)	(2,287)	192	(1,182)	(871)	311	(128,462)	(41,371)	87,091
Total Other Financing Sources (Uses)	(11,143)	(8,841)	2,302	4,247	4,339	92	17,645	17,114	(531)	(97,040)	(4,551)	92,489
Net Change in Fund Balances	(5,165)	919	6,084	(8,682)	(2,519)	6,163	(2,178)	(9)	2,169	(105,781)	33,560	139,341
Fund Balances - Beginning	28,330	45,915	17,585	(4,665)	29,028	33,693	6,060	3,295	(2,765)	(172,101)	63,995	236,096
Fund Balances - Ending	$ 23,165	$ 46,834	$ 23,669	$ (13,347)	$ 26,509	$ 39,856	$ 3,882	$ 3,286	$ (596)	$ (277,882)	$ 97,555	$ 375,437
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(37,952)			(21,497)			(2,663)			(78,877)	
Investments at Fair Value		37,910			21,475			6,329			89,177	
Receivables		---			1,797			621			5,177	
Due from Other Funds		---			40			---			---	
Inventories		26			24			---			---	
Accounts Payable		(211)			(736)			(801)			(2,167)	
Accrued Payroll		(190)			(365)			(79)			(254)	
Due to Other Funds		(14)			(156)			(10)			(157)	
Deferred Revenue		---			(141)			(14)			(2,060)	
Fund Balance per GAAP		$ 46,403			$ 26,950			$ 6,669			$ 108,394	

This schedule is continued on pages 102-103.

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, 2007
(In Thousands of Dollars)

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes:									
Cigarette	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 35,705	$ 34,732	$ (973)
Liquor	---	---	---	---	---	---	1,633	1,286	(347)
Reimbursement/Miscellaneous	55,077	70,578	15,501	---	---	---	82,369	97,148	14,779
Total Taxes	55,077	70,578	15,501	---	---	---	119,707	133,166	13,459
Licenses, Fees and Permits	---	---	---	132,581	99,846	(32,735)	204,935	169,866	(35,069)
Leases and Rentals	---	---	---	---	---	---	223	217	(6)
Sales	819	1,050	231	784	590	(194)	2,775	2,778	3
Services	---	---	---	9	7	(2)	210	191	(19)
Contributions and Intergovernmental	735	942	207	499	376	(123)	23,574	22,963	(611)
Interest	11,599	14,863	3,264	2,720	2,048	(672)	17,100	19,577	2,477
Penalties and Unclaimed Property	2,304	2,952	648	800	602	(198)	8,404	8,474	70
Cost Reimbursement/ Miscellaneous	3,031	3,884	853	39,571	29,801	(9,770)	190,369	177,256	(13,113)
Total Revenues	73,565	94,269	20,704	176,964	133,270	(43,694)	567,297	534,488	(32,809)
Expenditures:									
Current:									
General Government	6,920	4,096	2,824	17,601	6,186	11,415	52,626	33,694	18,932
Education	---	---	---	400	400	---	11,324	6,428	4,896
Natural and Economic Resources	98,158	90,922	7,236	70,042	52,380	17,662	223,906	188,967	34,939
Transportation and Law Enforcement	---	---	---	22,012	17,231	4,781	47,342	36,727	10,615
Human Services	---	---	---	19,701	10,893	8,808	247,858	196,045	51,813
Capital Outlay	874	738	136	6,487	2,930	3,557	11,414	6,968	4,446
Debt Service	---	---	---	52	33	19	60	39	21
Total Expenditures	105,952	95,756	10,196	136,295	90,053	46,242	594,530	468,868	125,662
Excess Revenues (Expenditures)	(32,387)	(1,487)	30,900	40,669	43,217	2,548	(27,233)	65,620	92,853
Other Financing Sources (Uses):									
Transfers In	---	---	---	27,729	25,713	(2,016)	84,906	87,203	2,297
Transfers Out	(7,929)	(6,852)	1,077	(68,803)	(62,478)	6,325	(220,200)	(122,759)	97,441
Total Other Financing Sources (Uses)	(7,929)	(6,852)	1,077	(41,074)	(36,765)	4,309	(135,294)	(35,556)	99,738
Net Change in Fund Balances	(40,316)	(8,339)	31,977	(405)	6,452	6,857	(162,527)	30,064	192,591
Fund Balances - Beginning	(7,486)	74,656	82,142	(73,971)	51,573	125,544	(223,833)	268,462	492,295
Fund Balances - Ending	$ (47,802)	$ 66,317	$ 114,119	$ (74,376)	$ 58,025	$ 132,401	$ (386,360)	$ 298,526	$ 684,886
Reconciling Items:									
Reclassifying Cash Equivalents as Investments		(53,803)			(47,031)			(241,823)	
Investments at Fair Value		53,743			47,039			255,673	
Receivables		20,268			2,882			30,745	
Due from Other Funds		---			679			719	
Inventories		---			158			208	
Accounts Payable		(24,895)			(4,875)			(33,685)	
Accrued Payroll		(405)			(1,941)			(3,234)	
Due to Other Funds		(214)			(157)			(708)	
Deferred Revenue		(2,581)			(452)			(5,248)	
Fund Balance per GAAP		$ 58,430			$ 54,327			$ 301,173	

This schedule is continued from pages 100-101.

*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, 2007
(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 June 30, 2007
ASSETS					
Cash and Cash Equivalents	$ 9,237	$ 17,482	$ 5,815	$ 885	$ 33,419
Investments	18,959	35,879	11,935	1,816	68,589
Interest Receivable	378	715	237	36	1,366
Total Assets	$ 28,574	$ 54,076	$ 17,987	$ 2,737	$ 103,374
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deferred Revenue	$ 215	$ 407	$ 135	$ 21	$ 778
Total Liabilities	215	407	135	21	778
Fund Balances:					
Reserved for Debt Service	28,359	53,669	17,852	2,716	102,596
Total Fund Balances	28,359	53,669	17,852	2,716	102,596
Total Liabilities and Fund Balances	$ 28,574	$ 54,076	$ 17,987	$ 2,737	$ 103,374

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2007
(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 June 30, 2007
Revenues:					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	$ 52	$ 104	$ 18	$ 5	$ 179
Interest	1,268	2,434	716	124	4,542
Total Revenues	1,320	2,538	734	129	4,721
Expenditures:					
Debt Service:					
Principal	11,735	41,535	1,470	680	55,420
Interest	13,626	8,974	9,499	1,899	33,998
Total Expenditures	25,361	50,509	10,969	2,579	89,418
Excess Revenues (Expenditures)	(24,041)	(47,971)	(10,235)	(2,450)	(84,697)
Other Financing Sources (Uses):					
Transfers In	25,966	49,424	16,669	2,484	94,543
Total Other Financing Sources (Uses)	25,966	49,424	16,669	2,484	94,543
Net Change in Fund Balances	1,925	1,453	6,434	34	9,846
Fund Balances - Beginning	26,434	52,216	11,418	2,682	92,750
Fund Balances - Ending	$ 28,359	$ 53,669	$ 17,852	$ 2,716	$ 102,596

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, 2007
(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
Revenues:															
Interest	$ 1,391	$ 1,253	$ (138)	$ 2,633	$ 2,403	$ (230)	$ 876	$ 676	$ (200)	$ 133	$ 123	$ (10)	$ 5,033	$ 4,455	$ (578)
Total Revenues	1,391	1,253	(138)	2,633	2,403	(230)	876	676	(200)	133	123	(10)	5,033	4,455	(578)
Expenditures:															
Debt Service	25,361	25,361	---	50,509	50,509	---	10,969	10,969	---	2,579	2,579	---	89,418	89,418	---
Total Expenditures	25,361	25,361	---	50,509	50,509	---	10,969	10,969	---	2,579	2,579	---	89,418	89,418	---
Excess Revenues (Expenditures)	(23,970)	(24,108)	(138)	(47,876)	(48,106)	(230)	(10,093)	(10,293)	(200)	(2,446)	(2,456)	(10)	(84,385)	(84,963)	(578)
Other Financing Sources (Uses):															
Transfers In	31,283	25,966	(5,317)	50,997	49,424	(1,573)	17,087	16,669	(418)	2,580	2,484	(96)	101,947	94,543	(7,404)
Total Other Financing Sources (Uses)	31,283	25,966	(5,317)	50,997	49,424	(1,573)	17,087	16,669	(418)	2,580	2,484	(96)	101,947	94,543	(7,404)
Net Change in Fund Balances	7,313	1,858	(5,455)	3,121	1,318	(1,803)	6,994	6,376	(618)	134	28	(106)	17,562	9,580	(7,982)
Fund Balances - Beginning	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)
Fund Balances - Ending	$ 43,865	$ 28,217	$ (15,648)	$ 55,826	$ 53,401	$ (2,425)	$ 24,161	$ 17,763	$ (6,398)	$ 3,510	$ 2,703	$ (807)	$ 127,362	$ 102,084	$ (25,278)
Reconciling Items:															
Reclassifying Cash Equivalents as Investments		(18,980)			(35,919)			(11,948)			(1,818)			(68,665)	
Investments at Fair Value		18,959			35,879			11,935			1,816			68,589	
Interest Receivable		378			715			237			36			1,366	
Deferred Revenues		(215)			(407)			(135)			(21)			(778)	
Fund Balances - GAAP Basis		$ 28,359			$ 53,669			$ 17,852			$ 2,716			$ 102,596	

*The **Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities.*

<u>Non-Major Capital Projects Funds</u>:

