

# Missouri



Comprehensive Annual Financial Report  
for Fiscal Year Ended June 30, 2009

***On the Cover:***

Canoeing on the Niangua River  
*Courtesy of Division of Tourism*

Katy Trail State Park  
*Courtesy of Division of Tourism*

This report can be viewed on the Internet at <http://www.oa.mo.gov/acct/cafrfy2009/index.htm>

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

*Fiscal Year Ended June 30, 2009*



**JEREMIAH W. (JAY) NIXON**  
*Governor*

**KELVIN L. SIMMONS**  
*Commissioner*  
*Office of Administration*

**MARK A. KAISER**  
*Director*  
*Division of Accounting*

*Prepared by*  
*Office of Administration, Division of Accounting*

STATE OF MISSOURI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2009

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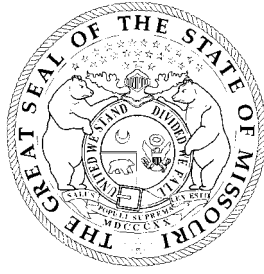
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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that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

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



**Kelvin L. Simmons**  
Commissioner

State of Missouri  
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**Mark A. Kaiser**  
Director

December 31, 2009

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

In accordance with generally accepted accounting principles, I submit to you the Comprehensive Annual Financial Report (CAFR) of the State of Missouri for the fiscal year ended June 30, 2009. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

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

An annual audit of the basic financial statements is completed each year by the State Auditor's Office. The State Auditor conducts the audit in accordance with generally accepted government auditing standards, and 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, judicial systems, economic development, conservation and natural resources, labor relations, and general administration.

The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year, supplemental amounts are requested during the next legislative session by the same process that original appropriations are requested. Budgets are established at the department level. Expenditures cannot exceed the individual appropriation amount. 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.

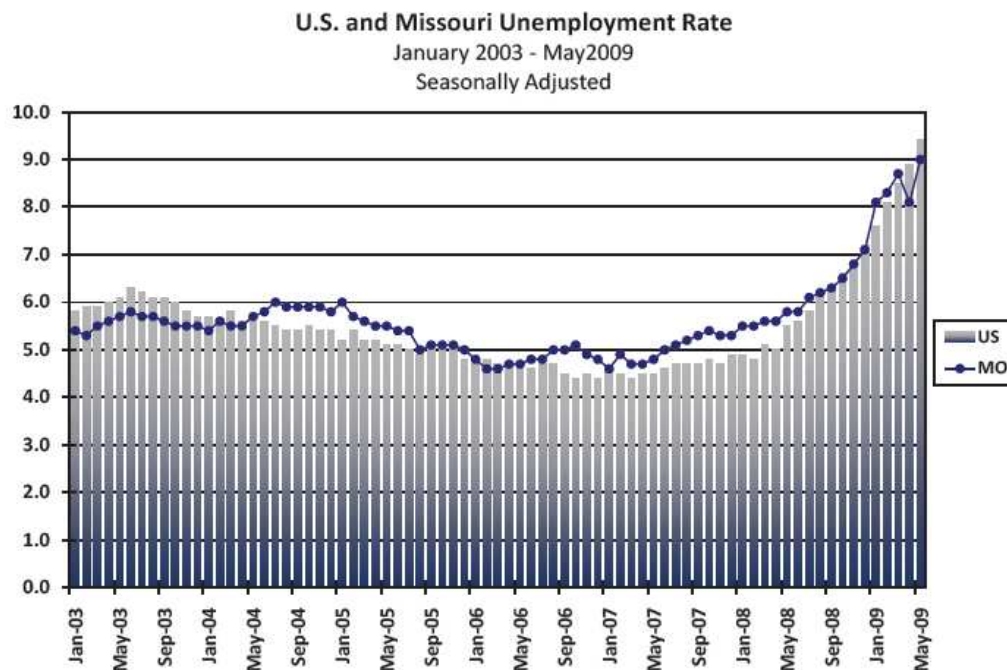
The financial reporting entity of the State includes all of the funds of the primary government as well as component units for which the State is financially accountable. The transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information 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

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The national economy has been in recession since December 2007. Struggles began in housing-related sectors, particularly financial services and construction, and progressed to nearly every industry. Missouri was slower to feel the effects of the recession initially but is now facing similar circumstances.

Unemployment rates in Missouri began to rise around the middle of 2008 and have continued upward since, with rapid increases during the first half of 2009. Missouri's rise in unemployment has followed the national trend, with the U.S. rate reaching 9.4% in May 2009, nearly doubling the 5.5% rate in May 2008. The seasonally adjusted unemployment rate for May 2009 in Missouri was 9%, up from 5.8% a year ago. Missouri's unemployment rate has not reached these levels since 1983.



*Source: Missouri Economic Research and Information Center/RealtyTrac*

Missouri's personal income, which directly impacts individual income tax and sales tax, rose at a 4.3% rate during calendar year 2008. Taxable sales for the second quarter 2009 were \$18.2 billion, which is a decrease of 6.72% in actual dollars compared to the same quarter of 2008. The economy has caused consumers to be cautious with their spending which has resulted in lower taxable sales. Missouri ranked 24<sup>th</sup> in personal income growth in the second quarter of 2009 and was ranked the 8<sup>th</sup> lowest in terms of cost of living.

Manufacturing and production are important parts of both the U.S. and Missouri economies and has had a serious adverse affect from the recession. Industrial production has declined in all but one month since January 2008. Manufacturing employment has also dropped rapidly since late 2008. In May 2009, there were 258,900 manufacturing jobs in the State, a decrease of 34,000 or 11.6% from a year ago, matching the national rate of decline. Declines have been spread across manufacturing sectors, but the greatest numeric drop has been in transportation equipment manufacturing, which includes motor vehicles.

Exports by Missouri companies totaled \$4.6 billion in the second quarter of 2009, compared to \$6.5 billion after the second quarter of 2008. This is due to the deepening global recession and falling agriculture and oil prices that caused a decline in Missouri worldwide merchandise exports.

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

Missouri funding priorities include education, health care, and economic development. The State will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives and streamlining government functions.

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed by President Barack Obama on February 17, 2009. ARRA provides funding for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and State and local fiscal stabilization. The ARRA will provide budget stabilization, fiscal relief, and economic stimulus dollars for Missouri in excess of \$4 billion over a 3 year period.

Missouri has a long-range plan to improve highways and bridges using federal stimulus money. The Missouri Highways and Transportation Commission has approved a list of 111 road projects funded with stimulus money, which is expected to directly or indirectly support 22,000 jobs. Two of the biggest projects involve improvements to Interstate 70 in St. Louis and Interstate 55 in New Madrid County. Missouri was the first state in the nation to begin construction on a road project using stimulus money with the replacement of the Osage River Bridge near Tuscumbia.

### **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 duly 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 2009. The State does not expect the limit to be exceeded in fiscal year 2010.

### **Major Initiatives**

Missouri will continue to focus on controlling the growth of mandatory programs through various cost-effective alternatives and streamlining government functions. Funding priorities are focused in the areas of education, health care, and economic development.

**Education.** Funding for education remains a top priority for Missouri. Even though Missouri is in a recession, funding for higher education was kept at its current level in return for an agreement that public universities would not raise tuition. A revision to the school funding formula was made in 2005. In fiscal year 2010, funding for Missouri Public schools will increase by \$67.4 million from fiscal year 2009 due to a change in the school funding formula.

**Healthcare.** An agreement with the Missouri Hospital Association to increase hospital taxes and generate an additional \$52.5 million occurred in fiscal year 2009. The new money will help draw \$93 million in matching federal funds, enabling the State to provide health coverage to 34,800 low-income adults in Missouri. The tight budget has prompted cuts to the Medicaid program, but does not affect the eligibility requirements of the program. The changes to Medicaid include increased use of generic drugs and ratcheting down utilization of services and rates paid to hospitals, doctors, nursing homes and in-home care agencies. It is estimated to save \$32 million for the State.

**Economic Development.** Three executive orders were signed to help stimulate the Missouri economy. The executive orders will ensure that the State of Missouri does everything it can to revitalize the state's economy. The first order, Executive Order 09-01, established the Missouri Jobs Task Force which will identify ways state government can best help Missouri's automotive industry and the industries that are dependent upon it. The second order, Executive Order 09-02, established the 15-member Governor's Economic Stimulus Coordination Council which will examine how the State of Missouri can maximize the money that will come from the federal stimulus program. The third order, Executive Order 09-03, directs the Missouri Department of Economic Development to work with the Missouri Development Finance Board to create a pool of funds designated for low-interest and no-interest direct loans for small businesses. All three of these executive orders are part of the Show-Me Jobs initiative which also calls for the expansion of the Missouri Quality Jobs Program and creates incentives for worker training and retraining.

## ACKNOWLEDGEMENTS

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

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

Sincerely,

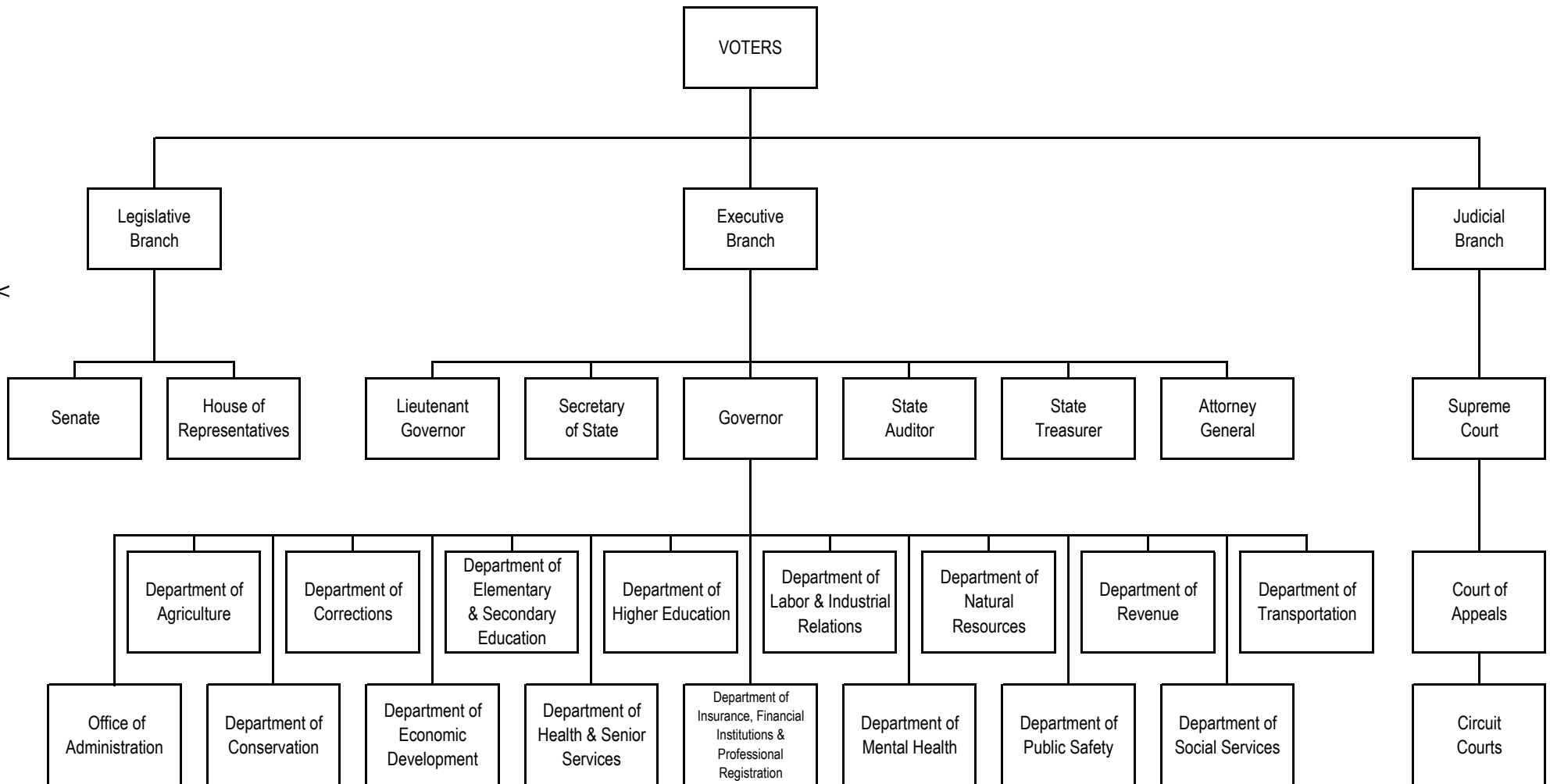
A handwritten signature in black ink that reads "Mark A. Kaiser". The signature is written in a cursive, flowing style.

Mark A. Kaiser  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2009



**STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2009**

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**EXECUTIVE**

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

**Peter Kinder**  
*Lieutenant Governor*

**Robin Carnahan**  
*Secretary of State*

**Susan Montee, JD, CPA**  
*State Auditor*

**Clint Zweifel**  
*State Treasurer*

**Chris Koster**  
*Attorney General*

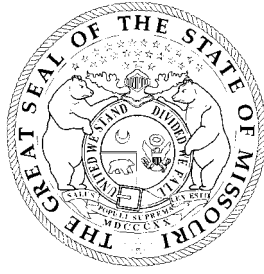
**LEGISLATIVE**

**Charlie Shields**  
*President Pro Tem of the Senate*

**Ron Richard**  
*Speaker of the House of Representatives*

**JUDICIAL**

**Laura Denvir Stith**  
*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, JD, CPA**

## **Missouri State Auditor**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2009, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the state's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain entities that comprise the state of Missouri. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to 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 78 percent and 12 percent of the assets and revenues, respectively, of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 43 percent and 50 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 94 percent and 98 percent of the assets and additions, respectively, of the fiduciary funds.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Missouri Highway 63 Transportation Corporation, the Highway 179 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.

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 26 percent of governmental activity revenues are from this source. We were unable to satisfy ourselves by appropriate audit tests or other means as to the income tax revenue beyond the amounts recorded.

In our opinion, based on our audit and the reports of other auditors, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been allowed access to tax returns and related source documents for income taxes, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the state of Missouri implemented Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*; Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

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 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 paragraph four, 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.

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

Susan Montee, JD, CPA  
State Auditor

December 31, 2009



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

# Management's Discussion and Analysis

The following is a discussion and analysis of the State of Missouri's (State's) financial activities for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal.

## FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

### Government-Wide:

- *Net Assets.* Assets of the State of Missouri exceeded liabilities at the close of fiscal year 2009 by \$28.5 billion. Of the \$28.5 billion, "unrestricted net assets" is reported as a negative \$3.3 billion, offset by \$5.8 billion in "restricted net assets". A positive balance in unrestricted net assets would represent the amount available to be used to meet a government's ongoing operations.
- *Changes in Net Assets.* The State's total net assets decreased by \$903.1 million in fiscal year 2009. Net assets for governmental activities decreased by \$539.1 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2009, the State's total revenues of \$23.6 billion were \$903.1 million less than total expenses (excluding transfers) of \$24.5 billion. Of these expenses, \$13.8 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$9.8 billion.

### Fund-Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2009, the State's governmental fund assets exceeded liabilities by \$4.2 billion, a decrease of \$1.0 billion or 19.9% from the prior year. The decrease was primarily due to a decline in cash and cash equivalents and investments of \$1.1 billion, because revenues have not been able to keep pace with the increased demand for services.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State's general fund reported a balance of \$1.3 billion.

Additional information regarding individual funds begins on Page 9.

### Debt Issued and Outstanding:

- The primary government's total long-term obligations related to bonds payable decreased \$48.1 million or 1.3% over the prior year. The outstanding bonds payable represents 52.7% of financial assets (cash, receivables, and investments) and 10.1% of total assets. The net decrease in bonds payable resulted from decreases of \$189,775,000 due to bond payments and \$1,035,000 due to defeasance, as well as increases of \$142,735,000 due to issuances of State Road Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State's ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1% or more must be refunded to the taxpayers each year. During fiscal year 2009, the State did not exceed the revenue limit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-Wide Financial Statements:

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

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

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

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

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

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

*Discretely Presented Component Units* are operations for which the State has financial accountability, but are legally separate. They include the college and universities, Missouri Development Finance Board, Missouri Agricultural and Small Business Development Authority, 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. The funds of the State can be divided into three categories: governmental, proprietary, and fiduciary.

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

Governmental funds include the general, special revenue, capital projects, debt service, and permanent funds. Major funds include general, public education, conservation and environmental protection, 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 the non-major governmental funds is provided in the form of combining statements in supplementary information.

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets:

The State's total net assets decreased \$903.1 million or 3.1% during fiscal year 2009. This decrease resulted primarily from a decline in current and other assets of \$1.1 billion. 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 \$374.5 million or 1.2%.

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 \$26.0 billion or 91.2%. These assets include land, infrastructure, buildings, and equipment which are not easily converted to cash or readily available to pay state debts as they come due.

Restricted net assets of the primary government totaled \$5.8 billion or 20.3% of total net assets vs. 20.6% from the prior year. Net assets are restricted for several reasons including constitutional, legal, enabling legislation or external requirements. Examples of restricted net assets include lottery proceeds restricted for public education, funds restricted for debt service and certain sales taxes restricted for the maintenance of highways or state parks and conservation areas. Also, many federal funds are restricted to funding certain programs.

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

STATEMENT OF NET ASSETS						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008*	2009	2008*
<b>ASSETS:</b>						
Current and Other Assets	\$ 6,751,470	\$ 7,615,555	\$ 425,465	\$ 615,981	\$ 7,176,935	\$ 8,231,536
Capital Assets, Net	<u>29,544,831</u>	<u>28,940,732</u>	<u>46,756</u>	<u>42,360</u>	<u>29,591,587</u>	<u>28,983,092</u>
<i>Total Assets</i>	36,296,301	36,556,287	472,221	658,341	36,768,522	37,214,628
<b>LIABILITIES:</b>						
Long-Term Liabilities	6,233,762	6,087,631	219,300	223,785	6,453,062	6,311,416
Other Liabilities	<u>1,601,719</u>	<u>1,468,753</u>	<u>200,000</u>	<u>17,569</u>	<u>1,801,719</u>	<u>1,486,322</u>
<i>Total Liabilities</i>	7,835,481	7,556,384	419,300	241,354	8,254,781	7,797,738
<b>NET ASSETS:</b>						
Invested in Capital Assets,						
Net of Related Debt	25,950,941	25,324,173	46,546	42,360	25,997,487	25,366,533
Restricted	5,785,396	6,003,212	6,771	45,362	5,792,167	6,048,574
Unrestricted	<u>(3,275,517)</u>	<u>(2,327,482)</u>	<u>(396)</u>	<u>329,265</u>	<u>(3,275,913)</u>	<u>(1,998,217)</u>
<i>Total Net Assets</i>	<u>\$ 28,460,820</u>	<u>\$ 28,999,903</u>	<u>\$ 52,921</u>	<u>\$ 416,987</u>	<u>\$ 28,513,741</u>	<u>\$ 29,416,890</u>
*Fiscal year 2008 amounts have been restated.						

## Changes in Net Assets:

The schedule below reflects how the State's net assets changed during the year. The State collected program revenues of \$13.8 billion and general revenues of \$9.8 billion for total revenues of \$23.6 billion during fiscal year 2009. Expenses for the State during fiscal year 2009 were \$24.5 billion. As a result of the deficient revenues to cover expenses, the total net assets of the State decreased \$903.1 million, net of contributions and transfers.

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

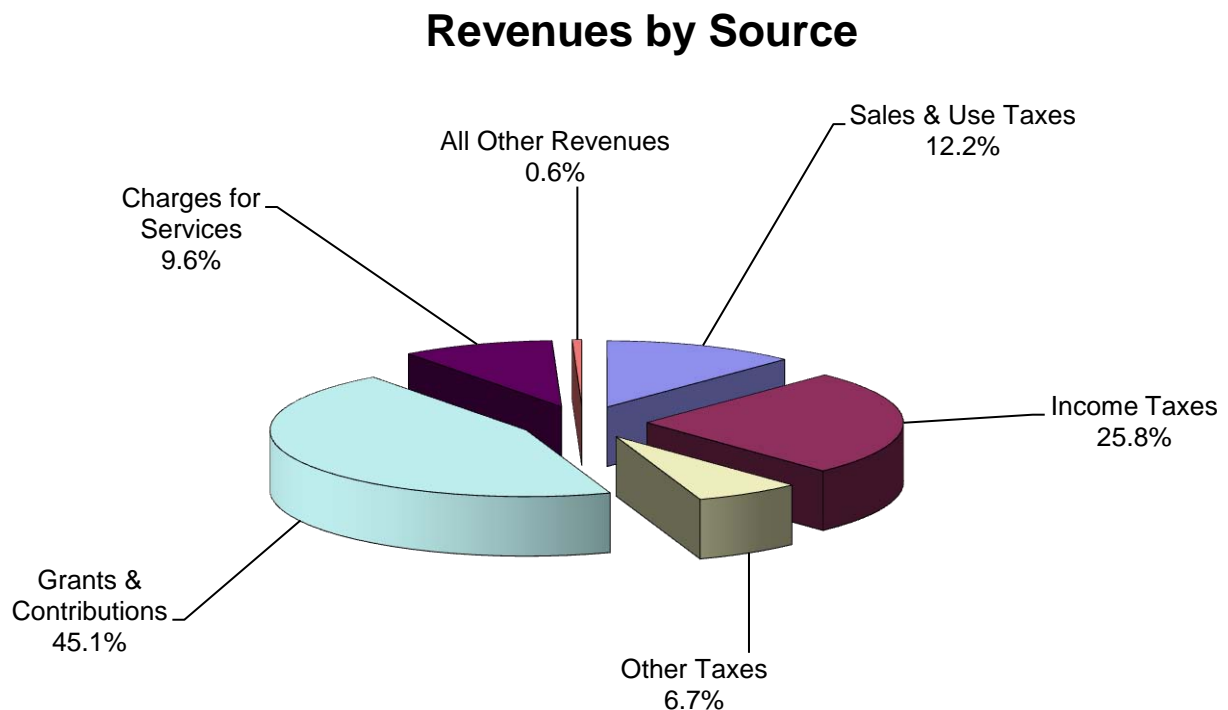
<b>STATEMENT OF ACTIVITIES</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008*	2009	2008*
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 2,066,977	\$ 1,816,496	\$ 1,041,963	\$ 1,106,483	\$ 3,108,940	\$ 2,922,979
Operating Grants and Contributions	8,755,551	7,697,736	967,324	657,534	9,722,875	8,355,270
Capital Grants and Contributions	961,425	971,801	---	---	961,425	971,801
General Revenues:						
Sales and Use Taxes	2,635,114	2,871,465	---	---	2,635,114	2,871,465
Income Taxes	5,547,639	5,911,643	---	---	5,547,639	5,911,643
Unemployment and Other Taxes	1,450,748	1,472,829	---	---	1,450,748	1,472,829
Other Revenues	133,846	333,179	10,153	15,424	143,999	348,603
<b>Total Revenues</b>	<b>21,551,300</b>	<b>21,075,149</b>	<b>2,019,440</b>	<b>1,779,441</b>	<b>23,570,740</b>	<b>22,854,590</b>
<b>EXPENSES:</b>						
General Government	1,202,908	1,210,044	---	---	1,202,908	1,210,044
Education	6,589,079	6,379,189	---	---	6,589,079	6,379,189
Natural and Economic Resources	1,021,208	1,006,560	---	---	1,021,208	1,006,560
Transportation and Law Enforcement	2,373,747	2,258,653	---	---	2,373,747	2,258,653
Human Services	10,942,605	9,876,132	---	---	10,942,605	9,876,132
State Lottery	---	---	726,086	740,189	726,086	740,189
Unemployment Compensation	---	---	1,292,531	498,318	1,292,531	498,318
Petroleum Storage Tank	---	---	17,185	21,516	17,185	21,516
Veterans' Homes	---	---	62,236	57,067	62,236	57,067
All Other Expenses	218,277	174,011	28,027	16,857	246,304	190,868
<b>Total Expenses</b>	<b>22,347,824</b>	<b>20,904,589</b>	<b>2,126,065</b>	<b>1,333,947</b>	<b>24,473,889</b>	<b>22,238,536</b>
Increase (Decrease) in Net Assets before Contributions & Transfers	(796,524)	170,560	(106,625)	445,494	(903,149)	616,054
<b>Transfers</b>	<b>257,441</b>	<b>264,416</b>	<b>(257,441)</b>	<b>(264,416)</b>	<b>---</b>	<b>---</b>
<b>Change in Net Assets</b>	<b>(539,083)</b>	<b>434,976</b>	<b>(364,066)</b>	<b>181,078</b>	<b>(903,149)</b>	<b>616,054</b>
<b>Net Assets - July 1</b>	<b>28,999,903</b>	<b>28,564,927</b>	<b>416,987</b>	<b>235,909</b>	<b>29,416,890</b>	<b>28,800,836</b>
<b>Net Assets - June 30</b>	<b>\$ 28,460,820</b>	<b>\$ 28,999,903</b>	<b>\$ 52,921</b>	<b>\$ 416,987</b>	<b>\$ 28,513,741</b>	<b>\$ 29,416,890</b>
*Fiscal year 2008 amounts have been restated.						

## Governmental Activities

The net assets of governmental activities decreased \$539.1 million in fiscal year 2009. Revenues for the governmental activities totaled \$21.6 billion, while expenses totaled \$22.3 billion in 2009.

General and program revenues of governmental activities increased \$476.2 million during the fiscal year. The increase in revenue was due primarily to an increase of \$1.0 billion in grants and contributions, which is partially due to funding received as part of the American Recovery and Reinvestment Act of 2009.

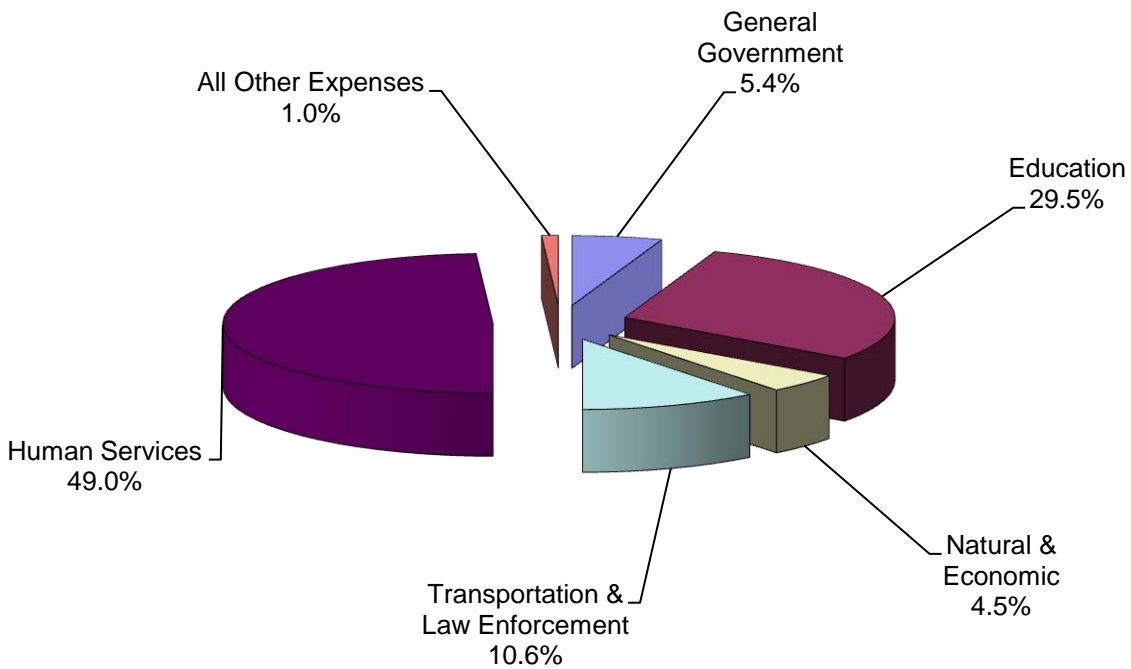
As shown in the Revenues by Source chart below, approximately 44.7% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 45.1% of total revenue. Charges for services contributed 9.6% and various other revenues provided 0.6% of the remaining governmental activity revenue sources.





The State's governmental activities program expenses increased \$1.4 billion during fiscal year 2009. General Government expenditures decreased \$7.1 million while Education, Natural and Economic Resources, Transportation and Law Enforcement, Human Services, and Other Expenses increased \$1.5 billion.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion – 49.0% – of total governmental expenses.

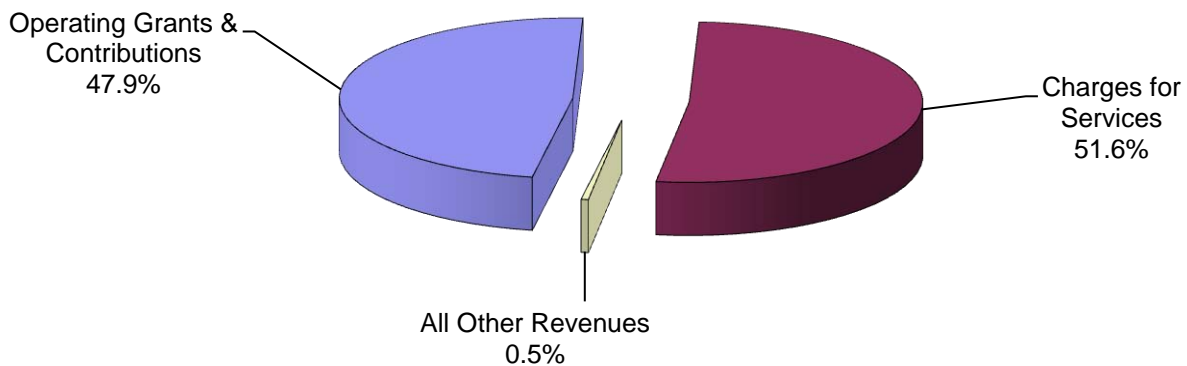


## Business-Type Activities

Net assets of the State's business-type activities decreased \$364.1 million in fiscal year 2009. Business-type revenues increased by \$240.0 million during the current fiscal year. Program expenses of business-type activities increased \$792.1 million from fiscal year 2008 to 2009.

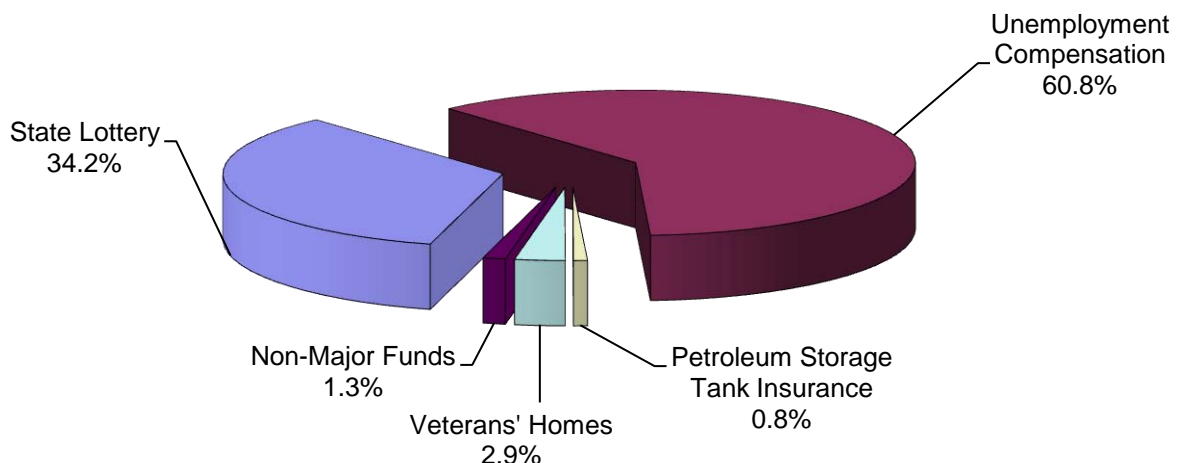
Revenues of business-type activities totaled \$2.0 billion. As shown in the Revenues by Source chart below, 51.6% of the revenues came from charges for services. Operating grants and contributions provided 47.9% of the total revenue and all other revenues provided 0.5%.

## Revenues by Source



Expenses of business-type activities totaled \$2.1 billion. As shown in the Expenses by Fund chart below, the Unemployment Compensation makes up the largest portion with 60.8% of total business-type expenses. State Lottery comes in second at 34.2%, followed by veterans' homes at 2.9%, non-major funds at 1.3%, and petroleum storage tank at 0.8%.

## Expenses by Fund



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2009, the State's governmental funds reported combined ending fund balances of \$4.2 billion. Approximately 57.1% is unreserved and available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) for budget reserve, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

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

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund	Non- Major	Total
Unreserved	\$ 668,936	\$ 343,140	\$ 343,223	\$ 220,397	\$ 488,238	\$ 335,088	\$ 2,399,022
Reserved	589,305	41	897,646	5,894	156,102	156,315	1,805,303
<b>Total</b>	<b>\$ 1,258,241</b>	<b>\$ 343,181</b>	<b>\$ 1,240,869</b>	<b>\$ 226,291</b>	<b>\$ 644,340</b>	<b>\$ 491,403</b>	<b>\$ 4,204,325</b>

The general fund is the chief operating fund of the State. At the end of fiscal year 2009, the State's general fund reported a total fund balance of \$1.3 billion. The net decrease in fund balance during fiscal year 2009 was \$636.5 million. Expenditures of the general fund totaled \$14.2 billion in fiscal year 2009, an increase of \$1.2 billion from fiscal year 2008. The major contributing factor to this was an increase in expenditures for human services of \$1.0 billion from fiscal year 2008 to fiscal year 2009. The most significant increase was medical assistance payments which increased \$469.9 million.

The public education fund provides general and special education services to the children of the State and other related functions such as library services and student loans. Total fund balance decreased by \$47.5 million. Revenues of the public education funds totaled \$1.3 billion in fiscal year 2009, a decrease of \$265.7 million from fiscal year 2008. The major factor that contributed to this was a decrease of \$235.3 million in the contributions and intergovernmental revenues. During fiscal year 2008, the public education fund received \$230.0 million in contributions and intergovernmental revenues from the sale of the Missouri Higher Education Loan Authority's assets. The authority is required to pay a total of \$350.0 million to the State through September 30, 2013 with the largest payment occurring in fiscal year 2008.

The conservation and environmental protection fund provides for the preservation of the State's wildlife and environment. The fund balance increased by \$34.7 million while tax revenues declined by \$11.1 million and penalties and unclaimed property declined by \$12.6 million during the fiscal year. Expenditures remained relatively constant and combined with a decrease in revenues caused fund balance to increase at a smaller rate than in previous fiscal years.

The transportation and law enforcement fund provides transportation services, road construction and maintenance, and the enforcement of vehicle laws and traffic safety. The fund balance increased by \$18.5 million in fiscal year 2009. The major contributing factor was a decrease in transfers out of \$42.1 million.

The Missouri road fund accounts for revenues from highway users' fees, federal reimbursements for highway projects, and bond proceeds to be used for costs of constructing and maintaining an adequate state highway system. The fund balance decreased by \$360.3 million in fiscal year 2009. Expenditures of the Missouri road fund increased during fiscal year 2009 by \$219.5 million primarily due to an increase of \$162.7 million in capital outlays and an increase of \$24.0 million in debt service. A decrease in transfers in of \$42.1 million and a decrease in taxes of \$22.0 million were also major contributing factors to the decrease in fund balance.

## **Proprietary Funds:**

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

The State Lottery Fund's net assets decreased by \$1.8 million. Operating revenues decreased by \$27.1 million during the fiscal year which was partially offset by a decrease in expenses for prizes paid. The decrease in operating revenues was mainly due to a decline in ticket sales from the record sales level for fiscal year 2008. Contributing factors in the decline in sales included: economic conditions, smaller number of large jackpots in online games, and limited resources for advertising and promoting. The decline in ticket sales contributed to the decline in prizes paid.