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, 2007
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2007
ASSETS						
Cash and Cash Equivalents	$ 2,367	$ 28	$ 923	$ 627	$ 1,160	$ 5,105
Investments	10,101	58	1,894	1,287	2,381	15,721
Interest Receivable	125	36	57	67	72	357
Total Assets	$ 12,593	$ 122	$ 2,874	$ 1,981	$ 3,613	$ 21,183
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 36	$ ---	$ ---	$ ---	$ ---	$ 36
Accrued Payroll	44	---	---	---	---	44
Due to Other Funds	1	---	---	---	---	1
Deferred Revenue	71	21	33	38	41	204
Total Liabilities	152	21	33	38	41	285
Fund Balances:						
Unreserved	12,441	101	2,841	1,943	3,572	20,898
Total Fund Balances	12,441	101	2,841	1,943	3,572	20,898
Total Liabilities and Fund Balances	$ 12,593	$ 122	$ 2,874	$ 1,981	$ 3,613	$ 21,183

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, 2007
(In Thousands of Dollars)

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Stormwater Control	Board of Public Building Revenue Bond	Totals June 30, 2007
Revenues:						
Contributions and Intergovernmental	$ 3,101	$ ---	$ ---	$ ---	$ ---	$ 3,101
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	20	23	18	31	72	164
Interest	468	274	271	451	685	2,149
Total Revenues	3,589	297	289	482	757	5,414
Expenditures:						
Current:						
General Government	131	---	---	---	39	170
Natural and Economic Resources	---	8,618	---	10,351	---	18,969
Transportation and Law Enforcement	2,653	---	---	---	4	2,657
Human Services	1	---	85	---	118	204
Capital Outlay:						
Current Expenditures	2,766	---	4,459	---	24,258	31,483
Total Expenditures	5,551	8,618	4,544	10,351	24,419	53,483
Excess Revenues (Expenditures)	(1,962)	(8,321)	(4,255)	(9,869)	(23,662)	(48,069)
Other Financing Sources (Uses):						
Transfers In	6,000	---	---	---	---	6,000
Total Other Financing Sources (Uses)	6,000	---	---	---	---	6,000
Net Change in Fund Balances	4,038	(8,321)	(4,255)	(9,869)	(23,662)	(42,069)
Fund Balances - Beginning	8,403	8,422	7,096	11,812	27,234	62,967
Fund Balances - Ending	$ 12,441	$ 101	$ 2,841	$ 1,943	$ 3,572	$ 20,898

*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, 2007
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2007
ASSETS						
Cash and Cash Equivalents	$ 5	$ 29	$ ---	$ 70	$ ---	$ 104
Investments	20	127	32,156	299	32,810	65,412
Interest Receivable	---	2	---	4	---	6
Total Assets	$ 25	$ 158	$ 32,156	$ 373	$ 32,810	$ 65,522
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred Revenue	$ ---	$ 1	$ ---	$ 2	$ ---	$ 3
Total Liabilities	---	1	---	2	---	3
Fund Balances:						
Reserved for Trust Principal	25	75	32,156	365	32,810	65,431
Unreserved	---	82	---	6	---	88
Total Fund Balances	25	157	32,156	371	32,810	65,519
Total Liabilities and Fund Balances	$ 25	$ 158	$ 32,156	$ 373	$ 32,810	$ 65,522

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Missouri Investment Trust	Totals June 30, 2007
Revenues:						
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	$ ---	$ ---	$ 238	$ 1	$ 5,943	$ 6,182
Interest	1	7	8	18	---	34
Penalties and Unclaimed Properties	---	---	8,246	---	---	8,246
Miscellaneous	---	---	---	1	---	1
Total Revenues	1	7	8,492	20	5,943	14,463
Expenditures:						
Human Services	---	---	---	35	---	35
Total Expenditures	---	---	---	35	---	35
Net Change in Fund Balances	1	7	8,492	(15)	5,943	14,428
Fund Balances - Beginning	24	150	23,664	386	26,867	51,091
Fund Balances - Ending	$ 25	$ 157	$ 32,156	$ 371	$ 32,810	$ 65,519

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, 2007
(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
Revenues:												
Interest	$ 1	$ 1	$ ---	$ 7	$ 7	$ ---	$ ---	$ 1,129	$ 1,129	$ 18	$ 18	$ ---
Penalties and Unclaimed Property	---	---	---	---	---	---	---	1,433	1,433	---	---	---
Total Revenues	1	1	---	7	7	---	---	2,562	2,562	18	18	---
Expenditures:												
Current:												
Human Services	---	---	---	---	---	---	---	---	---	35	35	---
Total Expenditures	---	---	---	---	---	---	---	---	---	35	35	---
Excess Revenues (Expenditures)	1	1	---	7	7	---	---	2,562	2,562	(17)	(17)	---
Other Financing Sources (Uses):												
Transfers In	---	---	---	---	---	---	6,813	6,813	---	---	---	---
Total Other Financing Sources (Uses)	---	---	---	---	---	---	6,813	6,813	---	---	---	---
Net Change in Fund Balances	1	1	---	7	7	---	6,813	9,375	2,562	(17)	(17)	---
Fund Balances - Beginning	23	24	1	149	149	---	8,030	1,186	(6,844)	315	386	71
Fund Balances - Ending	$ 24	$ 25	$ 1	$ 156	$ 156	$ ---	$ 14,843	$ 10,561	$ (4,282)	$ 298	$ 369	$ 71
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(20)			(127)			(10,561)			(299)	
Investments at Fair Value		20			127			32,156			299	
Interest Receivable		---			2			---			4	
Deferred Revenue		---			(1)			---			(2)	
Fund Balance - GAAP Basis		$ 25			$ 157			$ 32,156			$ 371	

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, 2007
(In Thousands of Dollars)

	Totals		
	Budget	Actual	Variance
Revenues:			
Interest	$ 26	$ 1,155	$ 1,129
Penalties and Unclaimed Property	---	1,433	1,433
Total Revenues	26	2,588	2,562
Expenditures:			
Current:			
Human Services	35	35	---
Total Expenditures	35	35	---
Excess Revenues (Expenditures)	(9)	2,553	2,562
Other Financing Sources (Uses):			
Transfers In	6,813	6,813	---
Total Other Financing Sources (Uses)	6,813	6,813	---
Net Change in Fund Balances	6,804	9,366	2,562
Fund Balances - Beginning	8,517	1,745	(6,772)
Fund Balances - Ending	$ 15,321	$ 11,111	$ (4,210)
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(11,007)	
Investments at Fair Value		32,602	
Interest Receivable		6	
Deferred Revenue		(3)	
Fund Balance - GAAP Basis		$ 32,709	

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 from page 113.

*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, 2007
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2007
ASSETS								
Current Assets:								
Cash and Cash Equivalents	$ 76	$ 553	$ 119	$ 267	$ 621	$ 520	$ 454	$ 2,610
Investments	326	2,102	510	1,141	2,656	2,221	1,952	10,908
Accounts Receivable, Net	---	1	24	---	198	250	53	526
Interest Receivable	3	---	---	16	83	31	---	133
Due from Other Funds	7	2	23	---	---	8	---	40
Inventories	1	558	376	---	380	---	---	1,315
Prepaid Items	---	---	22	---	---	---	---	22
Loans Receivable	---	---	---	473	---	---	---	473
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	3,771	---	---	---	---	---	3,771
Land	---	6,600	---	---	---	---	---	6,600
Land Improvements	75	6,797	---	---	38	169	---	7,079
Buildings	3	21,981	---	481	164	161	---	22,790
Equipment	446	10,962	15,667	35	5,201	781	334	33,426
Less Accumulated Depreciation	(395)	(19,041)	(11,891)	(147)	(3,594)	(952)	(300)	(36,320)
Total Capital Assets (Net of Accumulated Depreciation)	129	31,070	3,776	369	1,809	159	34	37,346
Total Assets	542	34,286	4,850	2,381	5,747	3,189	2,493	53,488
LIABILITIES								
Current Liabilities:								
Accounts Payable	12	116	40	3	670	238	26	1,105
Accrued Payroll	33	49	3	5	1,535	23	23	1,671
Due to Other Funds	8	1	14	1	12	8	33	77
Unearned Revenue	---	41	42	---	---	---	---	83
Compensated Absences	22	32	4	9	1,834	48	21	1,970
Noncurrent Liabilities:								
Compensated Absences	---	13	3	5	---	---	23	44
Total Liabilities	75	252	106	23	4,051	317	126	4,950
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	129	31,070	3,776	369	1,809	159	34	37,346
Restricted for:								
Other Purposes	---	2,964	---	---	---	---	---	2,964
Unrestricted	338	---	968	1,989	(113)	2,713	2,333	8,228
Total Net Assets	$ 467	$ 34,034	$ 4,744	$ 2,358	$ 1,696	$ 2,872	$ 2,367	$ 48,538

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, 2007
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2007
Operating Revenues:								
Licenses, Fees, and Permits	$ 2,940	$ 4,457	$ 95	$ ---	$ 2	$ ---	$ ---	$ 7,494
Sales	---	611	222	---	229	2,988	1,705	5,755
Leases and Rentals	992	1,906	---	---	---	---	---	2,898
Charges for Services	---	---	1	---	24,676	---	---	24,677
Cost Reimbursement/Miscellaneous	---	12	73	---	29	168	---	282
Total Operating Revenues	3,932	6,986	391	---	24,936	3,156	1,705	41,106
Operating Expenses:								
Cost of Goods Sold	---	---	344	---	---	882	---	1,226
Personal Service	1,122	954	91	207	49,308	912	639	53,233
Operations	2,789	3,253	267	37	2,534	895	480	10,255
Inventories	27	49	159	2	771	399	83	1,490
Specific Programs	20	22	---	---	169	---	---	211
Depreciation	32	1,586	710	10	379	52	4	2,773
Other Charges	199	211	10	1	53	13	36	523
Total Operating Expenses	4,189	6,075	1,581	257	53,214	3,153	1,242	69,711
Operating Income (Loss)	(257)	911	(1,190)	(257)	(28,278)	3	463	(28,605)
Non-Operating Revenues (Expenses):								
Contributions and Intergovernmental	102	508	1,870	---	27,021	3	(32)	29,472
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	1	4	1	3	12	5	4	30
Interest	15	---	---	68	336	122	3	544
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Capital Assets	(2)	(18)	---	---	(19)	(2)	---	(41)
Total Non-Operating Revenues (Expenses)	116	495	1,871	71	27,350	128	(25)	30,006
Income (Loss) Before Transfers	(141)	1,406	681	(186)	(928)	131	438	1,401
Transfers In	---	---	---	534	---	---	---	534
Transfers Out	---	---	---	---	---	(20)	---	(20)
Change in Net Assets	(141)	1,406	681	348	(928)	111	438	1,915
Total Net Assets - Beginning	608	32,628	4,063	2,010	2,624	2,761	1,929	46,623
Total Net Assets - Ending	$ 467	$ 34,034	$ 4,744	$ 2,358	$ 1,696	$ 2,872	$ 2,367	$ 48,538