The Unemployment Compensation Fund's net assets decreased by \$360.5 million due to the increased number of unemployment claims resulting from the current national economic condition. Missouri borrowed \$185.9 million from the federal government during fiscal year 2009 to continue to pay unemployment benefits.

The Petroleum Storage Tank Insurance Fund's net assets increased by \$0.2 million. Operating expenses decreased by \$4.5 million primarily due to decreased program expenses. However, operating revenues also decreased by \$9.4 million, but total revenues continued to outpace expenses during the fiscal year. Operating revenues decreased due to a reduction in the load fees charged to customers. Load fees were reduced from \$40 to \$20 per 8,000 gallons.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Budgeted appropriations for fiscal year 2009 from the general fund were \$19.4 billion original budget and \$20.3 billion final budget. Actual spending was \$19.1 billion. Reasons for the final budget variances include:

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

Budgeted revenues/transfers in for fiscal year 2009, for the general fund, was \$19.3 billion original budget and \$18.9 billion final budget. Actual revenue/transfers in was \$18.6 billion. The reduction of budgeted revenues/transfers occurred due to the swift onset of the national recession. Revenues/transfers still did not meet the final projection for the fiscal year.

Refer to the *Notes to RSI*, Budgetary Reporting, on page 101 for more information on budgetary variances.

## GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2009 was \$29.6 billion (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure in progress, land, land improvements, buildings and improvements, equipment, software, and infrastructure.

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

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 532,385	\$ 5,290	\$ 537,675
Infrastructure in Progress	2,461,041	---	2,461,041
Land	2,827,765	8,868	2,836,633
Land Improvements	158,102	7,446	165,548
Buildings and Improvements	2,791,296	28,386	2,819,682
Equipment	1,173,981	44,093	1,218,074
Software	14,826	1,653	16,479
Infrastructure	42,600,584	---	42,600,584
<i>Subtotal</i>	52,559,980	95,736	52,655,716
Less Accumulated Depreciation	(23,015,149)	(48,980)	(23,064,129)
<b>Total Capital Assets, Net</b>	<b>\$ 29,544,831</b>	<b>\$ 46,756</b>	<b>\$ 29,591,587</b>

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

### Debt Administration:

At the end of fiscal year 2009, the primary government had total general obligation and other bonded debt outstanding of \$3.7 billion. Of this amount, \$600.1 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2009 were \$66,090,000 for general obligation bonds and \$124,720,000 for other bonds.

The State of Missouri is proud to be one of only seven 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):

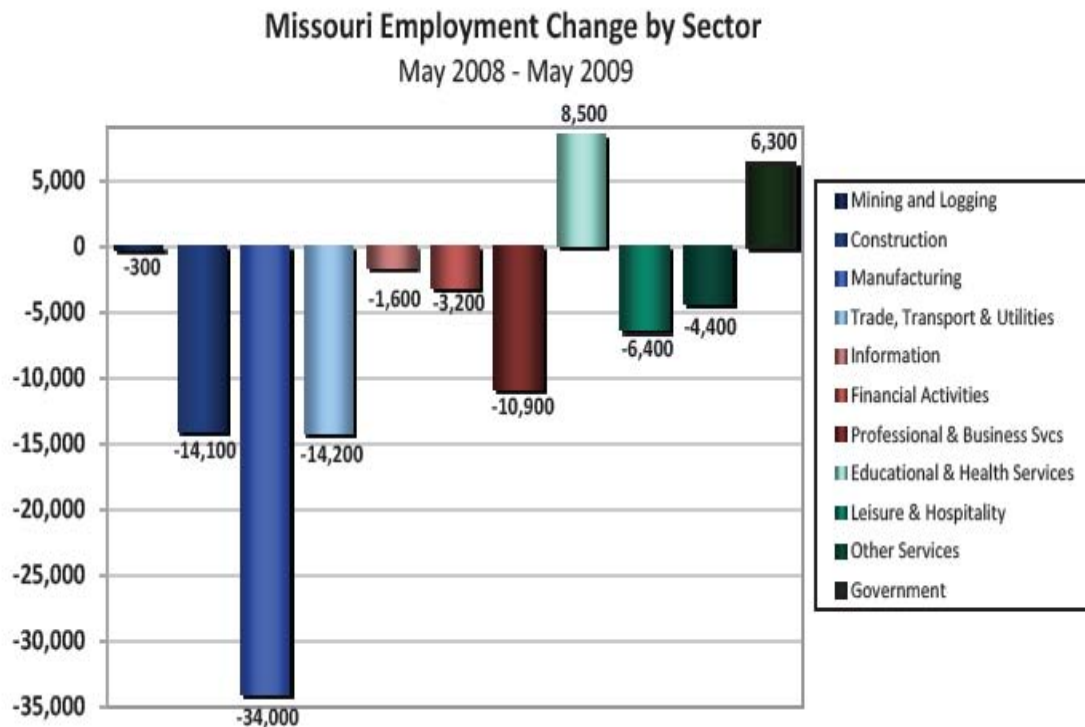
	Governmental Activities	Component Units	Total
General Obligation Bonds	\$ 600,075	\$ ---	\$ 600,075
Other Bonds	3,102,685	1,394,634	4,497,319
<b>Total</b>	<b>\$ 3,702,760</b>	<b>\$ 1,394,634</b>	<b>\$ 5,097,394</b>

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

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State of Missouri completed fiscal year 2009 with a balanced budget. Net general revenue collections decreased 6.9% from fiscal year 2008 ending with an amount of \$7.5 billion. The fiscal year 2010 budget, as appropriated in May 2009, would require growth of 4.2% from fiscal year 2009 in general revenue collections to support spending. Since revenues have continued to deteriorate, expenditure reductions have occurred to balance the budget including \$385 million in July 2009 and an additional \$204 million in October 2009. The budget cuts and revised negative 4% net general revenue collections will result in a balanced 2010 budget.

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The national economy has been in a recession since December 2007; it is not expected to return to growth near average until 2010. Missouri's unemployment rate increased 3.8% in fiscal year 2009. The June 2009 unemployment rate was 9.5% compared to the June 2008 unemployment rate of 5.7%. The national unemployment rate was 9.7% in June 2009. The graph below shows the growth and decline in employment by employment sector.



*Source: 2009 Missouri Economic Report*

Employment change by industry identifies the types of jobs being created and lost in the state. Comparing May 2009 to May 2008, several sectors have had employment declines in Missouri. Manufacturing employment declined by 34,000 while trade, transport, and utilities declined by 14,200 over the period. The education and health service industry had the largest growth over the year with employment increasing by 8,500; the health care and social assistance subsector makes up more than 80% of the industry. The government sector has also increased in employment over the year.

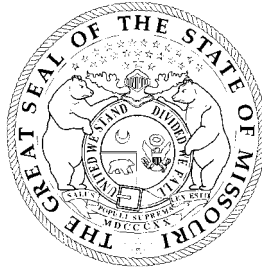
In an environment of shrinking income and spending, and given that growth in Missouri revenue generally lags national economic conditions by six to eighteen months, the growth of general revenue collections for fiscal years beyond 2010 remains guarded. Compounding the matter are the state's tax reductions enacted in recent legislative sessions and changes at the federal level which will have mixed impacts on collections due to complicated tax and spending provisions. Without a substantial rebound in equities markets and a swift employment turnaround, further declines in general revenue are anticipated. This will result in several funding challenges in mandatory programs such as education, health care, and transportation. Conservative fiscal management will assist in meeting these challenges. For example, Missouri has set aside a substantial portion of the American Recovery and Reinvestment Act of 2009 for budget stabilization for future fiscal years.

Missouri will face a significant drop in funding for transportation in 2010 when proceeds from Amendment 3 will end. During fiscal year 2009, Missouri Department of Transportation (MoDOT) awarded 461 projects, the total of which was 9% under budget. That was a savings of more than \$135 million. MoDOT has managed costs by: rebidding projects if they come in too high; closing roads during construction if it saved time and money; designing projects to fit specific needs; and asking contractors to use alternate materials, propose innovative design and construction methods, and work off-hours. MoDOT's Safe and Sound Bridge Improvement Program is well under way, which will repair or replace 802 of Missouri's worst bridges by October 31, 2014. MoDOT is also taking an aggressive approach to selling excess property it owns in an effort to invest more money into road and bridge projects.

Despite funding challenges, the State is working to stimulate the economy, increase efficiency, and decrease costs. In fiscal year 2009, Missouri passed House Bill 191 which enhances Missouri's economic development programs to help businesses create jobs and train the State's workforce for the industries of tomorrow. Senate Bill 376, the Energy Efficient Investment Act, was also passed setting goals for Missouri's investor-owned electric utilities to achieve all cost-effective savings possible from energy efficiency programs. Finally, the process of contracting highway projects should be quicker and more efficient due to the passing of House Bill 359 which grants Missouri Highways and Transportation Commission expanded authority to enter into design-build construction contracts.

## **REQUESTS FOR INFORMATION**

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



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



**STATE OF MISSOURI**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**  
**(In Thousands of Dollars)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 634,737	\$ 87,367	\$ 722,104	\$ 283,517
Investments (Note 3)	2,749,551	130,988	2,880,539	1,136,017
Receivables, Net (Note 14)	3,099,568	167,790	3,267,358	469,746
Internal Balances	19,826	(19,826)	---	---
Inventories	92,603	1,053	93,656	47,334
Deposits and Prepaid Expenses	133	170	303	29,241
Invested Securities Lending Collateral (Note 3)	---	---	---	111,719
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	30,462	---	30,462	189,350
Investments (Note 3)	70,935	57,808	128,743	847,546
Receivables, Net	---	---	---	14,955
Deferred Costs and Other Assets	53,655	---	53,655	16,708
Assets Held for Resale	---	115	115	---
Capital Assets (Note 5):				
Non-Depreciable	5,821,191	14,158	5,835,349	440,468
Depreciable, Net	23,723,640	32,598	23,756,238	3,527,344
Total Assets	<u>36,296,301</u>	<u>472,221</u>	<u>36,768,522</u>	<u>7,113,945</u>
<b>Liabilities</b>				
Bank Overdraft (Notes 3 and 10)	3	---	3	---
Payables (Note 14)	1,324,043	199,444	1,523,487	438,321
Securities Lending Collateral (Note 3)	---	---	---	115,291
Unearned Revenue (Note 1)	172,534	556	173,090	110,374
Escheat/Unclaimed Property	105,139	---	105,139	---
Long-Term Liabilities (Note 11):				
Due Within One Year	628,276	70,384	698,660	327,701
Due in More Than One Year	5,605,486	148,916	5,754,402	1,216,409
Total Liabilities	<u>7,835,481</u>	<u>419,300</u>	<u>8,254,781</u>	<u>2,208,096</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	25,950,941	46,546	25,997,487	2,595,814
Restricted for:				
Budget Reserve	560,504	---	560,504	---
Debt Service	2,584,991	---	2,584,991	---
Grants	297,774	---	297,774	---
Enabling Legislation (Note 1)	1,133,465	---	1,133,465	---
Loans Receivable	897,674	---	897,674	---
Permanent Trusts:				
Expendable	124	---	124	---
Non-Expendable	53,615	---	53,615	---
College and Universities:				
Expendable	---	---	---	398,004
Non-Expendable	---	---	---	643,827
Other Purposes	257,249	6,771	264,020	84,281
Unrestricted	(3,275,517)	(396)	(3,275,913)	1,183,923
Total Net Assets	<u>\$ 28,460,820</u>	<u>\$ 52,921</u>	<u>\$ 28,513,741</u>	<u>\$ 4,905,849</u>

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

**STATE OF MISSOURI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2009  
(In Thousands of Dollars)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 1,202,908	\$ 685,465	\$ 94,211	\$ 65	\$ (423,167)	\$ ---	\$ (423,167)	\$ ---
Education	6,589,079	57,989	1,095,159	---	(5,435,931)	---	(5,435,931)	---
Natural and Economic Resources	1,021,208	213,943	332,631	13	(474,621)	---	(474,621)	---
Transportation and Law Enforcement	2,373,747	349,730	322,795	961,156	(740,066)	---	(740,066)	---
Human Services	10,942,605	695,201	6,910,755	191	(3,336,458)	---	(3,336,458)	---
Interest on Debt (Excluding Direct Expense)	218,277	64,649	---	---	(153,628)	---	(153,628)	---
Total Governmental Activities	22,347,824	2,066,977	8,755,551	961,425	(10,563,871)	---	(10,563,871)	---
Business-Type Activities:								
State Lottery	726,086	981,431	---	---	---	255,345	255,345	---
Unemployment Compensation	1,292,531	---	925,532	---	---	(366,999)	(366,999)	---
Petroleum Storage Tank Insurance	17,185	15,274	---	---	---	(1,911)	(1,911)	---
Missouri Veterans' Homes	62,236	27,812	36,554	---	---	2,130	2,130	---
Non-Major Funds	28,027	17,446	5,238	---	---	(5,343)	(5,343)	---
Total Business-Type Activities	2,126,065	1,041,963	967,324	---	---	(116,778)	(116,778)	---
Total Primary Government	\$ 24,473,889	\$ 3,108,940	\$ 9,722,875	\$ 961,425	(10,563,871)	(116,778)	(10,680,649)	---
Component Units:								
College and Universities	\$ 3,395,147	\$ 2,054,071	\$ 1,449,254	\$ 89,592	---	---	---	197,770
Non-Major Component Units	9,977	13,041	---	---	---	---	---	3,064
Total Component Units	\$ 3,405,124	\$ 2,067,112	\$ 1,449,254	\$ 89,592	---	---	---	200,834
General Revenues:								
Taxes:								
Sales and Use					2,635,114	---	2,635,114	---
Individual Income					5,169,831	---	5,169,831	---
Corporate Income					377,808	---	377,808	---
County Foreign Insurance					177,396	---	177,396	---
Alcoholic Beverage					27,845	---	27,845	---
Corporate Franchise					82,116	---	82,116	---
Inheritance					2,671	---	2,671	---
Miscellaneous Taxes					1,160,720	---	1,160,720	---
Grants and Contributions not Restricted to Specific Programs					67,278	---	67,278	---
Unrestricted Investment Earnings					66,568	10,153	76,721	(160,532)
Extraordinary Items					---	---	---	20
Transfers					257,441	(257,441)	---	---
Total General Revenues, Extraordinary Items, and Transfers					10,024,788	(247,288)	9,777,500	(160,512)
Change in Net Assets					(539,083)	(364,066)	(903,149)	40,322
Net Assets - Beginning					28,999,903	416,987	29,416,890	4,865,527
Net Assets - Ending					\$ 28,460,820	\$ 52,921	\$ 28,513,741	\$ 4,905,849

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 Funds:**

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

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

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

#### **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: Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation 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.

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009  
(In Thousands of Dollars)**

	General	Public	Conservation and Environmental	Transportation and Law Enforcement	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2009
	Fund	Education	Protection					
<b>ASSETS</b>								
Cash and Cash Equivalents (Note 3)	\$ 337,279	\$ 24,756	\$ 31,629	\$ 20,676	\$ 97,294	\$ 39,876	\$ ---	\$ 551,510
Investments (Note 3)	1,118,540	213,015	292,163	55,971	449,277	446,338	---	2,575,304
Accounts Receivable, Net	1,667,684	119,854	41,605	159,537	127,807	21,636	---	2,138,123
Interest Receivable	6,385	1,230	1,936	265	2,847	1,279	---	13,942
Due from Other Funds (Note 15)	248	17,142	11	64	---	1,344	(1,660)	17,149
Due from Component Units (Note 15)	---	---	827	---	---	---	---	827
Inventories	23,560	41	695	3,066	47,693	235	---	75,290
Advance to Component Units (Note 15)	---	---	5,014	---	---	---	---	5,014
Loans Receivable	---	---	894,561	2,828	---	285	---	897,674
Restricted Assets:								
Cash and Cash Equivalents (Note 3)	---	---	---	---	28,051	---	---	28,051
Investments (Note 3)	---	---	---	---	70,635	---	---	70,635
Total Assets	<u>\$ 3,153,696</u>	<u>\$ 376,038</u>	<u>\$ 1,268,441</u>	<u>\$ 242,407</u>	<u>\$ 823,604</u>	<u>\$ 510,993</u>	<u>\$ (1,660)</u>	<u>\$ 6,373,519</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts Payable	\$ 1,012,234	\$ 4,743	\$ 4,780	\$ 3,449	\$ 115,778	\$ 9,101	\$ ---	\$ 1,150,085
Accrued Payroll	61,807	251	4,952	5,831	18,734	3,589	---	95,164
Due to Other Funds (Note 15)	23,459	319	363	722	507	512	(1,660)	24,222
Deferred Revenue (Note 1)	692,816	27,544	17,477	6,114	43,945	6,388	---	794,284
Escheat/Unclaimed Property	105,139	---	---	---	---	---	---	105,139
Advance from Component Units (Note 15)	---	---	---	---	300	---	---	300
Total Liabilities	<u>1,895,455</u>	<u>32,857</u>	<u>27,572</u>	<u>16,116</u>	<u>179,264</u>	<u>19,590</u>	<u>(1,660)</u>	<u>2,169,194</u>
Fund Balances:								
Reserved for:								
Budget Reserve	560,504	---	---	---	---	---	---	560,504
Inventories	23,560	41	695	3,066	47,693	235	---	75,290
Forfeited Assets	801	---	2,390	---	---	---	---	3,191
Taxes	4,440	---	---	---	---	---	---	4,440
Debt Service	---	---	---	---	108,409	102,180	---	210,589
Loans Receivable	---	---	894,561	2,828	---	285	---	897,674
Trust Principal	---	---	---	---	---	53,615	---	53,615
Unreserved, Reported In:								
General Fund	668,936	---	---	---	---	---	---	668,936
Special Revenue Funds	---	343,140	343,223	220,397	---	282,649	---	1,189,409
Capital Projects Funds	---	---	---	---	488,238	52,315	---	540,553
Permanent Funds	---	---	---	---	---	124	---	124
Total Fund Balances	<u>1,258,241</u>	<u>343,181</u>	<u>1,240,869</u>	<u>226,291</u>	<u>644,340</u>	<u>491,403</u>	<u>---</u>	<u>4,204,325</u>
Total Liabilities and Fund Balances	<u>\$ 3,153,696</u>	<u>\$ 376,038</u>	<u>\$ 1,268,441</u>	<u>\$ 242,407</u>	<u>\$ 823,604</u>	<u>\$ 510,993</u>	<u>\$ (1,660)</u>	<u>\$ 6,373,519</u>

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

**STATE OF MISSOURI  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2009  
(In Thousands of Dollars)**

Total Fund Balances – Governmental Funds \$ 4,204,325

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	423,073	
Infrastructure in Progress	2,461,041	
Land	2,819,392	
Land Improvements	154,950	
Buildings and Improvements	2,321,857	
Equipment	1,084,874	
Software	14,811	
Infrastructure	42,600,584	
Accumulated Depreciation	<u>(22,781,497)</u>	
		29,099,085

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds (Note 1). 642,869

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. 53,655

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	(26,941)	
General Obligation and Other Bonds Payable	(3,702,760)	
Unamortized Bond Premium	(138,351)	
Accrued Interest on Bonds	(43,753)	
Obligation under Lease Purchases	(237,475)	
Pollution Remediation	(10,049)	
Compensated Absences	(180,170)	
Claims Liability	(65,644)	
Contingent Liabilities	(1,399,474)	
Net Other Postemployment Benefit Obligation	(218,044)	
Net Pension Obligation	<u>(111,517)</u>	
		(6,134,178)

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.