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2007
Cash Flows from Operating Activities:								
Receipts from Customers and Users	$ 3,937	$ 7,000	$ 407	$ ---	$ 24,898	$ 3,004	$ 1,742	$ 40,988
Payments to Suppliers	(2,809)	(3,711)	(624)	(36)	(3,017)	(1,594)	(471)	(12,262)
Payments to Employees	(1,096)	(954)	(89)	(197)	(48,681)	(922)	(600)	(52,539)
Payments Made for Program Expense	(20)	(22)	---	---	(169)	---	---	(211)
Other Receipts (Payments)	(199)	(199)	63	(1)	(24)	155	(36)	(241)
Net Cash Provided (Used) by Operating Activities	(187)	2,114	(243)	(234)	(26,993)	643	635	(24,265)
Cash Flows from Non-Capital Financing Activities:								
Loans Made to Outside Entities	---	---	---	14	---	---	---	14
Due to/from Other Funds	5	(31)	34	1	(597)	(14)	19	(583)
Contributions and Intergovernmental	102	508	1,870	---	26,992	---	(32)	29,440
Transfers to/from Other Funds	---	---	---	534	---	(20)	---	514
Net Cash Provided (Used) by Non-Capital Financing Activities	107	477	1,904	549	26,395	(34)	(13)	29,385
Cash Flows from Capital and Related Financing Activities:								
Purchases and Construction of Capital Assets	(40)	(1,635)	(1,469)	---	(382)	(1)	(33)	(3,560)
Net Cash Provided (Used) by Capital and Related Financing Activities	(40)	(1,635)	(1,469)	---	(382)	(1)	(33)	(3,560)
Cash Flows from Investing Activities:								
Proceeds from Investment Maturities	10	---	---	---	---	---	---	10
Purchase of Investments	---	(987)	(220)	(455)	(22)	(878)	(724)	(3,286)
Interest and Dividends Received	15	---	---	59	292	107	3	476
Penalties and Other Receipts	---	1	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	25	(986)	(220)	(396)	270	(771)	(721)	(2,799)
Net Increase (Decrease) in Cash	(95)	(30)	(28)	(81)	(710)	(163)	(132)	(1,239)
Cash and Cash Equivalents, Beginning of Year	171	583	147	348	1,331	683	586	3,849
Cash and Cash Equivalents, End of Year	$ 76	$ 553	$ 119	$ 267	$ 621	$ 520	$ 454	$ 2,610

	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2007
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	$ (257)	$ 911	$ (1,190)	$ (257)	$ (28,278)	$ 3	$ 463	$ (28,605)
Depreciation Expense	32	1,586	710	10	379	52	4	2,773
Changes in Assets and Liabilities:								
Accounts Receivable	5	5	88	---	(9)	16	70	175
Prepaid Items	---	---	(1)	---	---	---	---	(1)
Inventories	(1)	16	117	---	(380)	392	77	221
Accounts Payable	8	(425)	30	3	668	190	15	489
Accrued Payroll	6	(9)	1	5	189	(1)	11	202
Unearned Revenue	---	21	1	---	---	---	(33)	(11)
Compensated Absences	20	9	1	5	438	(9)	28	492
Net Cash Provided (Used) by Operating Activities	$ (187)	$ 2,114	$ (243)	$ (234)	$ (26,993)	$ 643	$ 635	$ (24,265)

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.*

<u>Internal Service Funds</u>:

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 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, 2007
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2007
ASSETS															
Current Assets:															
Cash and Cash Equivalents	$ 246	$ 661	$ 190	$ 2,567	$ 1,404	$ 2,937	$ 73	$ 6	$ 265	$ 660	$ ---	$ 3	$ 166,527	$ 3,906	$ 179,445
Investments	1,050	2,822	55,721	8,053	5,993	12,533	311	27	---	5,296	67,310	2,385	30,471	27,268	219,240
Accounts Receivable, Net	---	---	65	1,696	1,428	19,777	204	2	---	395	---	983	19,471	1,670	45,691
Interest Receivable	---	---	---	---	---	---	---	---	---	---	946	---	---	---	946
Due from Other Funds	---	4	2,481	2,437	871	24	235	10	---	---	---	---	---	---	6,062
Inventories	9	16	1	1,124	11,239	---	98	2	12	---	---	---	---	---	12,501
Prepaid Items	---	---	---	---	---	---	---	---	---	---	117	---	19	---	136
Non-Current Assets:															
Restricted Assets:															
Cash and Cash Equivalents	---	---	46,990	520	---	---	---	---	---	---	---	---	---	---	47,510
Investments	---	---	---	---	---	---	---	---	---	---	200	---	---	100	300
Capital Assets:															
Construction in Progress	---	---	151,269	1,176	500	---	---	---	---	---	---	---	---	---	152,945
Land	---	---	8,332	---	103	---	---	---	---	---	---	---	---	---	8,435
Land Improvements	---	---	3,090	---	---	---	---	---	---	---	---	---	---	---	3,090
Buildings	242	---	277,268	9,814	6,359	---	---	---	2,300	---	---	---	---	---	295,983
Equipment	5,774	3,163	7,943	39,464	24,227	107	241	468	1,923	---	---	---	2,701	---	86,011
Less Accumulated Depreciation	(4,489)	(2,108)	(154,189)	(38,922)	(24,410)	(72)	(151)	(378)	(2,066)	---	---	---	(2,274)	---	(229,059)
Total Capital Assets (Net of Accumulated Depreciation)	1,527	1,055	293,713	11,532	6,779	35	90	90	2,157	---	---	---	427	---	317,405
Total Assets	2,832	4,558	399,161	27,929	27,714	35,306	1,011	137	2,434	6,351	68,573	3,371	216,915	32,944	829,236
LIABILITIES															
Current Liabilities:															
Accounts Payable	131	---	2,697	2,530	118	619	73	13	104	27	239	2,973	7,690	1,826	19,040
Accrued Payroll	238	2	736	285	256	42	---	37	132	---	---	---	---	---	1,728
Due to Other Funds	45	1	66	51	9	4	10	2	34	---	---	---	---	---	222
Unearned Revenue	---	---	---	474	---	---	---	---	---	---	---	---	19,062	6,483	26,019
Claims Liability	---	---	---	---	---	---	---	---	---	2,275	13,573	---	43,054	11,000	69,902
Obligations under Lease Purchase	1	---	481	1,018	17	---	---	---	---	---	---	---	42	---	1,559
Compensated Absences	466	---	964	603	569	69	---	61	218	---	---	---	185	---	3,135
Notes Payable	---	---	158	---	---	---	---	---	---	---	---	---	---	---	158
Non-Current Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	37,742	---	---	---	37,742
Obligations under Lease Purchase	27	---	7,656	1,864	1	---	---	---	---	---	---	---	---	---	9,548
Compensated Absences	94	---	820	191	31	---	---	---	36	---	---	---	32	---	1,204
Notes Payable	---	---	3,747	---	---	---	---	---	---	---	---	---	---	---	3,747
Total Liabilities	1,002	3	17,325	7,016	1,001	734	83	113	524	2,302	51,554	2,973	70,065	19,309	174,004
NET ASSETS															
Invested in Capital Assets, Net of Related Debt	1,499	1,055	285,576	11,532	6,761	35	90	90	2,157	---	---	---	385	---	309,180
Restricted for:															
Revenue Bonds	---	---	46,990	---	---	---	---	---	---	---	---	---	---	---	46,990
Other Purposes	---	---	---	520	---	---	---	---	---	---	200	---	---	100	820
Unrestricted	331	3,500	49,270	8,861	19,952	34,537	838	(66)	(247)	4,049	16,819	398	146,465	13,535	298,242
Total Net Assets	$ 1,830	$ 4,555	$ 381,836	$ 20,913	$ 26,713	$ 34,572	$ 928	$ 24	$ 1,910	$ 4,049	$ 17,019	$ 398	$ 146,850	$ 13,635	$ 655,232

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2007
Operating Revenues:															
Employer Contributions	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 7,560	$ 27,107	$ ---	$ 377,294	$ 66,774	$ 478,735
Employee Contributions	---	---	---	---	---	---	---	---	---	5,098	---	27,102	93,153	25,369	150,722
Medicare Part D Subsidy	---	---	---	---	---	---	---	---	---	223	---	---	4,472	3,416	8,111
Licenses, Fees, and Permits	---	---	---	---	---	20,923	---	---	6,183	---	---	---	---	---	27,106
Sales	---	---	48	---	29,617	16	13	---	---	---	---	---	---	---	29,694
Leases and Rentals	---	---	24,031	---	117	12	216	---	---	---	---	---	---	---	24,376
Charges for Services	11,950	5,048	6,252	61,077	---	2,911	4,746	1,768	---	---	---	---	---	---	93,752
Cost Reimbursement/Miscellaneous	15	---	48	8,731	---	36	1	3	---	433	589	436	---	1,376	11,668
Total Operating Revenues	11,965	5,048	30,379	69,808	29,734	23,898	4,976	1,771	6,183	13,314	27,696	27,538	474,919	96,935	824,164
Operating Expenses:															
Cost of Goods Sold	---	---	---	5,654	12,277	---	---	---	---	---	---	---	---	---	17,931
Personal Service	7,889	30	15,013	10,496	9,151	1,376	43	1,748	4,115	---	---	403	4,124	---	54,388
Operations	2,619	460	18,101	47,980	4,750	4,948	4,791	314	1,447	1,780	852	162	26,525	11,136	125,865
Inventories	101	7	91	628	144	28	---	12	127	---	---	---	---	---	1,138
Specific Programs	3	3,001	---	---	14	739	---	---	5	---	---	---	---	---	3,762
Insurance Benefits	---	---	---	---	---	---	---	---	---	9,899	7,002	27,064	414,402	91,487	549,854
Depreciation	440	594	9,033	6,162	1,259	10	31	47	296	---	---	---	278	---	18,150
Other Charges	127	13	104	737	1,573	288	31	37	163	2	---	---	---	19	3,094
Total Operating Expenses	11,179	4,105	42,342	71,657	29,168	7,389	4,896	2,158	6,153	11,681	7,854	27,629	445,329	102,642	774,182
Operating Income (Loss)	786	943	(11,963)	(1,849)	566	16,509	80	(387)	30	1,633	19,842	(91)	29,590	(5,707)	49,982
Non-Operating Revenues (Expenses):															
Contributions and Intergovernmental	---	---	22	---	---	18	---	---	4	---	---	---	---	---	44
Interest Expense	---	---	(960)	(90)	---	---	---	---	---	---	---	---	---	---	(1,050)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	1	4	4	---	25	2	1	2	1	188	944	---	---	656	1,828
Interest	---	---	4,025	---	---	---	---	---	---	124	2,218	118	9,104	1,151	16,740
Penalties and Unclaimed Properties	---	---	775	---	---	---	2	---	---	---	---	---	---	---	777
Disposal of Capital Assets	(1)	---	(1)	(40)	---	---	(58)	(10)	(5)	---	---	---	---	---	(115)
Total Non-Operating Revenues (Expenses)	---	4	3,865	(130)	25	20	(55)	(8)	---	312	3,162	118	9,104	1,807	18,224
Income (Loss) Before Transfers	786	947	(8,098)	(1,979)	591	16,529	25	(395)	30	1,945	23,004	27	38,694	(3,900)	68,206
Transfers In	---	---	120,052	---	---	---	---	---	---	---	---	---	---	---	120,052
Transfers Out	---	---	---	---	---	---	---	(7)	(59)	---	---	---	---	---	(66)
Change in Net Assets	786	947	111,954	(1,979)	591	16,529	25	(402)	(29)	1,945	23,004	27	38,694	(3,900)	188,192
Total Net Assets - Beginning	1,044	3,608	269,882	22,892	26,122	18,043	903	426	1,939	2,104	(5,985)	371	108,156	17,535	467,040
Total Net Assets - Ending	$ 1,830	$ 4,555	$ 381,836	$ 20,913	$ 26,713	$ 34,572	$ 928	$ 24	$ 1,910	$ 4,049	$ 17,019	$ 398	$ 146,850	$ 13,635	$ 655,232

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	Conservation Employees' Insurance Plan	Transportation Self-Insurance Plan	Missouri State Employees' Insurance Plan	Missouri Consolidated Health Care Plan	MoDOT & MSHP Medical and Life Insurance Plan	Totals June 30, 2007
Cash Flows from Operating Activities:															
Receipts from Customers and Users	$ 11,950	$ 5,048	$ 30,280	$ 61,848	$ 28,952	$ 18,286	$ 4,778	$ 1,766	$ 6,183	$ 12,663	$ 26,847	$ 27,090	$ 461,286	$ 90,558	$ 787,535
Payments to Suppliers	(2,626)	(469)	(16,128)	(54,957)	(17,793)	(4,831)	(4,840)	(315)	(1,517)	(1,822)	(755)	(162)	(28,587)	(10,305)	(145,107)
Payments to Employees	(7,877)	(30)	(13,543)	(10,361)	(9,117)	(1,381)	(48)	(1,784)	(4,069)	---	---	(403)	(4,109)	---	(52,722)
Payments Made for Program Expense	(3)	(3,001)	---	---	(14)	(739)	---	---	(5)	(11,306)	(11,544)	(26,742)	(403,842)	(90,048)	(547,244)
Other Receipts (Payments)	(112)	(13)	(56)	7,994	(1,573)	(252)	(30)	(34)	(163)	654	589	436	---	4,773	12,213
Net Cash Provided (Used) by Operating Activities	1,332	1,535	553	4,524	455	11,083	(140)	(367)	429	189	15,137	219	24,748	(5,022)	54,675
Cash Flows from Non-Capital Financing Activities:															
Due to/from Other Funds	(65)	5	603	(487)	(294)	(57)	232	(26)	(18)	---	---	2	13,950	---	13,845
Contibutions and Intergovernmental	---	---	---	---	---	18	---	---	---	---	---	---	---	---	18
Transfers to/from Other Funds	---	---	120,052	---	---	---	---	(7)	(59)	---	---	---	---	---	119,986
Net Cash Provided (Used) by Non-Capital Financing Activities	(65)	5	120,655	(487)	(294)	(39)	232	(33)	(77)	---	---	2	13,950	---	133,849
Cash Flows from Capital and Related Financing Activities:															
Interest Expense	---	---	(960)	(90)	---	---	---	---	---	---	---	---	---	---	(1,050)
Purchase or Construction of Capital Assets	(688)	(3)	(26,236)	(3,095)	(1,311)	(25)	(70)	(16)	(260)	---	---	---	(288)	---	(31,992)
Bonds and Notes Payable	---	---	(142)	---	---	---	---	---	---	---	---	---	---	---	(142)
Capital Lease Downpayment/Obligations	(1)	---	(186)	(1,028)	(8)	---	---	---	---	---	---	---	(37)	---	(1,260)
Net Cash Used by Capital and Related Financing Activities	(689)	(3)	(27,524)	(4,213)	(1,319)	(25)	(70)	(16)	(260)	---	---	---	(325)	---	(34,444)
Cash Flows from Investing Activities:															
Proceeds from Sales and Investment Maturities	---	---	---	---	---	---	---	271	115	---	103,257	559,278	---	183,131	846,052
Purchase of Investments	(575)	(1,534)	(54,722)	(799)	(320)	(9,586)	(72)	---	---	(1,624)	(121,920)	(559,612)	(124)	(177,622)	(928,510)
Interest and Dividends Received	---	---	4,025	---	---	---	---	---	---	124	1,903	118	9,104	1,060	16,334
Penalties and Other Receipts	---	---	775	---	---	---	2	---	---	---	---	---	---	---	777
Net Cash Provided (Used) by Investing Activities	(575)	(1,534)	(49,922)	(799)	(320)	(9,586)	(70)	271	115	(1,500)	(16,760)	(216)	8,980	6,569	(65,347)
Net Increase (Decrease) in Cash	3	3	43,762	(975)	(1,478)	1,433	(48)	(145)	207	(1,311)	(1,623)	5	47,353	1,547	88,733
Cash and Cash Equivalents, Beginning 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
Cash and Cash Equivalents, End of Year	$ 246	$ 661	$ 47,180	$ 3,087	$ 1,404	$ 2,937	$ 73	$ 6	$ 265	$ 660	$ ---	$ 3	$ 166,527	$ 3,906	$ 226,955
Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:															
Operating Income (Loss)	$ 786	$ 943	$ (11,963)	$ (1,849)	$ 566	$ 16,509	$ 80	$ (387)	$ 30	$ 1,633	$ 19,842	$ (91)	$ 29,590	$ (5,707)	$ 49,982
Depreciation Expense	440	594	9,033	6,162	1,259	10	31	47	296	---	---	---	278	---	18,150
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	(51)	528	(782)	(5,576)	(197)	(2)	---	5	(260)	(12)	(14,131)	(1,402)	(21,880)
Inventories	(9)	---	---	(876)	(735)	---	(30)	---	---	---	---	---	---	---	(1,650)
Prepaid Items	---	---	---	---	---	---	---	---	---	---	(117)	---	111	---	(6)
Accounts Payable	103	(2)	2,064	181	113	145	(19)	11	57	(42)	214	322	(2,173)	831	1,805
Accrued Payroll	12	---	356	36	4	4	(1)	(8)	16	---	---	---	---	---	419
Unearned Revenue	---	---	---	243	---	---	---	---	---	---	---	---	498	(183)	558
Claims Liability	---	---	---	---	---	---	---	---	---	(1,407)	(4,542)	---	10,560	1,439	6,050
Compensated Absences	---	---	1,114	99	30	(9)	(4)	(28)	30	---	---	---	15	---	1,247
Net Cash Provided (Used) by Operating Activities	$ 1,332	$ 1,535	$ 553	$ 4,524	$ 455	$ 11,083	$ (140)	$ (367)	$ 429	$ 189	$ 15,137	$ 219	$ 24,748	$ (5,022)	$ 54,675

Non-Cash Financing Activities:

During fiscal year 2007, capital lease agreements were entered into for $7,407,000 in the State Facility Maintenance and Operation Fund and $3,869,000 in the Office of Administration Revolving Fund.