595,064

Net Assets of Governmental Activities \$ 28,460,820

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, 2009**  
**(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Transportation and Law Enforcement	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2009
<b>Revenues:</b>								
Taxes	\$ 7,151,812	\$ 1,115,738	\$ 172,733	\$ 737,656	\$ 185,656	\$ 141,472	\$ ---	\$ 9,505,067
Licenses, Fees, and Permits	79,446	2,364	80,124	212,686	101,238	180,064	---	655,922
Sales	541	---	8,193	28	---	1,539	---	10,301
Leases and Rentals	6	---	210	8	---	224	---	448
Services	244,442	---	---	---	---	115	---	244,557
Contributions and Intergovernmental	8,767,728	74,389	62,166	80	833,785	26,568	---	9,764,716
Investment Earnings:								
Net Increase (Decrease) in the Fair Value of Investments	(233)	87	289	74	1,477	(13,474)	---	(11,780)
Interest	51,004	8,750	11,293	2,019	20,161	9,887	---	103,114
Penalties and Unclaimed Properties	24,611	1,919	78	431	---	21,727	---	48,766
Cost Reimbursement/Miscellaneous	313,316	63,560	3,869	802	152,181	205,675	---	739,403
Total Revenues	16,632,673	1,266,807	338,955	953,784	1,294,498	573,797	---	21,060,514
<b>Expenditures:</b>								
Current:								
General Government	704,103	1,927	17,853	200,848	---	52,591	---	977,322
Education	2,021,193	4,552,165	76	7	---	9,457	---	6,582,898
Natural and Economic Resources	318,569	13,882	276,510	2	---	264,132	---	873,095
Transportation and Law Enforcement	435,886	182	863	198,671	823,909	56,480	---	1,515,991
Human Services	10,641,848	14,482	683	40	---	218,412	---	10,875,465
Capital Outlay:								
Transportation and Law Enforcement	---	---	---	---	1,306,192	2,037	---	1,308,229
Human Services	---	---	---	---	---	306	---	306
Debt Service:								
Principal	55,539	---	525	108	97,568	65,756	---	219,496
Interest	46,759	---	---	41	114,363	30,521	---	191,684
Bond Issuance Costs	---	---	---	---	1,278	---	---	1,278
Arbitrage	583	---	---	---	---	---	---	583
Total Expenditures	14,224,480	4,582,638	296,510	399,717	2,343,310	699,692	---	22,546,347
Excess Revenues (Expenditures)	2,408,193	(3,315,831)	42,445	554,067	(1,048,812)	(125,895)	---	(1,485,833)
<b>Other Financing Sources (Uses):</b>								
Proceeds from Capital Leases	25,638	---	---	---	581	98	---	26,317
Debt Issuance	---	---	---	---	142,735	---	---	142,735
Bond Premium	---	---	---	---	2,835	---	---	2,835
Proceeds from Sale of Capital Asset:	350	---	35	3,879	6,804	19	---	11,087
Transfers In (Note 16)	81,929	3,283,925	690	---	535,588	182,322	(3,825,886)	258,568
Transfers Out (Note 16)	(3,155,928)	(15,596)	(8,641)	(535,815)	---	(110,808)	3,825,886	(902)
Total Other Financing Sources (Uses)	(3,048,011)	3,268,329	(7,916)	(531,936)	688,543	71,631	---	440,640
Net Change in Fund Balances	(639,818)	(47,502)	34,529	22,131	(360,269)	(54,264)	---	(1,045,193)
Fund Balances - Beginning (Note 17)	1,894,755	390,681	1,206,165	207,759	1,004,609	545,654	---	5,249,623
Increase (Decrease) in Reserve for Inventory	3,304	2	175	(3,599)	---	13	---	(105)
Fund Balances - Ending	\$ 1,258,241	\$ 343,181	\$ 1,240,869	\$ 226,291	\$ 644,340	\$ 491,403	\$ ---	\$ 4,204,325

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, 2009**  
**(In Thousands of Dollars)**

Net Change in Fund Balances – Total Governmental Funds	\$	(1,045,193)
--	----	-------------

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.		(105)
---	--	-------

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 \$1,430,086 exceeds depreciation of \$872,035 in the current period.		558,051
---	--	---------

The net effect of the donation of capital assets increased net assets.		1,433
--	--	-------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		152,975
--	--	---------

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	(142,735)	
Bond Premiums, Issuance, and Refunding Costs	(1,734)	
Bond Principal Payments	190,810	
Capital Leases Issued	(26,317)	
Capital Lease Payments	28,685	
		48,709

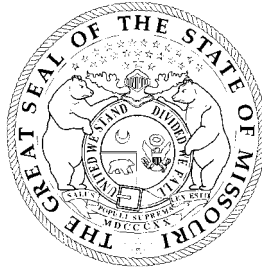
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds (Notes 11 and 12):

Amortization of Bond Premiums, Issuance, and Refunding Costs	13,171	
Increase in Accrued Interest	(6,654)	
Decrease in Due to Other Entities	1,397	
Increase in Pollution Remediation	(2,192)	
Increase in Compensated Absences	(8,842)	
Increase in Contingent Liabilities	(111,374)	
Decrease in Claims Liability	20,389	
Increase in Net Other Postemployment Benefit Obligation	(105,400)	
Increase in Net Pension Obligation	(2,476)	
		(201,981)

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.		(52,972)
--	--	----------

Change in Net Assets of Governmental Activities	\$	(539,083)
---	----	-----------

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, 2009**  
**(In Thousands of Dollars)**

Business-Type Activities – Enterprise Funds						
	Major Funds				Totals	Governmental
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2009	Activities – Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 22,838	\$ 52,597	\$ 7,770	\$ 4,162	\$ 87,367	\$ 83,227
Investments (Note 3)	11,583	---	76,654	42,751	130,988	129,730
Accounts Receivable, Net	38,157	125,666	2,421	567	166,811	43,512
Interest Receivable	90	---	306	63	459	476
Due from Other Funds (Note 15)	---	---	---	103	103	24,749
Inventories	---	---	---	1,053	1,053	17,313
Prepaid Items	148	---	---	22	170	133
Loans Receivable	---	---	---	520	520	---
Non-Current Assets:						
Investments	---	---	---	---	---	44,517
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	2,411
Investments (Note 3)	57,808	---	---	---	57,808	300
Assets Held for Resale	---	---	---	115	115	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	5,290	5,290	109,312
Land	353	---	---	8,515	8,868	8,373
Land Improvements	---	---	---	7,446	7,446	3,152
Buildings	4,807	---	---	23,579	28,386	469,439
Equipment	6,721	---	211	37,161	44,093	89,107
Software	1,653	---	---	---	1,653	15
Less Accumulated Depreciation	(10,056)	---	(192)	(38,732)	(48,980)	(233,652)
Total Capital Assets (Net of Accumulated Depreciation)	3,478	---	19	43,259	46,756	445,746
Total Assets	134,102	178,263	87,170	92,615	492,150	792,114
<b>LIABILITIES</b>						
Current Liabilities:						
Bank Overdraft (Note 3)	---	---	---	---	---	3
Accounts Payable	2,729	193,749	15	757	197,250	32,800
Accrued Payroll	288	---	23	1,883	2,194	1,941
Due to Other Funds (Note 15)	17,177	---	2	95	17,274	505
Unearned Revenue (Note 1)	---	---	515	41	556	21,119
Claims Liability (Note 11)	---	---	15,000	---	15,000	77,169
Grand Prize Winner Liability (Note 11)	52,200	---	---	---	52,200	---
Obligations under Lease Purchase (Note 11)	---	---	---	94	94	2,550
Compensated Absences (Note 11)	642	---	57	2,391	3,090	4,285
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	97,688	---	97,688	51,451
Grand Prize Winner Liability (Note 11)	51,026	---	---	---	51,026	---
Obligations under Lease Purchase (Note 11)	---	---	---	116	116	7,027
Compensated Absences (Note 11)	7	---	---	79	86	855
Total Liabilities	124,069	193,749	113,300	5,456	436,574	199,705
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	3,478	---	19	43,049	46,546	436,169
Restricted for:						
Revenue Bonds	---	---	---	---	---	1,283
Other Purposes	6,771	---	---	---	6,771	1,428
Unrestricted	(216)	(15,486)	(26,149)	44,110	2,259	153,529
Total Net Assets	\$ 10,033	\$ (15,486)	\$ (26,130)	\$ 87,159	\$ 55,576	\$ 592,409
Total Net Assets Reported Above					\$ 55,576	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(2,655)	
Net Assets of Business-Type Activities					\$ 52,921	

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, 2009**  
**(In Thousands of Dollars)**

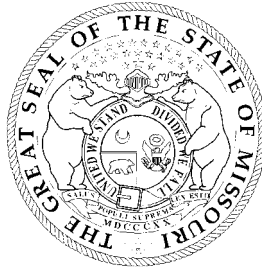
	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2009	
<b>Operating Revenues:</b>						
Employer Contributions	\$ ---	\$ 559,802	\$ ---	\$ ---	\$ 559,802	\$ 384,858
Employee Contributions	---	---	---	---	---	204,393
Medicare Part D Subsidy	---	---	---	---	---	3,296
Licenses, Fees, and Permits	---	---	15,270	7,609	22,879	27,060
Sales	968,452	---	---	7,130	975,582	39,106
Leases and Rentals	---	---	---	3,245	3,245	94,845
Charges for Services	---	---	---	27,193	27,193	105,341
Cost Reimbursement/Miscellaneous	596	---	4	715	1,315	26,049
Total Operating Revenues	969,048	559,802	15,274	45,892	1,590,016	884,948
<b>Operating Expenses:</b>						
Cost of Goods Sold	16,078	---	---	1,462	17,540	27,069
Personal Service	9,857	---	1,281	67,336	78,474	70,741
Operations	61,346	---	4,029	14,205	79,580	176,031
Prizes Expense	629,276	---	---	---	629,276	---
Inventories	---	---	---	3,009	3,009	5,742
Specific Programs	---	---	11,739	726	12,465	23,600
Insurance Benefits	---	---	---	---	---	651,722
Unemployment Benefits	---	1,292,531	---	---	1,292,531	---
Depreciation	996	---	13	3,266	4,275	18,669
Other Charges	8,377	---	---	499	8,876	3,178
Total Operating Expenses	725,930	1,292,531	17,062	90,503	2,126,026	976,752
Operating Income (Loss)	243,118	(732,729)	(1,788)	(44,611)	(536,010)	(91,804)
<b>Non-Operating Revenues (Expenses):</b>						
Contributions and Intergovernmental	---	365,730	(121)	41,792	407,401	17
Interest Expense	---	---	---	(9)	(9)	(317)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	504	---	81	38	623	965
Interest	657	6,492	2,015	366	9,530	6,359
Penalties and Unclaimed Properties	---	---	---	1	1	---
Disposal of Capital Assets	(27)	---	---	373	346	(4)
Miscellaneous Revenues	12,383	---	---	---	12,383	---
Total Non-Operating Revenues (Expenses)	13,517	372,222	1,975	42,561	430,275	7,020
Income (Loss) Before Transfers	256,635	(360,507)	187	(2,050)	(105,735)	(84,784)
Capital Contributions (Note 16)	60	---	---	143	203	31,097
Transfers In (Note 16)	21	---	---	873	894	31
Transfers Out (Note 16)	(258,508)	---	---	(30)	(258,538)	(206)
Change in Net Assets	(1,792)	(360,507)	187	(1,064)	(363,176)	(53,862)
Total Net Assets – Beginning (Note 17)	11,825	345,021	(26,317)	88,223	418,752	646,271
Total Net Assets – Ending	\$ 10,033	\$ (15,486)	\$ (26,130)	\$ 87,159	\$ 55,576	\$ 592,409
Total Net Change in Net Assets Reported Above					\$ (363,176)	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds					(890)	
Change in Net Assets of Business-Type Activities					\$ (364,066)	

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, 2009  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds	June 30, 2009	
<b>Cash Flows from Operating Activities:</b>						
Receipts from Internal Customers and Users	\$ ---	\$ 4,697	\$ ---	\$ 559	\$ 5,256	\$ 608,575
Receipts from External Customers and Users	970,054	572,240	16,648	44,439	1,603,381	234,365
Payments to Suppliers	(77,550)	---	(4,058)	(18,249)	(99,857)	(202,783)
Payments to Employees	(9,837)	---	(1,357)	(66,619)	(77,813)	(70,176)
Payments Made for Program Expense	(630,169)	(1,109,856)	(15,784)	(726)	(1,756,535)	(663,631)
Other Receipts (Payments)	(7,781)	---	4	216	(7,561)	26,167
Net Cash Provided (Used) by Operating Activities	244,717	(532,919)	(4,547)	(40,380)	(333,129)	(67,483)
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Loans Made to Outside Entities	---	---	---	14	14	---
Due to/from Other Funds	(497)	---	---	54	(443)	(7,266)
Contributions and Intergovernmental	---	365,730	(121)	39,806	405,415	17
Transfers to/from Other Funds	(258,508)	---	---	843	(257,665)	(177)
Other Receipts (Expenses)	12,383	---	---	---	12,383	---
Net Cash Provided (Used) by Non-Capital Financing Activities	(246,622)	365,730	(121)	40,717	159,704	(7,426)
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Interest Expense	---	---	---	(9)	(9)	(317)
Purchases and Construction of Capital Assets	(496)	---	(6)	(5,525)	(6,027)	(31,043)
Bonds and Notes Payable	---	---	---	---	---	(3,747)
Capital Lease Downpayment/Obligations	---	---	---	(122)	(122)	(2,804)
Disposal of Capital Assets	---	---	---	1	1	1
Net Cash Provided (Used) by Capital and Related Financing Activities	(496)	---	(6)	(5,655)	(6,157)	(37,910)
<b>Cash Flows from Investing Activities:</b>						
Proceeds from Investment Maturities	4,449	---	3,127	8,003	15,579	748,302
Purchase of Investments	---	---	---	(2,868)	(2,868)	(734,255)
Interest and Dividends Received	731	6,492	2,311	405	9,939	6,679
Investment Fees	---	---	---	---	---	(26)
Other Receipts	---	---	---	1	1	---
Net Cash Provided (Used) by Investing Activities	5,180	6,492	5,438	5,541	22,651	20,700
Net Increase (Decrease) in Cash	2,779	(160,697)	764	223	(156,931)	(92,119)
Cash and Cash Equivalents, Beginning of Year	20,059	213,294	7,006	3,939	244,298	177,754
Cash and Cash Equivalents, End of Year	\$ 22,838	\$ 52,597	\$ 7,770	\$ 4,162	\$ 87,367	\$ 85,635
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 243,118	\$ (732,729)	\$ (1,788)	\$ (44,611)	\$ (536,010)	\$ (91,804)
Depreciation Expense	996	---	13	3,266	4,275	18,669
Changes in Assets and Liabilities:						
Accounts Receivable	1,602	17,135	1,385	(117)	20,005	(9,754)
Inventories	---	---	---	677	677	4,164
Prepaid Items	(56)	---	---	---	(56)	(34)
Accounts Payable	(70)	182,675	(29)	(250)	182,326	1,929
Accrued Payroll	4	---	(38)	208	174	76
Unearned Revenue	---	---	(7)	(62)	(69)	(2,909)
Grand Prize Winner Liability	(893)	---	---	---	(893)	---
Claims Liability	---	---	(4,045)	---	(4,045)	11,691
Compensated Absences	16	---	(38)	509	487	489
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 244,717</b>	<b>\$ (532,919)</b>	<b>\$ (4,547)</b>	<b>\$ (40,380)</b>	<b>\$ (333,129)</b>	<b>\$ (67,483)</b>
<b>Non-Cash Financing and Investing Activities:</b>						
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ 88	\$ 88	\$ 1,149
Capital Asset Donations	81	---	---	2,129	2,210	256
Increase (Decrease) in Fair Value of Investments	504	---	81	38	623	965
Net Non-Cash Financing and Investing Activities	\$ 585	\$ ---	\$ 81	\$ 2,255	\$ 2,921	\$ 2,370

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, 2009**  
**(In Thousands of Dollars)**