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, 2007
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2007
ASSETS						
Cash and Cash Equivalents	$ 554,248	$ 4,904	$ 232	$ ---	$ ---	$ 559,384
Investments at Fair Value	7,524,984	66,577	1,820,831	265,662	1,066,370	10,744,424
Receivables:						
Accounts Receivable	255,246	3,155	12,696	131	544	271,772
Interest Receivable	7,668	68	4,572	---	---	12,308
Invested Securities Lending Collateral	891,171	7,884	150,040	---	---	1,049,095
Prepaid Expenses	40	---	5	---	---	45
Capital Assets:						
Land	265	2	84	---	---	351
Buildings	3,390	31	582	---	---	4,003
Equipment	1,746	16	133	---	---	1,895
Accumulated Depreciation	(2,121)	(19)	(172)	---	---	(2,312)
Total Capital Assets, Net	3,280	30	627	---	---	3,937
Total Assets	9,236,637	82,618	1,989,003	265,793	1,066,914	12,640,965
LIABILITIES						
Accounts Payable	287,723	2,546	13,753	203	863	305,088
Securities Lending Collateral	891,557	7,888	150,040	---	---	1,049,485
Obligations under Lease Purchase	---	---	6	---	---	6
Compensated Absences	364	3	---	---	---	367
Total Liabilities	1,179,644	10,437	163,799	203	863	1,354,946
Net Assets Held in Trust for Benefits	$ 8,056,993	$ 72,181	$ 1,825,204	$ 265,590	$ 1,066,051	$ 11,286,019

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, 2007
(In Thousands of Dollars)

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan		401 (a) Plan	457 Plan	June 30, 2007
Additions:						
Contributions:						
Employer	$ 239,488	$ 23,746	$ 121,264	$ 34,894	$ ---	$ 419,392
Plan Member	3,461	---	---	---	59,004	62,465
Other	173	---	530	24,564	---	25,267
Total Contributions	243,122	23,746	121,794	59,458	59,004	507,124
Investment Earnings:						
Increase in Appreciation of Assets	1,365,368	12,080	300,594	23,720	72,883	1,774,645
Securities Lending Income	55,915	495	7,136	---	---	63,546
Total Investment Earnings	1,421,283	12,575	307,730	23,720	72,883	1,838,191
Less Investment Expenses:						
Investment Activity Expense	(84,629)	(749)	(17,513)	---	---	(102,891)
Securities Lending Expense	(53,081)	(470)	(6,668)	---	---	(60,219)
Total Investment Expense	(137,710)	(1,219)	(24,181)	---	---	(163,110)
Net Investment Earnings	1,283,573	11,356	283,549	23,720	72,883	1,675,081
Cost Reimbursement/ Miscellaneous	542	5	32	---	---	579
Total Additions	1,527,237	35,107	405,375	83,178	131,887	2,182,784
Deductions:						
Benefits	447,241	20,596	175,970	26,947	---	670,754
Administrative Expenses	6,449	57	2,085	539	---	9,130
Program Distributions	---	---	---	---	79,064	79,064
Service Transfer Payments	52	---	---	---	---	52
Depreciation	240	2	36	---	---	278
Total Deductions	453,982	20,655	178,091	27,486	79,064	759,278
Change in Net Assets	1,073,255	14,452	227,284	55,692	52,823	1,423,506
Net Assets Held in Trust for Benefits Beginning of Year	6,983,738	57,729	1,597,920	209,898	1,013,228	9,862,513
End of Year	$ 8,056,993	$ 72,181	$ 1,825,204	$ 265,590	$ 1,066,051	$ 11,286,019

STATE OF MISSOURI
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
June 30, 2007
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2007
ASSETS				
Cash and Cash Equivalents	$ 820	$ 6	$ 2,598	$ 3,424
Investments at Fair Value	3,502	84	11,087	14,673
Interest Receivable	48	---	---	48
Inventories	---	---	1	1
Capital Assets:				
Equipment	---	---	37	37
Less: Accumulated Depreciation	---	---	(17)	(17)
Total Capital Assets, Net	---	---	20	20
Total Assets	4,370	90	13,706	18,166
LIABILITIES				
Accounts Payable	735	---	16	751
Accrued Payroll	---	---	20	20
Total Liabilities	735	---	36	771
NET ASSETS				
Net Assets Held in Trust for Other Purposes	$ 3,635	$ 90	$ 13,670	$ 17,395

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Alternative Care Trust	Johnson-Travis Memorial Trust	Unclaimed Property	Totals June 30, 2007
Additions:				
Increase (Decrease) in Appreciation of Assets	$ 10	$ 5	$ 145	$ 160
Interest	202	3	---	205
Total Investment Earnings	212	8	145	365
Cost Reimbursement/Miscellaneous	11,012	---	---	11,012
Total Additions	11,224	8	145	11,377
Deductions:				
Administrative Expenses	---	---	1,984	1,984
Program Distributions	10,712	---	27,669	38,381
Depreciation	---	---	5	5
Total Deductions	10,712	---	29,658	40,370
Change in Net Assets	512	8	(29,513)	(28,993)
Net Assets - Beginning	3,123	82	43,183	46,388
Net Assets - Ending	$ 3,635	$ 90	$ 13,670	$ 17,395

STATE OF MISSOURI
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2007
(In Thousands of Dollars)

	Social Security Contributions	Program	Institution	Totals June 30, 2007
ASSETS				
Cash and Cash Equivalents	$ 20	$ 5,279	$ 28,996	$ 34,295
Investments at Fair Value	81	374,994	1,196	376,271
Receivables:				
Accounts Receivable	6,089	62,159	293	68,541
Interest Receivable	---	1,628	---	1,628
Total Assets	$ 6,190	$ 444,060	$ 30,485	$ 480,735
LIABILITIES				
Accounts Payable	$ ---	$ 33	$ ---	$ 33
Due to Other Entities	6,190	438,454	---	444,644
Due to Individuals	---	5,573	30,485	36,058
Total Liabilities	$ 6,190	$ 444,060	$ 30,485	$ 480,735

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, 2007.

STATE OF MISSOURI
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
SOCIAL SECURITY CONTRIBUTIONS				
ASSETS				
Cash and Cash Equivalents	$ 35	$ 156,039	$ 156,054	$ 20
Investments at Fair Value	66	81	66	81
Accounts Receivable	---	6,089	---	6,089
Due from Other Funds	5,812	---	5,812	---
Total Assets	$ 5,913	$ 162,209	$ 161,932	$ 6,190
LIABILITIES				
Due to Other Entities	$ 5,913	$ 485,596	$ 485,319	$ 6,190
MISSOURI STATE EMPLOYEES' VOLUNTARY LIFE INSURANCE				
ASSETS				
Cash and Cash Equivalents	$ ---	$ 2,976	$ 2,976	$ ---
LIABILITIES				
Due to Other Entities	$ ---	$ 2,976	$ 2,976	$ ---
PROGRAM				
ASSETS				
Cash and Cash Equivalents	$ 2,843	$ 6,436,347	$ 6,433,911	$ 5,279
Investments at Fair Value	341,971	852,148	819,125	374,994
Receivables:				
Accounts Receivable	165,579	98,431	201,851	62,159
Interest Receivable	1,040	13,407	12,819	1,628
Total Assets	$ 511,433	$ 7,400,333	$ 7,467,706	$ 444,060
LIABILITIES				
Accounts Payable	$ 29	$ 411	$ 407	$ 33
Due to Other Entities	507,160	7,117,130	7,185,836	438,454
Due to Individuals	4,244	249,152	247,823	5,573
Total Liabilities	$ 511,433	$ 7,366,693	$ 7,434,066	$ 444,060
INSTITUTION				
ASSETS				
Cash and Cash Equivalents	$ 21,693	$ 142,537	$ 135,234	$ 28,996
Investments at Fair Value	1,076	147	27	1,196
Accounts Receivable	268	25	---	293
Total Assets	$ 23,037	$ 142,709	$ 135,261	$ 30,485
LIABILITIES				
Due to Individuals	$ 23,037	$ 142,709	$ 135,261	$ 30,485
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 24,571	$ 6,737,899	$ 6,728,175	$ 34,295
Investments at Fair Value	343,113	852,376	819,218	376,271
Receivables:				
Accounts Receivable	165,847	104,545	201,851	68,541
Interest Receivable	1,040	13,407	12,819	1,628
Due from Other Funds	5,812	---	5,812	---
Total Assets	$ 540,383	$ 7,708,227	$ 7,767,875	$ 480,735
LIABILITIES				
Accounts Payable	$ 29	$ 411	$ 407	$ 33
Due to Other Entities	513,073	7,605,702	7,674,131	444,644
Due to Individuals	27,281	391,861	383,084	36,058
Total Liabilities	$ 540,383	$ 7,997,974	$ 8,057,622	$ 480,735

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

Non-Major Component Units:

Missouri Development Finance Board – Accounts for moneys from bond proceeds, gifts, and grants to make loans for industrial development.

Missouri Agricultural and Small Business Development Authority – Accounts for moneys from bond proceeds, gifts, and grants to make loans for property acquisitions/renovations and pollution control facilities.

Missouri Transportation Finance Corporation – Accounts for moneys from federal, state or local sources, and from bond proceeds to be used for projects approved by the Missouri Highways and Transportation Commission.

STATE OF MISSOURI
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
June 30, 2007
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2007
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 5,001	$ 1,281	$ 1,207	$ 7,489
Investments	21,916	5,336	7,474	34,726
Accounts Receivable, Net	3,906	---	---	3,906
Interest Receivable	696	---	727	1,423
Prepaid Items	400	---	---	400
Loans Receivable	6,237	649	7,307	14,193
Non-Current Assets:				
Advance to Primary Government	---	---	12,158	12,158
Deferred Charges	2	---	---	2
Loans Receivable	---	2,433	5,049	7,482
Restricted Assets:				
Cash and Cash Equivalents	25,391	209	1,076	26,676
Investments	25,764	---	47,790	73,554
Capital Assets:				
Land	9,271	---	---	9,271
Buildings	57,198	---	---	57,198
Equipment	150	---	---	150
Less Accumulated Depreciation	(4,207)	---	---	(4,207)
Total Capital Assets (Net of Accumulated Depreciation)	62,412	---	---	62,412
Total Assets	151,725	9,908	82,788	244,421
LIABILITIES				
Current Liabilities:				
Accounts Payable	366	42	7	415
Due to Primary Government	---	726	---	726
Interest Payable	123	84	---	207
Non-Current Liabilities:				
Advance from Primary Government	---	3,300	---	3,300
Deposits and Reserves	43,331	---	---	43,331
Bonds Payable	31,850	---	---	31,850
Total Liabilities	75,670	4,152	7	79,829
NET ASSETS				
Invested in Capital Assets, Net	30,562	---	---	30,562
Restricted for:				
Other Purposes	6,846	---	73,852	80,698
Unrestricted	38,647	5,756	8,929	53,332
Total Net Assets	$ 76,055	$ 5,756	$ 82,781	$ 164,592

STATE OF MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2007
Operating Revenues:				
Licenses, Fees, and Permits	$ 2,603	$ 513	$ 5	$ 3,121
Interest on Receivables	432	---	913	1,345
Leases and Rentals	2,837	---	---	2,837
Cost Reimbursement/Miscellaneous	374	4	---	378
Total Operating Revenues	6,246	517	918	7,681
Operating Expenses:				
Personal Service	697	270	45	1,012
Operations	1,975	128	12	2,115
Specific Programs	---	1,791	---	1,791
Depreciation and Amortization	1,025	---	---	1,025
Bad Debt Expense	139	---	---	139
Other Charges	66	---	4	70
Total Operating Expenses	3,902	2,189	61	6,152
Operating Income (Loss)	2,344	(1,672)	857	1,529
Non-Operating Revenues (Expenses):				
Contributions and Intergovernmental	225	---	---	225
Investment Earnings:				
Increase (Decrease) in Fair Value of Investments	---	263	1,395	1,658
Interest	3,072	217	1,601	4,890
Interest Expense	(936)	(62)	---	(998)
Miscellaneous Expenses	---	---	(55)	(55)
Total Non-Operating Revenues (Expenses)	2,361	418	2,941	5,720
Change in Net Assets	4,705	(1,254)	3,798	7,249
Total Net Assets - Beginning	71,350	7,010	78,983	157,343
Total Net Assets - Ending	$ 76,055	$ 5,756	$ 82,781	$ 164,592

STATE OF MISSOURI
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2007
(In Thousands of Dollars)

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2007
Cash Flows from Operating Activities:				
Receipts from Customers and Users	$ 4,802	$ 517	$ 1,200	$ 6,519
Loans to Outside Entities	---	(214)	(6,167)	(6,381)
Payments to Vendors and Suppliers	(2,083)	(109)	(10)	(2,202)
Payments to Employees	(697)	(270)	(45)	(1,012)
Receipts for tax credit projects	13,378	---	---	13,378
Other Payments	---	(1,791)	(4)	(1,795)
Net Cash Provided by Operating Activities	15,400	(1,867)	(5,026)	8,507
Cash Flows from Non-Capital Financing Activities:				
Loans Receivable Principal Receipts	467	---	---	467
Loans Receivable Issuance	(3,866)	---	---	(3,866)
Due to/from Primary Government	---	16	---	16
Advance to/from Primary Government	---	134	5,793	5,927
Contributions and Intergovernmental	225	---	---	225
Net Cash Provided (Used) by Non-Capital Financing Activities	(3,174)	150	5,793	2,769
Cash Flows from Capital and Related Financing Activities:				
Interest Expense	(931)	(60)	(55)	(1,046)
Purchases and Construction of Capital Assets	(12,269)	---	---	(12,269)
Net Cash Used by Capital and Related Financing Activities	(13,200)	(60)	(55)	(13,315)
Cash Flows from Investing Activities:				
Proceeds from Investment Maturities	76,055	532	---	76,587
Purchase of Investments	(111,311)	---	(8,063)	(119,374)
Interest	2,714	217	1,601	4,532
Net Cash Provided (Used) by Investing Activities	(32,542)	749	(6,462)	(38,255)
Net Increase (Decrease) in Cash	(33,516)	(1,028)	(5,750)	(40,294)
Cash and Cash Equivalents, Beginning of Year	63,908	2,518	8,033	74,459
Cash and Cash Equivalents, End of Year	$ 30,392	$ 1,490	$ 2,283	$ 34,165
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 2,344	$ (1,672)	$ 857	$ 1,529
Depreciation/Amortization Expense	1,025	---	---	1,025
Changes in Assets and Liabilities:				
Accounts Receivable	138	---	---	138
Interest Receivable	(31)	---	282	251
Deferred Charges	3	---	---	3
Prepaid Items	(276)	---	---	(276)
Loans Receivable	---	(214)	(6,167)	(6,381)
Accounts Payable	231	19	2	252
Deposit and Reserve	11,966	---	---	11,966
Net Cash Provided by Operating Activities	$ 15,400	$ (1,867)	$ (5,026)	$ 8,507

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.*

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STATE OF MISSOURI
NET ASSETS BY COMPONENT
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006*	2005
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	$ 25,547,427	$ 25,840,886	$ 25,572,008
Restricted	5,030,078	3,824,769	3,250,204
Unrestricted	(1,946,238)	(1,453,203)	(1,321,738)
Total Governmental Activities Net Assets	$ 28,631,267	$ 28,212,452	$ 27,500,474
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	$ 40,772	$ 39,669	$ 43,304
Restricted	9,517	3,942	12,407
Unrestricted	185,451	33,993	(151,323)
Total Business-Type Activities Net Assets	$ 235,740	$ 77,604	$ (95,612)
Primary Government			
Invested in Capital Assets, Net of Related Debt	$ 25,588,199	$ 25,880,555	$ 25,615,312
Restricted	5,039,595	3,828,711	3,262,611
Unrestricted	(1,760,787)	(1,419,210)	(1,473,061)
Total Primary Government Net Assets	$ 28,867,007	$ 28,290,056	$ 27,404,862

*Fiscal year 2006 amounts have been restated.

STATE OF MISSOURI
CHANGES IN NET ASSETS
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006*	2005
Governmental Activities:			
Expenses			
General Government	$ 1,093,058	$ 981,614	$ 1,035,396
Education	6,042,584	5,773,048	5,669,627
Natural and Economic	929,123	867,915	834,269
Transportation and Law Enforcement	2,303,411	2,025,341	2,189,839
Human Services	9,192,032	9,890,652	9,771,651
Interest on Debt (Excluding Direct Expense)	151,139	130,438	126,202
Total Expenses	19,711,347	19,669,008	19,626,984
Program Revenues			
Charges for Services	1,603,383	1,611,022	1,453,667
Operating Grants and Contributions	7,826,152	7,758,885	7,767,831
Total Program Revenues	9,429,535	9,369,907	9,221,498
Total Governmental Activities Net Program Expense	(10,281,812)	(10,299,101)	(10,405,486)
General Revenues and Other Changes in Net Assets			
Taxes:			
Sales and Use	2,931,035	3,047,305	3,003,405
Individual Income	5,143,461	5,271,506	4,821,500
Corporate Income	496,656	520,324	351,116
County Foreign Insurance	178,607	186,647	163,952
Alcoholic Beverage	28,090	29,068	28,045
Corporate Franchise	69,743	76,574	118,343
Inheritance	5,354	15,319	41,832
Miscellaneous Taxes	1,164,821	1,307,727	1,334,595
Grants and Contributions not Restricted to Specific Programs	197,959	158,745	158,140
Unrestricted Investment Earnings	228,214	146,234	80,161
Transfers	256,687	258,773	207,159
Total General Revenues and Other Changes in Net Assets	10,700,627	11,018,222	10,308,248
Total Governmental Activities Change in Net Assets	$ 418,815	$ 719,121	$ (97,238)
Business-Type Activities:			
Expenses			
State Lottery	$ 689,427	$ 665,848	$ 575,667
Unemployment Compensation	444,962	412,937	501,098
Petroleum Storage Tank Insurance	16,249	13,243	25,944
Missouri Veteran's Homes	53,233	46,664	58,760
Non-Major Funds	16,468	20,764	13,345
Total Expenses	1,220,339	1,159,456	1,174,814
Revenues			
Charges for Services	1,011,407	989,703	857,674
Operating Grants and Contributions	618,071	603,727	542,984
Total Revenues	1,629,478	1,593,430	1,400,658
Total Business-Type Activities Net Program Expense	409,139	433,974	225,844
General Revenues and Other Changes in Net Assets			
Unrestricted Investment Earnings	5,684	(2,189)	3,213
Extraordinary Items	---	35	---
Transfers	(256,687)	(258,773)	(207,159)
Total General Revenues and Other Changes in Net Assets	(251,003)	(260,927)	(203,946)
Total Business-Type Activities Change in Net Assets	$ 158,136	$ 173,047	$ 21,898
Total Primary Government Change in Net Assets	$ 576,951	$ 892,168	$ (75,340)

*Fiscal year 2006 amounts have been restated.

STATE OF MISSOURI
FUND BALANCES - GOVERNMENTAL FUNDS
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006*	2005
General Fund			
Reserved	$ 567,880	$ 526,159	$ 577,561
Unreserved	1,312,352	988,240	326,920
Total General Fund	1,880,232	1,514,399	904,481
All Other Governmental Funds			
Reserved	1,068,533	988,493	876,859
Unreserved, Reported in:			
Special Revenue Funds	1,189,085	1,192,431	1,043,965
Capital Projects Funds	542,063	213,026	251,124
Permanent Funds	88	96	87
Total All Other Governmental Funds	2,799,769	2,394,046	2,172,035
Total Fund Balances, Governmental Funds	$ 4,680,001	$ 3,908,445	$ 3,076,516

*Fiscal year 2006 amounts have been restated.