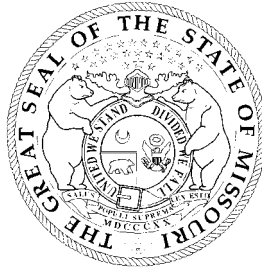
	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 3)	\$ 642,298	\$ 489	\$ 72,468
Investments at Fair Value (Note 3):			
U.S. Government Securities	922,649	555	43,207
U.S. Agency Sponsored Securities	---	4,793	1,924
Repurchase	---	---	344,875
Stocks	1,013,521	48	125
Bonds	212,100	---	163
International Equities	839,628	---	---
Mutual and Index Funds	1,256,913	---	67
Venture Capital Limited Partnership	3,061,142	---	---
Other Investments	844,833	2,715	2,050
Receivables:			
Accounts Receivable	75,054	---	237,960
Interest Receivable	2,256	16	37
Invested Securities Lending Collateral (Note 3)	438,780	---	---
Prepaid Expenses	95	---	---
Capital Assets:			
Land	351	---	---
Buildings	4,132	---	---
Equipment	3,082	95	---
Software	---	9	---
Accumulated Depreciation	(2,593)	(39)	---
Total Capital Assets, Net	4,972	65	---
Total Assets	9,314,241	8,681	\$ 702,876
<b>LIABILITIES</b>			
Bank Overdraft	38	---	\$ ---
Accounts Payable	46,044	847	29
Accrued Payroll	---	22	---
Securities Lending Collateral (Note 3)	496,180	---	---
Due to Other Entities	---	---	666,819
Due to Individuals	---	---	36,028
Unearned Revenue	3,456	---	---
Claims Liability	11,278	---	---
Compensated Absences	620	---	---
Total Liabilities	557,616	869	\$ 702,876
Net Assets Held in Trust for Benefits and Other Purposes	\$ 8,756,625	\$ 7,812	

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, 2009**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
<b>Additions:</b>		
Contributions:		
Employer	\$ 516,739	\$ ---
Plan Member	111,224	---
Other	28,834	---
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	(2,152,379)	(10)
Interest and Dividends	117,606	107
Securities Lending Income	14,046	---
Total Investment Earnings	<u>(2,020,727)</u>	<u>97</u>
Less Investment Expenses:		
Investment Activity Expense	(69,900)	---
Securities Lending Expense	(7,823)	---
Total Investment Expense	<u>(77,723)</u>	<u>---</u>
Net Investment Earnings	<u>(2,098,450)</u>	<u>97</u>
Unclaimed Property	---	23,044
Cost Reimbursement/Miscellaneous	<u>659</u>	<u>11,989</u>
Total Additions	<u>(1,440,994)</u>	<u>35,130</u>
<b>Deductions:</b>		
Benefits	860,968	---
Administrative Expenses	19,486	3,060
Program Distributions	76,877	37,118
Depreciation	<u>361</u>	<u>13</u>
Total Deductions	<u>957,692</u>	<u>40,191</u>
Change in Net Assets	(2,398,686)	(5,061)
Net Assets held in Trust – Beginning of Year	<u>11,155,311</u>	<u>12,873</u>
Net Assets held in Trust – End of Year	<u>\$ 8,756,625</u>	<u>\$ 7,812</u>

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, 2009**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals June 30, 2009
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents (Note 3)	\$ 245,721	\$ 37,796	\$ 283,517
Investments (Note 3)	292,643	15,669	308,312
Receivables, Net	329,674	6,932	336,606
Invested Securities Lending Collateral (Note 3)	111,719	---	111,719
Inventories	47,334	---	47,334
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	165,080	5,138	170,218
Investments (Note 3)	44,622	23,185	67,807
Receivables, Net	13,113	---	13,113
Deposits and Prepaid Expenses	24,539	263	24,802
Deferred Costs and Other Assets	349	---	349
Non-Current Assets:			
Investments (Note 3)	827,705	---	827,705
Receivables, Net	92,739	40,101	132,840
Advance to Primary Government (Note 15)	---	300	300
Restricted Assets:			
Cash and Cash Equivalents (Note 3)	9,623	9,509	19,132
Investments (Note 3)	754,501	25,238	779,739
Receivables, Net	1,842	---	1,842
Deposits and Prepaid Expenses	4,439	---	4,439
Deferred Costs and Other Assets	16,359	---	16,359
Capital Assets, Net of Accumulated Depreciation (Note 5)	3,916,892	50,920	3,967,812
Total Assets	<u>6,898,894</u>	<u>215,051</u>	<u>7,113,945</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	311,222	2,055	313,277
Due to Primary Government (Note 15)	---	827	827
Securities Lending Collateral (Note 3)	115,291	---	115,291
Unearned Revenue (Note 1)	108,528	---	108,528
Deposits	67,891	---	67,891
Claims Liability (Note 21)	36,289	---	36,289
Compensated Absences	18,192	---	18,192
Other Postemployment Obligations, Net	79	---	79
Capital Lease Obligations (Note 6)	1,798	---	1,798
Bonds and Notes Payable (Note 12)	271,103	240	271,343
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	43,380	---	43,380
Advance from Primary Government (Note 15)	---	5,014	5,014
Unearned Revenue (Note 1)	1,846	---	1,846
Deposits and Reserves	302	7,630	7,932
Claims Liability (Note 21)	38,212	---	38,212
Compensated Absences	9,587	---	9,587
Other Postemployment Obligations, Net	1,792	---	1,792
Capital Lease Obligations (Note 6)	22,786	---	22,786
Bonds and Notes Payable (Note 12)	1,113,422	30,610	1,144,032
Total Liabilities	<u>2,161,720</u>	<u>46,376</u>	<u>2,208,096</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net	2,575,744	20,070	2,595,814
Restricted for:			
Expendable	398,004	---	398,004
Non-Expendable	643,827	---	643,827
Other Purposes	---	84,281	84,281
Unrestricted	1,119,599	64,324	1,183,923
Total Net Assets	<u>\$ 4,737,174</u>	<u>\$ 168,675</u>	<u>\$ 4,905,849</u>

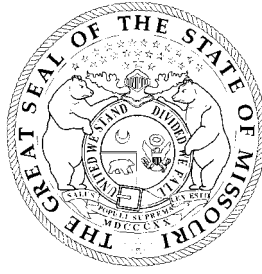
The notes to the financial statements are an integral part of this statement.



**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals June 30, 2009	Adjustments	Statement of Activities
<b>Revenues:</b>					
Operating Revenues:					
Licenses, Fees, and Permits	\$ ---	\$ 2,812	\$ 2,812	\$ ---	\$ 2,812
Student Tuition and Fees (Net of Scholarship Allow.)	746,732	---	746,732	---	746,732
Sales and Services of Educational Departments	48,665	---	48,665	---	48,665
Auxiliary Enterprises	1,163,870	---	1,163,870	---	1,163,870
Leases and Rentals	---	3,106	3,106	---	3,106
Cost Reimbursement/Miscellaneous	89,699	7,123	96,822	5,105	101,927
Total Charges for Services					2,067,112
Federal Appropriations, Grants, and Contracts	248,973	---	248,973	91,203	340,176
State Grants and Contracts	82,685	---	82,685	845,788	928,473
Private Gifts, Grants, and Contracts	77,516	---	77,516	70,975	148,491
Additions to Endowments	---	---	---	32,114	32,114
Total Operating Grants and Contributions					1,449,254
Interest Revenue	1,057	1,005	2,062	(2,062)	---
Total Operating Revenues	2,459,197	14,046	2,473,243	1,043,123	
<b>Expenses:</b>					
Operating Expenses:					
Personal Service	2,104,542	1,163	2,105,705	---	2,105,705
Operations	---	1,884	1,884	---	1,884
Specific Programs	---	2,861	2,861	---	2,861
Scholarships and Fellowships	102,796	---	102,796	---	102,796
Utilities	28,816	---	28,816	---	28,816
Supplies and Other Services	854,040	---	854,040	---	854,040
Contracted Services	23,737	---	23,737	---	23,737
Interest Expense	---	---	---	49,638	49,638
Depreciation and Amortization	204,078	1,280	205,358	---	205,358
Bad Debt Expense	---	80	80	---	80
Miscellaneous	28,039	82	28,121	2,088	30,209
Total Operating Expenses	3,346,048	7,350	3,353,398	51,726	3,405,124
Operating Income (Loss)	(886,851)	6,696	(880,155)	991,397	
<b>Non-Operating Revenues (Expenses):</b>					
Federal Appropriations, Grants, and Contracts	91,203	---	91,203	(91,203)	---
State Appropriations, Grants, and Contracts	845,788	---	845,788	(845,788)	---
Private Gifts, Grants, and Contracts	70,975	---	70,975	(70,975)	---
Contributions and Intergovernmental	---	(1,600)	(1,600)	1,600	---
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	---	(118)	(118)	---	(118)
Investment and Endowment Income (Loss)	(166,056)	---	(166,056)	---	(166,056)
Interest	---	3,580	3,580	2,062	5,642
Interest and Bond Related Expenses	(48,675)	(963)	(49,638)	49,638	---
Gain (Loss) on Sale of Capital Assets	(424)	---	(424)	424	---
Miscellaneous Revenues	5,105	---	5,105	(5,105)	---
Miscellaneous Expenses	---	(64)	(64)	64	---
Total General Revenues					(160,532)
Total Non-Operating Revenues (Expenses)	797,916	835	798,751	(959,283)	
Income Before Other Revenues (Expenses) Or Gains (Losses)	(88,935)	7,531	(81,404)	32,114	
State Capital Appropriations	89,592	---	89,592	---	89,592
Total Capital Grants and Contributions					89,592
Additions to Endowments	32,114	---	32,114	(32,114)	---
Extraordinary Items (Note 5)	20	---	20	---	20
Change in Net Assets	32,791	7,531	40,322	---	40,322
Net Assets – Beginning of Year (Note 17)	4,704,383	161,144	4,865,527	---	4,865,527
Net Assets – End of Year	\$ 4,737,174	\$ 168,675	\$ 4,905,849	\$ ---	\$ 4,905,849

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



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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009

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**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 1 – Significant Accounting Policies**

**A. Financial Statements and Reporting Entity**

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

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

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

**Component Units (Blended):**

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

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

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

Missouri Dental Board – The Board was created by state law to protect and serve the public’s interests in dentistry and to preserve the integrity of the dental profession. The Board adopts, publishes, and enforces rules and regulations which regulate and define the acts and areas of practice which may be performed by dentists and dental hygienists. The seven member board consists of five dentists, one dental hygienist, and one public member, all of whom are appointed by the Governor. Separate financial statements are not required for the Board.

Missouri Investment Trust–Board of Trustees – The Board is responsible for establishing investment policies, strategies, and goals for the Missouri Investment Trust, and has the fiduciary duty to manage the policy and investment decisions necessary for the success of the Missouri Investment Trust. The seven member board of trustees consists of the State Treasurer, the Commissioner of Administration, one member appointed by the speaker of the House of Representatives, one member appointed by the president pro-tem of the Senate, and three members selected by the Governor. Separate financial statements are not required for the Board.

Missouri Propane Gas Commission – The Commission is responsible for developing comprehensive plans and programs for the prevention, control, and abatement of propane-related accidents in Missouri. The Commission is authorized to regulate the inspection of and provide specifications for propane. The nine member commission is appointed by the Governor with members from various propane-related industries, the Departments of Agriculture and Natural Resources, and one public member.

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

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

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

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

Capital Projects Funds:

Missouri Highway 179 Transportation Corporation, Missouri Highway 63 Transportation 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

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 of the Plan appointed by the Conservation Commission, the Chief Financial Officer, the Human Resources Division Chief, and the Internal Auditor. Copies of the Plan's financial statements may be requested from:

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

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

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

Missouri Department of Transportation  
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

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

Missouri Department of Transportation  
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

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

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, one retired member elected by retired MoDOT employees, and one retired member elected by retired State Highway Patrol employees. Copies of the System's financial statements may be requested from:

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

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

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

Missouri State Public Employees' Deferred Compensation Plan – The Missouri State Public Employees' Deferred Compensation Plan was administered by CitiStreet through June 30, 2008. Starting July 1, 2008, the Plan is administered by ING which purchased CitiStreet as of that date. Oversight of the Plan is provided by the MOSERS board of trustees. Under this Plan, employees are permitted to defer a portion of their current salary until future years. In addition, eligible employees have the opportunity to participate in the Missouri State Employees' Deferred Compensation Incentive Plan. Under this Plan, the State contributes \$25, \$30, or \$35 per month on behalf of any employee who contributes at least that amount to the Missouri State Public Employees' Deferred Compensation Plan and who has been an employee of the State for at least one year. Copies of financial statements for both Plans may be requested from:

ING  
One Heritage Drive  
Quincy, Massachusetts 02171



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**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 65897

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

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

**Southeast Missouri State University**  
One University Plaza, Mail Stop 3000  
Cape Girardeau, Missouri 63701

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

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

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

**Non-Major**

**Missouri Development Finance Board** – The Board was created by state law as an independent, self-supporting, body corporate and politic to promote economic development of the State and was created within the Department of Economic Development. The Board is empowered to issue taxable 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

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

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

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

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

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

**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.

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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

Missouri Cotton Growers Organization – organized for boll weevil eradication.

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

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

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

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

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

Missouri 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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

**Fund Financial Statements:**

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

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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

The State reports the following major funds categories:

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

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

Conservation and Environmental Protection – provides for the preservation of the State's wildlife and environment.

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

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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Basis of Presentation**

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

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

Primary Government:

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

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

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

Discretely Presented Component Units:

Major

College and Universities account for moneys from federal and state grants, debt proceeds, gifts and contributions, state appropriations, investments, and endowments. Assets and liabilities are accounted for on the Statement of Net Assets. Revenues, expenses, gains, and losses are reported on the Statement of Revenues, Expenses, and Changes in 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 funds held by the State Treasurer, cash and cash equivalents include bank accounts, petty cash, repurchase agreements and commercial paper. These investment classes are viewed as cash equivalents due to their short-term, highly liquid nature in which there is little to no risk of change in value because of changes in interest rates. For funds held outside the State Treasury, cash and cash equivalents generally includes bank accounts, petty cash and short-term, highly liquid investments with a maturity date of three months or less when purchased. Cash balances of most state funds are pooled and invested by the State Treasurer (see *Note 3*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

**H. Inventories**

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

**I. Restricted Assets**

These moneys are restricted by donors and applicable bond indentures:

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

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

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

**J. Capital Assets**

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

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

The capitalization threshold for all capital assets is as follows: land improvements – \$15,000, buildings and improvements – \$15,000, software – \$5,000, 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 to 50 years, land improvements and building improvements – 15 to 20 years, equipment – 5 years, software – 3 to 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.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**K. Deferred/Unearned Revenues**

Governmental Funds

Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met for governmental funds, which use the modified accrual basis of accounting. Therefore, such amounts are reported within the governmental fund financial statements as receivables and offset by a deferred revenue account. These amounts include \$548,112,000 within the General Fund, \$50,291,000 within the major special revenue funds, \$38,945,000 within the State Road Fund, and \$5,521,000 within non-major governmental funds which totals \$642,869,000 for governmental funds. Such amounts have been deemed to be measurable but not available. All major sources of revenue, including taxes; licenses, fees, and permits; and governmental contributions; are susceptible to accrual when available within 60 days.

Deferred revenues also include amounts collected in advance of the year in which earned. The State has reported as such deferred revenues the amount of \$144,704,000 within the General Fund, \$844,000 within major special revenue funds, \$5,000,000 within the State Road Fund, and \$867,000 within non-major governmental funds which totals \$151,415,000 for governmental funds.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$21,119,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$556,000 which includes \$515,000 within the Petroleum Storage Tank Insurance Fund, and \$41,000 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 \$110,374,000 within the college and universities, which is the total unearned revenue amount for component units.

**L. Long-Term Debt**

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

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

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, and the Missouri road fund (see *Notes 6 and 11*).
6. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds but are recorded as expenditures when paid (see *Note 11*).

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

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

7. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 21, and 23*).
8. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 22*).

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

**M. Net Assets**

Net Assets are reported in three categories:

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. At June 30, 2009, net assets restricted by enabling legislation equaled \$1,133,465,000 for governmental activities.

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

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

**N. Revenues**

The revenues of the General Fund include federal grants and contributions of \$8,751,676,000. Revenues for all funds are reported net of refunds of \$1,934,050,000.

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

**P. Expenditures and Expenses**

Expenditures and expenses are reported net of revenue over collections of \$1,620,578,000 and \$210,000, respectively. Expenditures and expenses are reported net of overpayments to vendors, individuals, school districts, and for cost reimbursements of \$312,147,000 and \$1,115,000, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**Q. Property Taxes**

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

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

**Note 2 – Reporting Changes and Classifications**

The State of Missouri implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2009:

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, gives guidance on the treatment of pollution remediation obligations. It clarifies whether to capitalize or accrue the outlays as a liability, depending upon certain characteristics. This Statement also requires new note disclosures relating to pollution remediation. These disclosures may be found in *Note 22 – Pollution Remediation and Landfill Closure and Postclosure*.
- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, more closely aligns the reporting of land and other real estate held as investments by endowments with other investments.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies the sources of accounting principles for state and local governmental entities to use in presenting financial information in conformity with GAAP. This Statement does not change the presentation in the State's CAFR.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates certain accounting and financial reporting guidance from Statements on Auditing Standards of the AICPA into state and local governmental accounting and financial reporting standards. Included in this guidance are standards for related party transactions, subsequent events, and going concern considerations. This Statement does not change the presentation in the State's CAFR.

**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, 2009.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**A. Deposits**

The State minimizes custodial credit risk by restrictions set forth in state law. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. Statutes restrict the State Treasurer to deposit funds in financial institutions that are physically located in Missouri which are selected based on financial stability and community involvement. The financial institution's loan to deposit ratio must exceed 50% at the time of deposit and deposits must be collateralized at least 100% with approved securities. Deposits must have a maturity of five years or less and earn interest at a rate equal to that paid on U.S. Treasury securities with equivalent maturities.

**Primary Government**

At June 30, 2009, the bank balance of the primary government's deposits was \$1,015,875,000. Of the bank amount, \$65,600,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institution, and \$1,344,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the name of the State.