STATE OF MISSOURI
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006*	2005
Revenues:			
Taxes	$ 10,036,502	$ 10,648,213	$ 9,646,452
Licenses, Fees, and Permits	574,768	622,911	591,530
Sales	34,973	11,321	16,849
Leases and Rentals	372	155	2,143
Services	230,173	240,857	182,112
Contributions and Intergovernmental	8,025,833	7,930,499	7,901,109
Investment Earnings:			
Net Increase (Decrease) in the Fair Value of Investments	15,758	(113)	3,152
Interest	185,747	136,876	69,698
Penalties and Unclaimed Properties	63,148	83,174	25,854
Cost Reimbursement/Miscellaneous	478,252	427,916	441,555
Total Revenues	19,645,526	20,101,809	18,880,454
Expenditures:			
Current:			
General Government	887,728	808,861	822,107
Education	6,038,060	5,769,455	5,663,301
Natural and Economic Resources	785,423	720,204	763,222
Transportation and Law Enforcement	1,349,547	1,154,086	1,135,010
Human Services	9,114,902	9,745,591	9,758,066
Capital Outlay:			
Current Expenditures	1,433,507	1,415,080	1,015,165
Capital Lease Purchases	9,599	41,924	53,025
Debt Service:			
Principal	197,212	170,295	127,264
Interest	165,470	121,301	120,982
Bond Issuance Costs	5,775	1,821	---
Underwriter's Discount	247	---	326
Total Expenditures	19,987,470	19,948,618	19,458,468
Excess Revenues (Expenditures)	(341,944)	153,191	(578,014)
Other Financing Sources (Uses):			
Proceeds from Capital Leases	8,794	41,924	53,025
Proceeds from General Obligation/Other Bonds	920,000	350,660	---
Issuance of Refunding Bonds	394,870	---	157,605
Payments to Escrow Agent	(433,477)	---	(175,553)
Bond Premium	77,099	21,336	18,274
Proceeds from Capital Asset Sale	8,675	6,634	5,920
Transfers In	3,774,813	3,521,028	3,062,605
Transfers Out	(3,638,112)	(3,261,659)	(2,842,560)
Total Other Financing Sources (Uses)	1,112,662	679,923	279,316
Net Change in Fund Balances	770,718	833,114	(298,698)
Increase (Decrease) in Reserve for Inventory	838	(129)	327
Net Change in Fund Balances	$ 771,556	$ 832,985	$ (298,371)
Debt Service as a Percentage of Non-Capital Expenditures	1.99%	1.59%	1.35%

*Fiscal year 2006 amounts have been restated.

STATE OF MISSOURI
REVENUE BASE
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

Taxable Sales by Industry	2007	2006	2005
Agricultural/Forestry, Fishing, and Other	$ 198,564,812	$ 190,183,959	$ 173,064,997
Mining	128,534,001	148,041,999	144,360,458
Construction	929,753,447	929,146,007	781,324,533
Manufacturing	2,862,904,859	3,217,299,757	3,033,835,702
Transportation and Public Utilities	7,673,318,253	7,285,790,054	6,950,561,788
Wholesale Trade	8,338,189,598	8,604,467,502	8,136,436,052
Retail Trade	46,166,130,737	44,878,694,872	42,950,724,459
Finance, Insurance, and Real Estate	529,797,617	533,582,629	507,350,286
Services	8,787,849,846	8,433,450,983	8,015,509,010
State and Local Government	161,631,024	156,947,658	84,808,852
Non-Classifiable	15,518,372	16,694,236	16,301,552
Total Taxable Sales	$ 75,792,192,566	$ 74,394,299,656	$ 70,794,277,689
Direct Sales Tax Rate	4.225%	4.225%	4.225%

Personal Income by Industry	2006	**Calendar Year*** 2005	2004
Farm Earnings	$ 657,840	$ 680,682	$ 1,530,462
Agricultural/Forestry, Fishing, and Other	317,860	307,692	313,447
Mining	622,799	559,285	406,383
Construction/Utilities	11,342,163	10,832,150	10,063,022
Manufacturing	19,892,532	19,353,393	18,780,396
Transportation and Public Utilities	5,782,070	5,476,314	5,104,099
Wholesale Trade	8,340,696	7,900,882	7,465,233
Retail Trade	9,742,351	9,484,135	9,324,951
Finance, Insurance, and Real Estate	11,277,229	10,949,571	10,326,016
Services	55,924,301	53,160,346	50,083,751
Federal, civilian	4,858,369	4,692,912	4,507,517
Military	2,107,408	1,982,678	1,848,590
State and Local Government	16,506,674	15,711,041	14,969,326
Total Personal Income	$ 147,372,292	$ 141,091,081	$ 134,723,193
Total Direct Personal Income Tax Rate	6.0%	6.0%	6.0%

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

STATE OF MISSOURI
REVENUE RATES
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006	2005
Personal Income Tax Revenue	$773,375,291	$662,996,843	$543,193,091
Personal Income (Federal AGI)	$215,491,776,833	$185,705,288,582	$161,726,939,117
Taxable Income	$157,963,987,815	$133,414,355,787	$114,900,652,083
Average Effective Rate: Federal Adjusted Gross	0.36%	0.36%	0.34%
Taxable Income	0.49%	0.50%	0.47%

Ranges of Tax Rates on the Portion of Taxable Income (In Thousands)	2007	2006	2005
Tax Rate	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%
Income Levels	9.1+	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 2005-2007
(In Thousands of Dollars)

Sales Tax	2007	%	2006	%	2005	%
Agricultural	$ 8,389,363	0.26%	$ 8,035,272	0.26%	$ 7,311,996	0.25%
Mining	5,430,562	0.17%	6,254,774	0.20%	6,099,229	0.20%
Construction	39,282,083	1.23%	39,256,419	1.25%	33,010,961	1.10%
Manufacturing	120,957,730	3.78%	135,930,915	4.32%	128,179,558	4.29%
Transportation & Utilities	324,197,696	10.12%	307,824,630	9.79%	293,661,236	9.82%
Wholesale Trade	352,288,511	11.00%	363,538,752	11.57%	343,764,423	11.49%
Retail Trade	1,950,519,024	60.91%	1,896,124,858	60.32%	1,814,668,108	60.67%
Finance, Insurance, & Real Estate	22,383,949	0.70%	22,543,866	0.72%	21,435,550	0.72%
Services	371,286,656	11.60%	356,313,304	11.34%	338,655,256	11.32%
Government	6,828,911	0.21%	6,631,039	0.21%	3,583,174	0.12%
Non-Classifiable	655,651	0.02%	705,332	0.02%	688,741	0.02%
Total	$ 3,202,220,136	100.00%	$ 3,143,159,161	100.00%	$ 2,991,058,232	100.00%

Personal Income *	2007**			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$50,000 and under	3,466,758	79.78%	$ 1,449,801,018	29.12%
$50,000 - $100,000	655,988	15.09%	1,369,920,151	27.52%
$100,000 - $250,000	165,239	3.80%	814,246,236	16.36%
$250,000 - $1,000,000	45,492	1.05%	676,769,011	13.59%
$1,000,000 and over	12,099	0.28%	667,349,444	13.41%
Total	4,345,576	100.00%	$ 4,978,085,860	100.00%

	2005**			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$50,000 and under	3,370,705	82.60%	$ 1,381,799,422	34.47%
$50,000 - $100,000	543,861	13.33%	1,124,700,381	28.05%
$100,000 - $250,000	124,636	3.05%	616,542,538	15.38%
$250,000 - $1,000,000	33,760	0.83%	486,312,065	12.13%
$1,000,000 and over	7,854	0.19%	399,557,445	9.97%
Total	4,080,816	100.00%	$ 4,008,911,851	100.00%

*Federal Adjusted Gross Income

**Per GASB Statement 44 (effective for statistical sections prepared for periods beginning after June 15, 2005), this schedule is to show the current year and nine years ago. Information not available prior to 2005.

Source: Missouri Department of Revenue

STATE OF MISSOURI
RATIOS OF OUTSTANDING DEBT
FISCAL YEARS 2005-2007
(In Thousands of Dollars)

	2007	2006*	2005*
Governmental Activities			
General Obligation Bonds	$ 684,515	$ 739,935	$ 790,910
Other Bonds	2,660,875	1,873,140	1,609,815
Leasehold Revenue Bonds	37,880	38,860	---
Certificates of Participation	113,990	122,255	124,490
Capital Leases	79,839	74,049	107,647
Total Governmental Activities	$ 3,577,099	$ 2,848,239	$ 2,632,862
Debt as a Percentage of Personal Income[1]	1.9%	1.6%	1.5%
Debt Per Capita[1]	$ 612	$ 491	$ 458

Legal Debt Margin Calculation for Fiscal Year 2007:

	2007
General Obligation Bonds Authorized (Legislative Debt Limit)	$ 1,686,395
Unforeseen Emergency or Casual Deficiency	1,000
Less: General Obligation Issued	(1,439,494)
Legal Debt Margin	$ 247,901

Legal Debt Margin Summary by Fiscal Year:

	2007	2006*	2005*
Legislative Debt Limit	$ 1,686,395	$ 1,646,395	$ 1,606,395
Total Net Debt Applicable to Limit	(1,438,494)	(1,438,494)	(1,438,494)
Legal Debt Margin	$ 247,901	$ 207,901	$ 167,901
Legal Debt Margin to Debt Limit Ratio	14.70%	12.63%	10.45%

[1]These ratios are calculated using personal income and population for the calendar year.
See *Demographic and Economic Indicators* for personal income and population data.

*Fiscal year 2005 and 2006 amounts have been restated.

STATE OF MISSOURI
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2006-2007
(In Thousands of Dollars)

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
	State Facility Maintenance and Operation					
2007	$ 48,780	$ 10,661	$ 38,119	$ 15,405	$ 11,676	1.4
2006*	49,474	12,078	37,396	14,130	11,054	1.5
	Missouri Road Fund					
2007	$ 1,024,787	$ 269,210	$ 755,577	$ 73,350	$ 82,049	4.9
2006	727,870	N/A	727,870	63,149	49,248	6.5

*Fiscal year 2006 amounts have been restated.