**Fiduciary**

At June 30, 2009, the bank balance of the deposits of the fiduciary funds was \$101,823,000. None of these deposits were exposed to custodial credit risk.

**Component Units**

At June 30, 2009, the bank balance of the deposits of the component units was \$390,022,000. Of the bank amount, \$48,764,000 was exposed to custodial credit risk, \$1,246,000 was uninsured and uncollateralized, and \$47,518,000 was uninsured and collateralized with securities held by the pledging financial institution.

**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 2009.

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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Primary Government

At June 30, 2009, the reported amount of the primary government's investments was \$2,969,641,000. Of this amount, \$116,267,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2009, the reported amount of the fiduciary funds investments was \$9,179,363,000. None of these investments were exposed to custodial credit risk.

Component Units

At June 30, 2009, the reported amount of the component units investments was \$2,100,309,000. Of this amount, \$44,430,000 was exposed to custodial credit risk, \$132,000 was uninsured and unregistered with securities held by the counterparty while \$44,298,000 was insured and unregistered with securities held by the counterparty's trust department or agent, but not in the name of the investor.

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 1.5 years, and holding at least 40% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Government Securities	\$ 752	\$ ---	\$ ---	\$ ---	\$ ---	\$ 752
U.S. Treasury Securities	256,201	85,642	14,608	12,396	---	368,847
U.S. Agency Securities	1,149	21,228	---	---	---	22,377
U.S. Government Guaranteed Mortgages	8,096	---	---	---	---	8,096
U.S. Government Mortgage-Backed Securities	912,644	988,343	3,108	258	295	1,904,648
Repurchase Agreements	456,384	---	---	---	---	456,384
Stocks	---	---	---	---	2,680	2,680
Bonds	---	616	---	---	---	616
Mutual Funds	17,254	---	---	---	1,726	18,980
Commercial Paper	182,479	---	---	---	---	182,479
Short-Term Securities	3,187	---	---	---	---	3,187
Other	---	175	343	---	77	595
Subtotal	1,838,146	1,096,004	18,059	12,654	4,778	2,969,641

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
Fiduciary Funds:						
U.S. Government Securities	4,023	24,332	16,958	23,078	---	68,391
U.S. Treasury Securities	75,108	445,756	264,275	35,674	---	820,813
U.S. Agency Securities	25,615	39,805	7,563	---	---	72,983
U.S. Government Mortgage-Backed Securities	3,217	3,501	539	24,900	---	32,157
Repurchase Agreements	368,390	---	---	---	---	368,390
Stocks	---	---	---	---	1,013,694	1,013,694
Bonds	176,509	14,394	13,950	11,634	---	216,487
Commercial Paper	584	---	---	---	---	584
International Equities	---	---	---	---	839,628	839,628
Mortgages/Real Estate	108,752	1,213	10,839	54,721	117,778	293,303
Asset-Backed Securities	---	261	---	1,282	---	1,543
Short-Term Securities	697,655	---	---	---	---	697,655
Foreign Securities	---	---	---	---	6,184	6,184
Mutual Funds	---	---	---	---	1,256,980	1,256,980
Venture Capital Limited Partnership	---	---	---	---	3,061,143	3,061,143
Absolute Return	---	---	---	---	198,823	198,823
Tactical Fixed Income	---	---	---	---	62,166	62,166
Other	168,439	---	---	---	---	168,439
Subtotal	1,628,292	529,262	314,124	151,289	6,556,396	9,179,363
Component Units:						
U.S. Government Securities	500	---	---	---	---	500
U.S. Treasury Securities	33,708	70,658	83,057	127,692	1,450	316,565
U.S. Agency Securities	125,749	121,902	40,119	155,021	---	442,791
U.S. Government Mortgage-Backed Securities	28,327	23,790	100	---	---	52,217
Repurchase Agreements	28,616	---	---	---	---	28,616
Stocks	---	---	---	---	497,734	497,734
Bonds	33,680	140,623	60,709	20,249	---	255,261
Money Market	3,430	---	---	---	110,182	113,612
Mutual Funds	14	---	---	---	17,938	17,952
Commercial Paper	404	---	---	---	90,568	90,972
Other	1,325	13,283	42,051	15,153	212,277	284,089
Subtotal	255,753	370,256	226,036	318,115	930,149	2,100,309
Total Investments	\$ 3,722,191	\$ 1,995,522	\$ 558,219	\$ 482,058	\$ 7,491,323	\$ 14,249,313

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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 2009, 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 to have the highest letter and numerical ranking (A1/P1) as rated by Moody's Investor Service, Inc. (Moody's) and Standard & Poor's Corporation (S & P). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	Moody's	S & P	Fair Value
Primary Government/Fiduciary:			
U.S. Government Securities		AAA	\$ 20,299
		Treasury	3,992
U.S. Treasury	Aaa	AAA	270,322
	Aaa		215
U.S. Agencies	Aaa	AAA	27,276
	Aaa		2,500
		A+	164
		Agency	20,400
U.S. Government Mortgage– Backed Securities		Agency	25,070
		Not Rated	369
Bonds		AAA	9,128
		AA+	859
		AA	28,955
		AA–	1,930
	AA3	A+	8
		A+	1,622
	A1	A	5,301
	A2	A	25
		A	281,231
	A2	A–	24
	A3	A–	17
		A–	3,183
	A–	Not Rated	11
	Baa2	A	17
	Baa2	BBB+	42
		BBB+	1,649
		BBB	48,287
	Baa2	BBB–	8
	Ba1	BBB–	3
		BBB–	3,504
		BB+	617
	Ba2	BB	7
		BB	61,465
		B	53,775
		CCC	31,756
		CC	2,679
		C	492
		D	9,084
		Not Rated	2,091
Repurchase Agreements	P1	A1+	345,516
	Unrated		21,211
U.S. Agency–Sponsored Securities	Aaa	AAA	1,829,776
	Aaa		70,226
		AAA	10,070
	Unrated		9,589
Short–Term Securities	Unrated		2,913



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

	Moody's	S & P	Fair Value
Commerical Paper	P1	A1 +	69,946
	P1	A1	113,118
Asset-Backed Securities		AAA	56,286
		A	4,957
		BBB	22,932
		BB	15,418
		B	4,460
		Not Rated	423
Money Market Mutual Funds	Not Rated		77
Mutual Funds	Aaa		11,068
	AA		4,331
	A		619
Pooled Investments		Not Rated	568,038
Other	Aaa	AAA	10,839
		AAA	33,592
		AA+	1,992
		AA	13,817
		AA-	590
		A+	959
		A	13,653
		A-	440
		BBB+	432
		BBB	13,608
		BBB-	482
		BB	85,740
		B	121,811
		CCC	53,504
		CC	4,985
		D	2,238
		Agency	14,647
		Not Rated	13,786
Subtotal			<u>4,466,466</u>
Component Units:			
U.S. Treasury Obligations	Treasury		289,428
U.S. Agency Obligations	Aaa	AAA	343,636
	Aaa		11,696
	Unrated		2,426
		AAA	24,198
		AAA	1,664
	Agency		54,858
U.S. Agency-Sponsored Securities	Aaa		44,298
		AAA	6,782
Bonds and Notes	Aaa	AAA	38,888
		AAA	2,014
	Aa	AA	57,775
	A	A	142,612
	Baa	BBB	8,001
	Ba	BB	412
	B	B	806
	Caa	CCC	391
	Unrated		4,270
Mutual Funds		Unrated	22
Other	Aaa	AAA	47,914
	Aa	AA	20,602
	A	A	2,193
	Baa	BBB	1,103
Subtotal			<u>1,105,989</u>
Total Rated Investments			<u>\$ 5,572,455</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The State Treasurer's Office does not have any deposits or investments in foreign currency and therefore does not have a policy regarding foreign currency risk. The Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System do have foreign currency deposits and investments which may be used for hedging purposes. In addition to the amounts provided in the table, the college and universities had \$71,707,000 in government obligations, \$33,972,000 in bonds and notes, \$143,684,000 in corporate stocks, and \$6,858,000 in cash and cash equivalents held in foreign currencies as of June 30, 2009. The following table (in thousands of dollars) provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

Currency	Investment Type					Total
	Cash	Equities	Fixed Income	Alternatives	Real Estate	
Australian Dollar	\$ 753	\$ 4,252	\$ ---	\$ ---	\$ ---	\$ 5,005
Brazilian Real	23	16,192	---	---	---	16,215
Canadian Dollar	148	7,571	---	---	---	7,719
Czech Koruna	(10)	846	---	---	---	836
Danish Krone	---	2,424	---	---	---	2,424
Egyptian Pound	---	1,622	---	---	---	1,622
Euro	645	160,456	12,028	78,486	5,241	256,856
Hong Kong Dollar	16	59,166	---	---	---	59,182
Hungarian Forint	4	42	---	---	---	46
Indian Rupee	212	7,079	---	---	---	7,291
Indonesian Rupiah	---	1,917	---	---	---	1,917
Israeli New Shekel	(4)	650	---	---	---	646
Japanese Yen	5,198	368,895	---	---	---	374,093
Malaysian Ringgit	24	3,504	---	---	---	3,528
Maltese Lira	---	170	---	---	---	170
Mexican Peso	15	7,996	---	---	---	8,011
Moroccan Dirham	6	421	---	---	---	427
Norwegian Krone	---	5,402	---	---	---	5,402
Pakistani Rupee	13	---	---	---	---	13
Peruvian Nuevo Sol	---	32	---	---	---	32
Philippine Peso	(2)	645	---	---	---	643
Polish Zloty	---	2,645	---	---	---	2,645
Russian Ruble	---	35	---	---	---	35
Singapore Dollar	59	42,244	---	---	---	42,303
South African Rand	80	3,823	---	---	---	3,903
South Korean Won	1	47,353	458	---	---	47,812
Sri Lanka Rupee	---	1	---	---	---	1
Swedish Krona	39	5,064	---	---	---	5,103
Swiss Franc	---	60,948	---	---	---	60,948
Taiwan Dollar	9	23,274	---	---	---	23,283
Thai Baht	(6)	14,123	---	---	---	14,117
Turkish Lira	(7)	8,931	---	---	---	8,924
United Kingdom						
Pound Sterling	442	93,579	2,598	---	---	96,619
Venezuelan Bolivar	107	---	---	---	---	107
Total	<u>\$ 7,765</u>	<u>\$ 951,302</u>	<u>\$ 15,084</u>	<u>\$ 78,486</u>	<u>\$ 5,241</u>	<u>\$ 1,057,878</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**C. Securities Lending Program**

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5, RSMo. As of 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, 2009, the State Treasurer's Office had an aggregate fair value of securities lent of \$54,895,000 and an aggregate fair value of collateral received of \$55,927,000.

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, 2009, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

Credit Suisse, New York Branch (CSNY) served as the agent for the fixed income domestic equity, and international equity securities lending programs. MOSERS reduces credit risk by allowing CSNY to lend these securities to a diverse group of dealers on behalf of MOSERS. CSNY 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 CSNY. On June 30, 2009, the cash collateral fund had a market value of \$385,277,000 and a weighted average maturity of 26 days. At June 30, 2009 and 2008, MOSERS earned \$5,830,000 and \$8,442,000, respectively, on the securities lending program.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

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

The System and borrowers maintained the right to terminate all securities lending transactions on demand. At June 30, 2009, the cash collateral fund had a market value of \$53,503,000.

At June 30, 2009 and 2008, the System earned \$393,000 and \$413,000, 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.

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, 2009, 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, 2009, there was a total of \$114,610,000 of securities out on loan to borrowers, which had a market value of \$111,719,000. The value of collateral received from the borrower for these securities consisted of \$115,291,000 cash and \$2,212,000 noncash collateral. The noncash collateral received for securities lending activities is not recorded as an asset because the University does not have the ability to pledge or sell such collateral unless the borrower defaults.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**D. Derivatives**

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. MOSERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. MOSERS anticipates that the counterparties will be able to satisfy their obligation as credit evaluations and credit limits are monitored by the investment managers. MOSERS also invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. At June 30, 2009, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$121,913,000 and a pending payable of \$122,469,000 resulting in a final liability of \$556,000.

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2009. The investments are reported at fair value and are included on the Statement of Net Assets of the pension (and other employee benefit) trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$697,702	\$(3,536)

Swaps:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$673,836	\$(8,628)

**Note 4 – Federal Surplus Commodities Inventory**

The federal surplus commodities inventory for the Department of Social Services was \$39,000 as of June 30, 2009. This inventory is not considered to be an asset of the State and is not included in the financial statements.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows (in thousands of dollars):

	*Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress.....	\$ 678,827	\$ 177,081	\$ (323,523)	\$ 532,385
Infrastructure in Progress .....	2,672,052	1,169,499	(1,380,510)	2,461,041
Land .....	2,772,285	62,356	(6,876)	2,827,765
Total Capital Assets not being Depreciated .....	6,123,164	1,408,936	(1,710,909)	5,821,191
Capital Assets being Depreciated:				
Land Improvements .....	152,384	6,013	(295)	158,102
Buildings and Improvements.....	2,484,114	319,505	(12,323)	2,791,296
Equipment.....	1,180,534	104,835	(111,388)	1,173,981
Software .....	10,645	4,181	---	14,826
Infrastructure .....	41,257,723	1,380,510	(37,649)	42,600,584
Total Capital Assets being Depreciated.....	45,085,400	1,815,044	(161,655)	46,738,789
Less Accumulated Depreciation for:				
Land Improvements .....	(75,470)	(4,649)	295	(79,824)
Buildings and Improvements.....	(979,377)	(82,065)	4,306	(1,057,136)
Equipment.....	(812,624)	(97,943)	101,137	(809,430)
Software .....	(6,579)	(2,498)	---	(9,077)
Infrastructure .....	(20,393,782)	(703,549)	37,649	(21,059,682)
Total Accumulated Depreciation .....	(22,267,832)	(890,704)	143,387	(23,015,149)
Total Capital Assets being Depreciated, Net .....	22,817,568	924,340	(18,268)	23,723,640
Governmental Activities Capital Assets, Net.....	<u>\$ 28,940,732</u>	<u>\$ 2,333,276</u>	<u>\$ (1,729,177)</u>	<u>\$ 29,544,831</u>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Construction in Progress.....	\$ 3,110	\$ 3,063	\$ (883)	\$ 5,290
Land .....	7,686	1,182	---	8,868
Total Capital Assets not being Depreciated .....	10,796	4,245	(883)	14,158
Capital Assets being Depreciated:				
Land Improvements .....	7,446	---	---	7,446
Buildings and Improvements.....	27,912	474	---	28,386
Equipment.....	46,246	4,997	(7,150)	44,093
Software .....	1,473	180	---	1,653
Total Capital Assets being Depreciated.....	83,077	5,651	(7,150)	81,578
Less Accumulated Depreciation for:				
Land Improvements .....	(3,589)	(254)	---	(3,843)
Buildings and Improvements.....	(13,966)	(749)	---	(14,715)
Equipment.....	(33,042)	(3,123)	6,808	(29,357)
Software .....	(916)	(149)	---	(1,065)
Total Accumulated Depreciation .....	(51,513)	(4,275)	6,808	(48,980)
Total Capital Assets being Depreciated, Net .....	31,564	1,376	(342)	32,598
Business-Type Activities Capital Assets, Net.....	<u>\$ 42,360</u>	<u>\$ 5,621</u>	<u>\$ (1,225)</u>	<u>\$ 46,756</u>

\*Beginning balances as of July 1, 2008 have been restated (see *Note 17*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 5 – Capital Assets (cont.)**

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

General Government.....	\$	34,060
Education .....		3,267
Natural and Economic Resources .....		21,866
Transportation and Law Enforcement .....		772,232
Human Services .....		59,279
Total .....	\$	<u>890,704</u>

**Discretely Presented Component Units**

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

	College and Universities	Non-Major Component Units	Total
Capital Assets not being Depreciated:			
Construction in Progress.....	\$ 273,768	\$ ---	\$ 273,768
Land.....	139,146	7,220	146,366
Other Non-Depreciable Assets.....	20,334	---	20,334
Total Capital Assets not being Depreciated ....	<u>433,248</u>	<u>7,220</u>	<u>440,468</u>
Capital Assets being Depreciated:			
Land Improvements .....	22,153	---	22,153
Buildings and Improvements .....	4,291,024	49,614	4,340,638
Equipment, Fixtures, and Books .....	1,194,592	168	1,194,760
Infrastructure .....	391,017	---	391,017
Total Capital Assets being Depreciated .....	<u>5,898,786</u>	<u>49,782</u>	<u>5,948,568</u>
Less Total Accumulated Depreciation.....	<u>(2,415,142)</u>	<u>(6,082)</u>	<u>(2,421,224)</u>
Total Capital Assets being Depreciated, Net ...	<u>3,483,644</u>	<u>43,700</u>	<u>3,527,344</u>
Discretely Presented Component Units – Capital Assets, Net .....	<u>\$ 3,916,892</u>	<u>\$ 50,920</u>	<u>\$ 3,967,812</u>

**Capital Asset Impairments**

The net gain after insurance recovery of \$20,000 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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 6 – Leases**

**Capital**

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

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

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>College and Universities</u>
2010	\$ 19,204	\$ 2,731	\$ 100	\$ 4,071
2011	30,378	2,467	53	6,026
2012	10,468	816	39	6,121
2013	9,685	670	24	5,943
2014	8,810	622	5	2,635
2015–2019	39,559	1,059	---	12,243
2020–2024	20,937	410	---	2,448
Total Minimum Lease Payments	139,041	8,775	221	39,487
Less Amount Representing Interest	(32,218)	(736)	(11)	(14,903)
Present Value of Net Minimum Lease Payments	<u>\$ 106,823</u>	<u>\$ 8,039</u>	<u>\$ 210</u>	<u>\$ 24,584</u>

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



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 6 – Leases (cont.)**

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>
2010	\$ 2,502	\$ 112
2011	2,489	111
2012	2,488	111
2013	2,491	111
2014	2,482	111
2015–2019	12,365	552
2020–2024	12,311	550
2025–2029	12,023	549
2030–2034	5,181	220
Total Minimum Lease Payments	54,332	2,427
Less Amount Representing Interest	(19,915)	(889)
Present Value of Net Minimum Lease Payments	<u>\$ 34,417</u>	<u>\$ 1,538</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>
2010	\$ 13,771
2011	13,778
2012	13,833
2013	13,185
2014	13,179
2015–2019	49,919
Total Minimum Lease Payments	117,665
Less Amount Representing Interest	(21,430)
Present Value of Net Minimum Lease Payments	<u>\$ 96,235</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 6 – Leases (cont.)**

Assets acquired through these capital lease agreements are recorded as capital assets at the lower of the present value of the minimum lease payments or the fair value at the time of acquisition. The following is the value of the property under capital lease by asset category as of June 30, 2009 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>College and Universities</u>
Buildings	\$ 270,627	\$ 7,377	\$ ---	\$ 21,080
Equipment	<u>47,305</u>	<u>6,341</u>	<u>584</u>	<u>6,278</u>
	<u>\$ 317,932</u>	<u>\$ 13,718</u>	<u>\$ 584</u>	<u>\$ 27,358</u>

**Operating**

The State has entered into various operating leases for land, buildings, and equipment. Most of these leases are classified as operating because the lease period is one year with multiple renewal options. Future minimum commitments due under operating leases as of June 30, 2009, were as follows (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Component Units</u>
2010	\$ 55,517	\$ 1,728	\$ 3,708
2011	1,278	1,728	2,584
2012	621	1,728	1,781
2013	589	229	1,306
2014	588	174	1,173
2015–2019	2,521	---	1,667
2020–2024	514	---	---
2025–2029	524	---	---
2030–2034	534	---	---
2035–2039	543	---	---
2040–2044	553	---	---
2045–2049	563	---	---
2050–2054	<u>573</u>	<u>---</u>	<u>---</u>
Total Minimum Commitments	<u>\$ 64,918</u>	<u>\$ 5,587</u>	<u>\$ 12,219</u>

Expenditures for rent under operating leases for the years ended June 30, 2009 and June 30, 2008 were \$51,734,000 and \$56,711,000, respectively.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 6 – Leases (cont.)**

**Rental Revenue**

The State leases certain state owned facilities to entities outside the State. These lessor arrangements are generally long-term commitments which either generate revenue from otherwise idle property or better serve Missouri's citizens by providing convenient access to products and services. The total asset value of the leased facilities is \$6.2 million for primary government and \$60.0 million for component units. Future minimum receivables, payable from lessor arrangements as of June 30, 2009, were as follows (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units</u>
2010	\$ 184	\$ 1,627
2011	149	1,745
2012	149	1,674
2013	149	1,604
2014	149	1,590
2015–2019	746	7,844
2020–2024	712	4,685
2025–2029	145	4,166
2030–2034	23	3,334
2035–2039	---	3,334
2040–2044	---	3,334
2045–2048	---	2,267
Total Minimum Receivables	<u>\$ 2,406</u>	<u>\$ 37,204</u>

**Note 7 – Retirement Systems**

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

Plan Descriptions

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

The MSEP has two benefit structures known as MSEP (closed plan) and MSEP 2000 (new plan). The MSEP covers all full-time employees hired before July 1, 2000, who are not covered under another state-sponsored retirement plan. MSEP 2000 covers all full-time employees hired on or after July 1, 2000. Members in the closed plan have the option at retirement to choose between the benefit structure of the closed plan or new plan. Retirement benefits for members of the Judicial Plan are administered and paid by MOSERS.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

MOSERS provides retirement, survivor, 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 a 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 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 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 Sections 104.010-104.1093, RSMo.

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The retirement eligibility requirements are as follows:

**Closed Plan**

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

Age 65 and active with 4 or more years  
of service

Age 65 with 5 or more years of service

Age 60 with 15 or more years of service

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

**Uniformed patrol members:**

Age 55 and active with 4 or more years  
of service

Age 55 with 5 or more years of service

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

Mandatory retirement at age 60

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

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

**Year 2000 Plan**

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

Age 62 with 5 or more years of service

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

**Uniformed patrol members:**

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

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

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

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 Policy**

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the 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 12.53% and 60.07%, 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 40.22% for uniformed members of the Highway Patrol and 30.72% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**Annual Pension Cost and Net Pension Obligation**

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

	<u>MSEP</u>	<u>Judicial Plan</u>	<u>MPERS</u>
Annual required contribution	\$ 252,105	\$ 27,726	\$ 122,599
Interest on net pension obligation	5,488	3,780	---
Actuarial adjustment to annual required contribution	(4,022)	(2,770)	---
Annual pension cost	253,571	28,736	122,599
Contributions made	(252,105)	(27,726)	(122,599)
Increase in net pension obligation	1,466	1,010	---
Net pension obligation, beginning of year	64,570	44,471	---
Net pension obligation, end of year	<u>\$ 66,036</u>	<u>\$ 45,481</u>	<u>\$ ---</u>

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

	<u>MSEP</u>			<u>Judicial Plan</u>		
	<u>Fiscal Year Ending</u>			<u>Fiscal Year Ending</u>		
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/07</u>
Annual Pension Cost (APC)	\$ 253,571	\$ 251,343	\$ 241,022	\$ 28,736	\$ 27,298	\$ 24,803
Percentage of APC Contributed	99.42%	99.37%	99.36%	96.49%	96.03%	95.73%
Net Pension Obligation	\$ 66,036	\$ 64,570	\$ 62,997	\$ 45,481	\$ 44,471	\$ 43,388

	<u>MPERS</u>		
	<u>Fiscal Year Ending</u>		
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/07</u>
Annual Pension Cost (APC)	\$ 122,599	\$ 123,335	\$ 121,264
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Funded Status and Funding Progress**

The funded status of the Plans as of June 30, 2009, are as follows (in thousands of dollars):

	<u>MSEP</u>	<u>Judicial Plan</u>	<u>MPERS</u>
Actuarial Value of Assets	\$ 7,876,079	\$ 81,338	\$ 1,471,497
Actuarial Accrued Liability (AAL)			
Entry Age	\$ 9,494,806	\$ 369,107	\$ 3,113,394
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,618,727	\$ 287,769	\$ 1,641,897
Funded Ratio	82.95%	22.04%	47.26%
Covered Payroll	\$ 2,002,402	\$ 45,506	\$ 379,590
UAAL as a Percentage of Covered Payroll	80.84%	632.38%	432.54%

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Actuarial Methods and Assumptions

The annual required contribution for MOSERS for the current year was determined as part of an actuarial valuation of the Systems as of June 30, 2007, 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, 2009, will set the required contribution rates for the fiscal year ending June 30, 2011. The actuarial value of assets is based on a method that fully recognizes expected investment return and averages unanticipated market return over a five-year period. The unfunded actuarial accrued liabilities are amortized on an open basis as a level percentage of payroll over 30 years.

The annual required contribution for MPERS for the current fiscal year was determined as part of an actuarial valuation as of June 30, 2007, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation for MPERS include: a) rate of return on the investment of 8.25% per year compounded annually, and b) projected wage inflation rate of 3.75%.

The actuarial valuation of MPERS dated June 30, 2009, will be used to determine the contribution rate for the Plan year ending June 30, 2011. The actuarial value of assets is based on a three-year smoothed market value method. The total contribution is based on a 15-year amortization period for unfunded retiree liabilities and a 30-year amortization period for other unfunded liabilities.

**Public School Retirement System of Missouri:**

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

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

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

Employees of the State are not required to contribute. The State, as employer, contributed \$3,286,000, \$2,662,000, and \$2,984,000 for the years ending June 30, 2009, 2008, and 2007, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2009, 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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**College and Universities:**

University of Missouri Retirement System

Plan Description

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

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at 2.2% times the credited service years times the compensation base. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. At retirement, up to 30% of the retirement annuity can be taken in a lump sum payment; also the standard annuity can be exchanged for an actuarially-equivalent annuity.

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2009 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 Policy

The University's contributions to the Retirement Plan are equal to the actuarially determined contribution requirement, which averaged 5.9% of payroll for the year ended June 30, 2009. The Plan is funded 100% by University contributions and does not require employee contributions. The contribution rate is updated annually on July 1 at the beginning of the University's fiscal year, to the actuarially determined amount from the most recent valuation on the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Annual Pension Cost and Net Pension Obligation

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

	<u>University of Missouri System</u>
Annual required contribution	\$ 56,663
Interest on net pension obligation	---
Actuarial adjustment to annual required contribution	---
Annual pension cost	<u>56,663</u>
Contributions made	<u>(56,663)</u>
Change in net pension obligation	---
Net pension obligation, beginning of year	---
Net pension obligation, end of year	<u><u>\$ ---</u></u>



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

	Fiscal Year Ending		
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/07</u>
Annual Pension Cost (APC)	\$ 56,663	\$ 72,284	\$ 74,736
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation	\$ ---	\$ ---	\$ ---

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2009, is as follows (in thousands of dollars):

	Actuarial Valuation <u>October 1, 2008</u>
Actuarial Value of Assets	\$ 2,808,126
Actuarial Accrued Liability (AAL) Entry Age	\$ 2,733,032
Unfunded Actuarial Accrued Liability (UAAL)	\$ (75,094)
Funded Ratio	102.75%
Covered Payroll	\$ 954,430
UAAL as a Percentage of Covered Payroll	(7.87%)

**Actuarial Methods and Assumptions**

The annual required contribution for the University for the current fiscal year was determined as part of an actuarial valuation of the System as of October 1, 2007, 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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 8 – Other Postemployment Benefits**

In addition to the retirement benefits described in *Note 7*, the State provides postemployment health care and life insurance benefits, in accordance with State statutes, to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT and MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). The eligible number of retirees/long-term disability claimants for MCHCP, MHPML, and CEIP for health care benefits are approximately 17,864, 5,577, and 574, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 17,935, 3,522, and 388, respectively. Health care benefits and MOSERS life insurance benefits are funded through both 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, RSMo. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2009, the State's contributions were 62.79% of the total (employer/employee) contributions made for other postemployment benefits.

During fiscal year 2009, the State contributed the following amounts (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 91,447	\$ ---
MOSERS	---	1,977
MHPML	15,332	---
CEIP	<u>1,403</u>	<u>---</u>
Total	<u>\$ 108,182</u>	<u>\$ 1,977</u>

During fiscal year 2009, the expenditures recognized by the State for (employer/employee) other postemployment benefits were as follows (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 105,946	\$ ---
MHPML	33,109	2,609
CEIP	<u>3,011</u>	<u>244</u>
Total	<u>\$ 142,066</u>	<u>\$ 2,853</u>

**Funding Policy**

The contribution requirements of MCHCP, MHPML, and CEIP are established and may be amended by the State legislature, Missouri Highways and Transportation Commission, and the Conservation Department Board of Trustees, respectively. The State has partially funded the annual required contribution (ARC) of MCHCP in addition to the pay-as-you-go amount. In fiscal year 2009, the State contributed \$31.6 million in addition to pay-as-you-go, and any additional amount paid for fiscal year 2010 will be based on the funds available. The required contribution for MHPML and CEIP is based on an actuarial study and is financed on a pay-as-you-go basis. For fiscal year 2009, MCHCP, MHPML, and CEIP contributed \$91.4, \$25.2, and \$2.5 million, respectively.

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

Annual OPEB Cost and Net OPEB Obligation

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

	MCHCP	MHPML	CEIP
Annual required contribution	\$ 124,511	\$ 91,722	\$ 8,289
Interest on net OPEB obligation	2,673	3,554	267
Adjustment to annual required contribution	(1,843)	(4,403)	(218)
Annual OPEB Cost	125,341	90,873	8,338
Contributions made	(91,447)	(25,241)	(2,464)
Increase in net OPEB obligation	33,894	65,632	5,874
Net OPEB obligation, beginning of year	35,644	71,067	5,933
Net OPEB obligation, end of year	<u>\$ 69,538</u>	<u>\$ 136,699</u>	<u>\$ 11,807</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2009 are as follows (in thousands of dollars):

	Fiscal Year Ending June 30, 2009		
	MCHCP	MHPML	CEIP
Annual Required Contribution (ARC)	\$ 124,511	\$ 91,722	\$ 8,289
Percentage of ARC Contributed	73.44%	27.52%	29.73%
Net OPEB Obligation	\$ 69,538	\$ 136,699	\$ 11,807

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2009, are as follows (in thousands of dollars):

	MCHCP	MHPML	CEIP
Actuarial Accrued Liability (AAL)	\$ 1,629,868	\$ 935,678	\$ 109,436
Actuarial value of plan assets	48,652	---	---
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,581,216</u>	<u>\$ 935,678</u>	<u>\$ 109,436</u>
Funded Ratio	2.99%	0.00%	0.00%
Covered Payroll	\$ 1,638,100	\$ 379,543	\$ 67,141
UAAL as a percentage of covered payroll	96.53%	246.53%	162.99%

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**Actuarial Methods and Assumptions**

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

In the actuarial valuation for fiscal year ending June 30, 2009, MCHCP used the entry-age method. The August 24, 2007, MHPML and the January 23, 2008, CEIP actuarial valuation used the projected unit credit method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 7.5%, 5%, and 4.5% discount rate, respectively. The projected annual health care cost trend rate is 9% initially, then decreasing by 2/3% per year to an ultimate rate of 5%. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

**University of Missouri System**

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 5,981 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2009, the University's contributions were 66.93% of the total (employer/employee) contributions made for other postemployment benefits.

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 4,932, 4,795, and 2,665, respectively. During fiscal year 2009, the University contributed \$23,789,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$35,387,000.

**Funding Policy**

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2009 (in thousands of dollars):

	University of Missouri System
Annual required contribution	\$ 47,578
Interest on net OPEB obligation	(10)
Adjustment to annual OPEB obligation	8
Annual OPEB cost	47,576
Contributions made	(23,789)
Increase in net OPEB obligation	23,787
Net OPEB obligation (asset), beginning of year	(150)
Net OPEB obligation, end of year	<u>\$ 23,637</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2009 was as follows (in thousands of dollars):

	University of Missouri System
Annual Required Contribution (ARC)	\$ 47,578
Percentage of ARC Contributed	50.00%
Net OPEB Obligation	\$ 23,637

Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2009, was as follows (in thousands of dollars):

	University of Missouri System
Actuarial Accrued Liability (AAL)	\$ 488,140
Actuarial value of plan assets	---
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 488,140</u>
Funded Ratio	0.00%
Covered Payroll	\$ 930,365
UAAL as a percentage of covered payroll	52.47%

Actuarial Methods and Assumptions

In the July 1, 2007, actuarial valuation, University of Missouri System used the projected unit credit cost method. The actuarial assumptions for University of Missouri System included a 6.75% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 7.0% to 11.5% initially, reduced by 0.5% decrements to an ultimate rate of 4.5%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 9 – Deferred Compensation**

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

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

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

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

ING  
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. As of July 1, 2008, it is administered by ING.

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees' Deferred Compensation Plan. The State, subject to appropriation, contributes \$25, \$30, or \$35 per month for each employee that meets these requirements based on employee contribution. Participating employees are 100% vested. The contribution rates for the fiscal year ending June 30, 2009, is presented below:

<u>Employee Contribution</u> <u>(per month)</u>	<u>State Incentive</u> <u>(per month)</u>
\$25 to \$29.50	\$25
\$30 to \$34.50	\$30
\$35 or more	\$35

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2009, employer contributions to ING were \$14,767,000 and rollover contributions were \$28,206,000.