N/A = not available

Source: Bond records and debt service schedules.

STATE OF MISSOURI
DEMOGRAPHIC AND ECONOMIC INDICATORS
CALENDAR YEARS 2004-2006

	2006	2005	2004
Population			
Missouri (In Thousands)	5,843	5,798	5,753
Change	0.8%	0.8%	0.7%
National (In Thousands)	299,398	296,507	293,638
Change	1.0%	1.0%	1.0%
Total Personal Income			
Missouri (In Thousands)	$ 191,601,916	$ 181,930,218	$ 173,968,028
Change	5.3%	4.6%	4.7%
National (In Thousands)	$ 10,966,808,000	$ 10,284,378,000	$ 9,711,271,000
Change	6.6%	5.9%	6.1%
Per Capita Personal Income			
Missouri	$ 32,793	$ 31,380	$ 30,240
Change	4.5%	3.8%	4.0%
National	$ 36,629	$ 34,685	$ 33,072
Change	5.6%	4.9%	5.1%
Resident Civilian Labor Force and Employment			
Civilian Labor Force (In Thousands)	3,032	3,008	2,994
Employed (In Thousands)	2,886	2,848	2,822
Unemployed (In Thousands)	146	160	172
Unemployment Rate	4.8%	5.3%	5.7%
National Unemployment Rate	4.6%	5.1%	5.5%

	2006-07	2005-06	2004-05
School Enrollment (In Thousands)			
Elementary and Secondary Education	898	898	892
Higher Education - Private Institutions	243	240	235
Total Enrollment	1,141	1,138	1,127
% Change from Prior Year	0.3%	1.0%	0.3%
Higher Education			
Public Community Colleges			
Number of Campuses	18	18	18
Number of Students (Full-Time Equivalent FTE)	52,377	51,945	52,204
Number of Regular Term Teaching Positions (FTE)	1,332	1,309	1,291
State Technical College			
Number of Campuses	1	1	1
Number of Students (Full-Time Equivalent FTE)	888	885	854
Number of Regular Term Teaching Positions (FTE)	57	51	50
State Colleges/Universities			
Number of Campuses	14	14	14
Number of Students (Full-Time Equivalent FTE)	103,856	102,628	100,717
Number of Regular Term Teaching Positions (FTE)	4,638	4,578	4,597

STATE OF MISSOURI
MAJOR EMPLOYERS
CALENDAR YEARS 2006 AND 1997
(In Thousands of Dollars)

2006

Employer	Number of Employees	Percent of Total State Employment
State of Missouri[1]	63,000	2.18%
Wal-Mart Associates, Inc.	40,000 +	1.39%
University of Missouri	20,000 +	0.69%
U.S. Post Office	15,000 - 20,000	0.52% - 0.69%
Boeing Corporation	10,000 - 15,000	0.35% - 0.52%
Washington University	10,000 - 15,000	0.35% - 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	188,000 - 213,000	6.52% - 7.39%
Total Missouri Employment		**2,885,857**

1997

Employer[2]	Number of Employees	Percent of Total State Employment
Wal-Mart Associates, Inc.	25,000 - 30,000	0.90% - 1.08%
McDonnell Douglas Corporation	20,000 - 25,000	0.72% - 0.90%
Trans World Airlines, Inc.	10,000 - 15,000	0.36% - 0.54%
Southwestern Bell Telephone Co.	10,000 - 15,000	0.36% - 0.54%
Schnuck Markets, Inc.	10,000 - 15,000	0.36% - 0.54%
Washington University	10,000 - 15,000	0.36% - 0.54%
Barnes-Jewish Hospital	7,500 - 10,000	0.27% - 0.36%
Chrysler Corporation	7,500 - 10,000	0.27% - 0.36%
May Department Stores	7,500 - 10,000	0.27% - 0.36%
Ford Motor Company	7,500 - 10,000	0.27% - 0.36%
Total	115,000 - 155,000	4.14% - 5.58%
Total Missouri Employment		**2,780,185**

All figures are based on a calendar-year average.

[1]Number of state employees includes only full-time personnel, and does not include college or university employees.

[2]Only includes major private employers.

Sources: Missouri Economic Research and Information Center,
State of Missouri CAFR-Fiscal Year 1998, State Employee Headcount report.

STATE OF MISSOURI
STATE EMPLOYEES BY FUNCTION
FISCAL YEARS 2005-2007
FULL-TIME EQUIVALENTS

	2007	2006	2005
General Government			
Legislature	732	749	708
Judiciary	3,777	3,826	3,452
Public Defender	558	561	571
Governor	33	34	35
Lt. Governor	7	7	8
Secretary of State	275	266	262
State Auditor	127	132	142
State Treasurer	51	51	50
Attorney General	443	427	423
Office of Administration	1,783	868	899
Revenue	1,586	1,766	2,086
Total General Government	9,372	8,687	8,636
Education			
Elementary and Secondary Education	2,654	2,719	2,261
Higher Education	58	67	73
Total Education	2,712	2,786	2,334
Natural and Economic Resources			
Agriculture	467	456	388
Insurance, Financial Institutions and Professional Registration	192	200	207
Conservation	2,190	2,270	2,047
Economic Development	1,604	1,681	1,379
Labor and Industrial Relations	913	1,056	1,051
Natural Resources	2,061	2,175	2,019
Total Natural and Economic Resources	7,427	7,838	7,091
Transportation and Law Enforcement			
Transportation	7,196	7,300	7,024
Public Safety	5,085	5,101	4,927
Total Transportation and Law Enforcement	12,281	12,401	11,951
Human Services			
Health and Senior Services	1,877	1,969	2,048
Mental Health	9,602	9,784	9,571
Social Services	8,553	8,794	9,034
Corrections	11,138	11,235	11,493
Total Human Services	31,170	31,782	32,146
State Total	62,962	63,494	62,158

Source: Office of Administration, Division of Accounting, Statewide Indirect Cost Allocation Plan.

STATE OF MISSOURI
OPERATING INDICATORS BY FUNCTION
FISCAL YEARS 2006 - 2007

	2007	2006
General Government		
Individual Income Tax Returns Processed (in thousands)	3,902	2,770
Sales and Use Tax Returns Processed (in thousands)	1,055	742
Driver Licenses Processed (in thousands)	1,052	1,106
Motor Vehicle Registrations Processed (in thousands)	3,856	2,994
Audit Reports Issued	88	103
Statewide Court Filings (in thousands)*	2,027	2,152
Business Services Requests Made on Secretary of State Web Page (in thousands)*	36,000	35,000
Checks Issued (in thousands)	3,035	3,309
Unclaimed Property Returned (in thousands)	$ 22,966	$ 21,816
Education		
High School Drop Out Rate*	4.7%	3.8%
Elementary and Secondary Schools Meeting Adequate Yearly Progress*	62.6%	65.2%
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	70.2%	67.6%
Guaranteed Student Loans (in thousands)	$ 1,178,692	$ 1,162,519
Scholarships/Grants Awarded to Eligible Missouri Residents (in thousands)	$ 41,466	$ 41,845
Natural and Economic Resources		
Job Placement Rate of unemployed individuals that registered on Great Hires Web Page	62.0%	63.3%
Insurance Policies Filed Electronically	50.0%	50.0%
Initial Unemployment Claims (in thousands)	411	393
International Agricultural Exports (in thousands)	$ 19,760	$ 18,191
Hunting License Holders (in thousands)*	579	570
Visitors to Missouri State Parks and Historic Sites (in thousands)	16,069	16,650
Transportation and Law Enforcement		
Methamphetamines Labs Seized	259	375
State - licensed Fire Safety Inspections	11,684	9,848
Buildings Served by Missouri Capitol Police	82	79
Alcohol Arrests	954	1,084
Missouri Major Roads Rated in Good Condition	74.0%	60.8%
Difference Between Awarded and Actual Transportation Construction Costs	0.9%	3.1%
Human Services		
Medicaid Enrollees	822,685	830,262
Food Stamp Recipients	826,313	795,963
Doses of Vaccine Issued by Vaccines for Children Providers (in thousands)	1,097	1,075
Incarcerated Offenders	29,975	30,185
Individuals Served in State Comprehensive Psychiatric Service Facilities	7,805	7,772

*Previous fiscal year 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 2005-2007

	2007	2006*	2005*
General Government			
Parcels of Land	20	18	15
Land Improvements	35	35	31
Square Footage of Buildings	1,379,053	1,370,477	1,079,001
Equipment	42,333	44,469	49,644
Education			
Parcels of Land	32	32	32
Land Improvements	31	31	29
Square Footage of Buildings	177,693	136,006	139,718
Equipment	6,679	6,780	6,723
Natural and Economic Resources			
Parcels of Land	811	815	812
Land Improvements	318	320	216
Square Footage of Buildings	817,501	704,808	372,232
Equipment	43,534	46,574	46,915
State Parks and Historic Sites	84	84	84
State Conservation Areas	1,151	1,148	1,140
Transportation and Law Enforcement			
Parcels of Land	853	862	1,608
Land Improvements	184	177	183
Square Footage of Buildings	174,503	174,459	157,172
Equipment	63,327	62,984	61,965
Miles of State Highway	32,800	32,423	32,402
State-Owned Bridges and Culverts	10,240	10,224	10,190
Highway Patrol Stations	9	9	9
Human Services			
Parcels of Land	84	83	85
Land Improvements	115	115	112
Square Footage of Buildings	1,177,655	1,054,204	852,258
Equipment	98,649	107,434	106,334
Correctional Facilities	26	26	24

* Restated Square Footage of Buildings and Correctional Facilities for 2006 and 2005.

Source: State of Missouri capital asset records by agency.

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