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

ING  
One Heritage Drive  
North Quincy, Massachusetts 02171

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 10 – Changes in Short-Term Liabilities**

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

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2009 (in thousands of dollars):

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
<b>Governmental Activities:</b>				
Bank Overdraft	\$ ---	\$ 42,710	\$ (42,707)	\$ 3

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009 (in thousands of dollars):

	*Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009	Due Within One Year
<b>Governmental Activities:</b>					
Due to Other Entities	\$ 32,085	\$ 1,556	\$ (6,700)	\$ 26,941	\$ 1,655
General Obligation Bonds Payable	666,165	---	(66,090)	600,075	71,165
Other Bonds Payable	3,084,670	142,735	(124,720)	3,102,685	126,830
Unamortized Bond Premium	157,053	2,835	(21,537)	138,351	---
Obligations under Lease/ Purchases	251,075	27,466	(31,489)	247,052	29,059
Pollution Remediation	7,857	2,727	(535)	10,049	1,282
Compensated Absences	175,979	194,019	(184,688)	185,310	184,688
Claims Liabilities	202,962	429,320	(438,018)	194,264	119,734
Contingent Liabilities	40,087	---	(13,090)	26,997	26,997
2 <sup>nd</sup> Injury Fund					
Contingent Liabilities	1,248,013	191,330	(66,866)	1,372,477	66,866
Net Other Postemployment Benefit Obligation	112,644	224,552	(119,152)	218,044	---
Net Pension Obligation	109,041	404,906	(402,430)	111,517	---
Total Governmental Activities	<u>\$ 6,087,631</u>	<u>\$ 1,621,446</u>	<u>\$ (1,475,315)</u>	<u>\$ 6,233,762</u>	<u>\$ 628,276</u>
<b>Business-Type Activities:</b>					
Obligations under Lease/ Purchases	\$ 244	\$ 88	\$ (122)	\$ 210	\$ 94
Claims Liabilities	116,733	11,739	(15,784)	112,688	15,000
Grand Prize Winner Liability	104,119	47,860	(48,753)	103,226	52,200
Compensated Absences	2,689	3,577	(3,090)	3,176	3,090
Total Business-Type Activities	<u>\$ 223,785</u>	<u>\$ 63,264</u>	<u>\$ (67,749)</u>	<u>\$ 219,300</u>	<u>\$ 70,384</u>

\*Beginning balances as of July 1, 2008 have been restated (see *Note 17*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 12 – Bonds Payable**

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

**General Obligation Bonds:**

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

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

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



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**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, 2009, \$594,494,240 of the Water Pollution Control Bonds; \$600,000,000 of the Third State Building Bonds; \$250,000,000 of the Fourth State Building Bonds; and \$45,000,000 of the Stormwater Control Bonds have been issued. The remaining authorization for the Water Pollution Control Bonds is \$130,505,760 and for Stormwater Control Bonds is \$155,000,000. There is no remaining authorization for the Third State Building Bonds or the Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2009, 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	\$ 15,660
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	30,000	25,325
Series B 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	147,710	97,695
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
Series A 2007	4.0 – 5.0%	6/1; 12/1	11/07	12/1/32	50,000	48,895
Third State Building Bonds:						
Series A 2002 – Refunding	4.0 – 5.0%	4/1; 10/1	10/02	10/1/12	211,630	68,675
Series A 2003 – Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/12	75,650	10,730
Fourth State Building Bonds:						
Series A 2002 – Refunding	3.375 – 5.0%	4/1; 10/1	10/02	10/1/21	154,840	137,460
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	44,295
Stormwater Control Bonds:						
Series A 2001	4.0 – 7.0%	12/1; 6/1	6/01	6/1/26	10,000	7,635
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/27	15,000	11,025
Series A 2005 – Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	17,175
Total General Obligation Bonds					<u>\$ 947,090</u>	<u>\$ 600,075</u>
Less: Amount in Sinking Fund for payment of Principal						<u>(71,165)</u>
						<u>\$ 528,910</u>

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

As of June 30, 2009, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 71,165	\$ 26,898	\$ 98,063
2011	68,615	23,417	92,032
2012	58,040	20,295	78,335
2013	51,790	17,647	69,437
2014	46,445	15,456	61,901
2015–2019	196,940	45,099	242,039
2020–2024	69,505	15,031	84,536
2025–2029	25,375	5,464	30,839
2030–2033	12,200	1,153	13,353
<b>Totals</b>	<b>\$ 600,075</b>	<b>\$ 170,460</b>	<b>\$ 770,535</b>

**Other Bonds:**

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

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

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Board of Public Buildings:				
Series A 1983 Refunding	10/1/83	\$ 43,445	A 1981	\$ 43,445
Series A 1985 Refunding	12/1/85	150,560	1966	2,160
			1967	825
			A 1978	11,745
			A 1979	2,260
			A 1980	3,795
			A 1983 Refunding	39,875
			A 1984	89,900
Series A 1991 Refunding	12/1/91	148,500	A 1985 Refunding	107,700
			A 1988	19,165
			B 1988	2,550
			C 1988	2,145
Series B 2001 Refunding	10/10/01	83,465	A 1991 Refunding	86,810

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

As of June 30, 2009, the Board of Public Buildings Bonds had issued \$871,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 12 – Bonds Payable (cont.)**

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2009, 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	\$ 137,980
Series B 2001 – Refunding	3.5 – 5.5%	6/1; 12/1	10/01	12/1/12	83,465	17,165
Series A 2003	4.0 – 6.0%	4/15; 10/15	4/03	10/15/28	387,425	353,610
Series A 2006	4.0 – 5.0%	4/1; 10/1	10/06	10/1/31	120,000	114,575
Total Board of Public Buildings Bonds					<u>\$ 764,760</u>	<u>\$ 623,330</u>

As of June 30, 2009, 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
2010	\$ 31,175	\$ 30,127	\$ 61,302
2011	22,950	28,702	51,652
2012	23,815	27,551	51,366
2013	24,675	26,267	50,942
2014	23,520	24,982	48,502
2015–2019	133,750	105,697	239,447
2020–2024	167,550	69,206	236,756
2025–2029	173,445	25,757	199,202
2030–2032	22,450	1,583	24,033
Totals	<u>\$ 623,330</u>	<u>\$ 339,872</u>	<u>\$ 963,202</u>

The Health and Educational Facilities Authority issued \$35,000,000 of Educational Facilities Revenue Bonds (University of Missouri–Columbia Arena Project), Series 2001, dated November 1, 2001, to fund the design, acquisition, construction, furnishing, and equipping of a sports arena facility and related facilities on the University of Missouri–Columbia campus. 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, 2009, 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	<u>\$ 35,000</u>	<u>\$ 27,825</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 12 – Bonds Payable (cont.)**

As of June 30, 2009, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 1,610	\$ 1,281	\$ 2,891
2011	1,685	1,199	2,884
2012	1,760	1,112	2,872
2013	1,835	1,031	2,866
2014	1,915	953	2,868
2015–2019	11,005	3,339	14,344
2020–2022	8,015	587	8,602
Totals	<u>\$ 27,825</u>	<u>\$ 9,502</u>	<u>\$ 37,327</u>

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

The Convention and Sports Facility Project Bonds issued and outstanding as of June 30, 2009, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Convention and Sports Facility Project Bonds:						
Series A 2003 – Refunding	1.42–5.375%	2/15; 8/15	8/03	8/15/21	<u>\$ 116,030</u>	<u>\$ 93,215</u>

As of June 30, 2009, the debt service requirements for these bonds are as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 5,225	\$ 4,654	\$ 9,879
2011	5,465	4,392	9,857
2012	5,745	4,104	9,849
2013	6,040	3,799	9,839
2014	6,355	3,478	9,833
2015–2019	37,125	11,892	49,017
2020–2022	27,260	2,045	29,305
Totals	<u>\$ 93,215</u>	<u>\$ 34,364</u>	<u>\$ 127,579</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 12 – Bonds Payable (cont.)**

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>State</u> <u>Debt Service</u> <u>Payments</u>
2010	\$ 10,000
2011	10,000
2012	10,000
2013	10,000
2014	10,000
2015–2019	50,000
2020–2022	<u>25,000</u>
Total	<u>\$ 125,000</u>

**State Road Bonds:**

The Missouri Highways and Transportation Commission authorized by Article IV, Section 29–34 of the Missouri Constitution and Section 226.133 of the State Highway Act, issues bonds for highway construction and repairs. Under the Missouri Constitution, the principal and interest of the State Road Bonds are payable solely from the revenues of the Missouri road fund. State Road Bonds have the following levels of priority: Senior Bonds, First Lien Bonds, Second Lien Bonds, and Third Lien Bonds. Proceeds from State Road Bonds are used for the purpose of constructing and maintaining the State's highways. As of June 30, 2009, the Missouri Highways and Transportation Commission had issued \$2,727,195,000.

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

	<u>Date</u> <u>Issued</u>	<u>Amount</u> <u>Issued</u>	<u>Series</u> <u>Refunded</u>	<u>Amount</u> <u>Refunded</u>
Senior Lien State Road Bonds:				
Series 2006 Refunding	12/12/06	\$ 394,870	A 2000	\$ 135,980
			A 2001	105,075
			A 2002	109,165
			A 2003	57,390

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 12 – Bonds Payable (cont.)**

The State Road Bonds issued and outstanding as of June 30, 2009, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2000	4.30–5.625%	2/1; 8/1	12/00	2/1/13	\$ 250,000	\$ 38,310
Series A 2001	2.25–5.125%	2/1; 8/1	10/01	2/1/15	200,000	40,115
Series A 2002	3.00–5.25%	2/1; 8/1	6/02	2/1/15	203,000	46,185
Series A 2003	2.00–5.00%	2/1; 8/1	11/03	2/1/23	254,000	146,555
Series A 2005–First Lien	2.50–5.00%	5/1; 11/1	7/05	5/1/15	278,660	181,210
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	286,670
Series B 2006–First Lien	4.50–5.00%	5/1; 11/1	8/06	5/1/26	503,330	503,330
Series 2006–Refunding	4.00–5.00%	2/1; 8/1	12/06	2/1/22	394,870	394,870
Series 2007–Second Lien	4.00–5.25%	5/1; 11/1	9/07	5/1/27	526,800	517,025
Series 2008–Second Lien	3.00–5.00%	5/1; 11/1	12/08	5/1/25	142,735	142,735
Total Missouri Highways and Transportation Commission					<u>\$ 3,122,065</u>	<u>\$ 2,355,925</u>

As of June 30, 2009, debt service requirements for principal and interest in future years for the Missouri Highways and Transportation Commission were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest <sup>(1)</sup></u>	<u>Totals</u>
2010	\$ 88,285	\$ 112,782	\$ 201,067
2011	99,885	108,646	208,531
2012	121,135	103,916	225,051
2013	129,910	98,983	228,893
2014	135,920	93,459	229,379
2015–2019	747,920	372,153	1,120,073
2020–2024	750,920	178,197	929,117
2025–2027	281,950	22,096	304,046
Totals	<u>\$ 2,355,925</u>	<u>\$ 1,090,232</u>	<u>\$ 3,446,157</u>

<sup>(1)</sup> The annual debt service schedule assumes an interest rate of 0.22%, representing the interest rate at June 30, 2009, for the Series B 2005 bonds. During the year, interest rates ranged from 0.16% to 8.41%.

In addition, one of the blended component units of the Missouri road fund had revenue bonds issued and outstanding as of June 30, 2009.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, to finance the expansion and reconstruction of the interchange at Interstate Highway 70 and Wentzville Parkway in St. Charles County. 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, 2009, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Wentzville Parkway Transportation Corporation: Transportation Revenue Bonds Series 2001	3.4 – 4.9%	2/1; 8/1	5/01	8/1/10	<u>\$ 12,935</u>	<u>\$ 2,390</u>

As of June 30, 2009, debt service requirements for principal and interest in future years for the bonds of the blended component units of the Missouri road fund were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 535	\$ 104	\$ 639
2011	<u>1,855</u>	<u>45</u>	<u>1,900</u>
Totals	<u>\$ 2,390</u>	<u>\$ 149</u>	<u>\$ 2,539</u>

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

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>City's Total Payments</u>
2010	\$ 535	\$ 104	\$ 639
2011	<u>1,855</u>	<u>45</u>	<u>1,900</u>
Totals	<u>\$ 2,390</u>	<u>\$ 149</u>	<u>\$ 2,539</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

**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, 2009, debt service requirements for principal and interest for the college and universities were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 43,882	\$ 52,732	\$ 96,614
2011	45,987	50,808	96,795
2012	44,724	49,000	93,724
2013	46,859	47,203	94,062
2014	47,940	45,522	93,462
2015–2019	254,670	196,513	451,183
2020–2024	276,081	142,804	418,885
2025–2029	312,261	83,729	395,990
2030–2034	195,670	36,926	232,596
2035–2039	<u>95,710</u>	<u>8,347</u>	<u>104,057</u>
Totals <sup>(1)</sup>	<u>\$ 1,363,784</u>	<u>\$ 713,584</u>	<u>\$ 2,077,368</u>

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

**Non-Major**

Missouri Development Finance Board:

In December 2000, the Board issued \$6,500,000 in taxable and \$14,600,000 in tax-exempt infrastructure 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, 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.



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 12 – Bonds Payable (cont.)**

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2009, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Development Finance Board:						
Revenue Bonds						
Series 2000B	up to 10%	12/1	12/00	12/1/20	\$ 6,500	\$ 3,910
Series 2000C	up to 10%	12/1	12/00	12/1/20	14,600	11,440
Series 2004A	up to 10%	10/1	10/04	10/1/34	9,500	8,500
Series 2004B	up to 10%	10/1	10/04	10/1/34	<u>7,000</u>	<u>7,000</u>
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 37,600</u>	<u>\$ 30,850</u>

As of June 30, 2009, the debt service requirements for principal and interest in future years for the Missouri Development Finance Board Revenue Bonds were as follows (in thousands of dollars):

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2010	\$ 240	\$ 155	\$ 395
2011	255	154	409
2012	270	152	422
2013	290	151	441
2014	305	149	454
2015–2019	1,875	720	2,595
2020–2024	17,940	428	18,368
2025–2029	3,565	194	3,759
2030–2034	4,905	84	4,989
2035	<u>1,205</u>	<u>---</u>	<u>1,205</u>
Totals	<u>\$ 30,850</u>	<u>\$ 2,187</u>	<u>\$ 33,037</u>

The annual debt service schedule assumes an interest rate of 0.502%, representing the interest rate at June 30, 2009, for the Series 2000B and Series 2000C bonds. The annual debt service schedule also assumes an interest rate of 0.511%, representing the interest rate as of June 30, 2009, for the Ninth Street Garage Series 2004A and 2004B bonds.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable (cont.)**

**Bond Transactions of the State of Missouri** – The following schedule is a summary of bond activity for the fiscal year ended June 30, 2009 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>	<u>Revenue Bonds</u>	<u>Totals</u>
Bonds Payable at July 1, 2008	\$ 666,165	\$ 3,084,670	\$ ---	\$ 3,750,835
Bond Issuance	---	142,735	---	142,735
Bonds Retired	(66,090)	(124,720)	---	(190,810)
Subtotal	600,075	3,102,685	---	3,702,760
College and Universities <sup>(1)</sup>	---	---	1,363,784	1,363,784
Missouri Development Finance Board	---	---	30,850	30,850
Bonds Payable at June 30, 2009	<u>\$ 600,075</u>	<u>\$ 3,102,685</u>	<u>\$ 1,394,634</u>	<u>\$ 5,097,394</u>

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

**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On September 25, 2008, the State defeased \$1,035,000 of Fourth State Building Bonds, Series A 2005. The defeasance is an extinguishment of the debt, as the State was legally released from its obligation. Accordingly, the amount defeased is excluded from the Statement of Net Assets.

**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, 2009, bonds outstanding of \$320,731,000 are defeased.

College and Universities – As of June 30, 2009, bonds outstanding of \$143,225,000 are defeased.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2009, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2009
Accounts Payable:			
Taxpayers	\$ 118,247	\$ 15	\$ 118,262
Other Governments	125,350	43	125,393
Vendors	892,303	196,828	1,089,131
Employees	113,470	2,558	116,028
Other	74,673	---	74,673
	<hr/>	<hr/>	<hr/>
Total Accounts Payable	\$ 1,324,043	\$ 199,444	\$ 1,523,487
	<hr/>	<hr/>	<hr/>
Accounts Receivable with expected date of receipt within one year:			
Taxpayers	\$ 1,579,949	\$ 2,421	\$ 1,582,370
Other Governments	607,861	164	608,025
Vendors	1,182,929	---	1,182,929
Customers	80,385	164,235	244,620
Other	1,075,518	980	1,076,498
	<hr/>	<hr/>	<hr/>
	4,526,642	167,800	4,694,442
	<hr/>	<hr/>	<hr/>
Accounts Receivable with expected date of receipt greater than one year:			
Other Governments	8	---	8
Customers	---	27	27
	<hr/>	<hr/>	<hr/>
	8	27	35
	<hr/>	<hr/>	<hr/>
Accounts Receivable	4,526,650	167,827	4,694,477
	<hr/>	<hr/>	<hr/>
Amounts not expected to be collected	(1,427,082)	(37)	(1,427,119)
	<hr/>	<hr/>	<hr/>
Accounts Receivable, net	\$ 3,099,568	\$ 167,790	\$ 3,267,358
	<hr/>	<hr/>	<hr/>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 15 – Interfund Assets and Liabilities**

A summary of interfund assets and liabilities at June 30, 2009, is shown below (in thousands of dollars):

	<b>Due From Other Funds, Component Units, and Primary Government</b>			
	<u>General Fund</u>	<u>Public Education</u>	<u>Conservation and Environmental Protection</u>	<u>Transportation and Law Enforcement</u>
Due to Other Funds and Primary Government				
General Fund	\$ ---	\$ ---	\$ 3	\$ 49
Public Education	237	---	---	---
Conservation and Environmental Protection	---	---	---	---
Transportation and Law Enforcement	---	---	---	---
Missouri Road Fund	---	---	7	8
Non-Major Governmental Funds	11	---	---	5
State Lottery	---	17,142	---	---
Petroleum Storage Tank Insurance	---	---	---	---
Non-Major Enterprise Funds	---	---	---	---
Internal Service Funds	---	---	1	2
Non-Major Component Units	---	---	827	---
Totals	<u>\$ 248</u>	<u>\$ 17,142</u>	<u>\$ 838</u>	<u>\$ 64</u>

**Continues Below**

	<u>Non-Major Governmental Funds</u>	<u>Non-Major Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Totals</u>
Due to Other Funds and Primary Government				
General Fund	\$ 1,255	\$ 41	\$ 22,111	\$ 23,459
Public Education	6	---	76	319
Conservation and Environmental Protection	34	59	270	363
Transportation and Law Enforcement	42	---	680	722
Missouri Road Fund	---	1	491	507
Non-Major Governmental Funds	3	2	491	512
State Lottery	---	---	35	17,177
Petroleum Storage Tank Insurance	---	---	2	2
Non-Major Enterprise Funds	---	---	95	95
Internal Service Funds	4	---	498	505
Non-Major Component Units	---	---	---	827
Totals	<u>\$ 1,344</u>	<u>\$ 103</u>	<u>\$ 24,749</u>	<u>\$ 44,488</u>

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

	<b><u>Advance From Component Units and Primary Government</u></b>		
	<b><u>Missouri Road Fund</u></b>	<b><u>Non-Major Component Units</u></b>	<b><u>Totals</u></b>
<b><u>Advance To Component Units and Primary Government</u></b>			
Conservation and Environmental Protection	\$ ---	\$ 5,014	\$ 5,014
Non-Major Component Units	<u>300</u>	<u>---</u>	<u>300</u>
Totals	<u>\$ 300</u>	<u>\$ 5,014</u>	<u>\$ 5,314</u>

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

During the consolidation process for the Government-Wide Combined Statement of Net Assets, interfund payables and receivables were eliminated as follows: \$1,660,000 on the face of the Governmental Funds balance sheet and governmental activities in the amount of \$24,624,000.

The amount reported as Due to Other Funds by the General Fund and Due From Other Funds by the internal service funds for fiscal year 2009 were significantly higher than what was reported in fiscal year 2008. This is due to increased leasing costs of state office buildings. In fiscal year 2008, internal service funds started billing state agencies for occupying state office buildings in order to support the maintenance of the buildings.

**STATE OF MISSOURI**  
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**Note 16 – Interfund Transfers**

All transfers must be legally authorized by the legislature through transfer appropriations. Interfund transfers for the fiscal year ended June 30, 2009, were as follows (in thousands of dollars):

<b>Transfers In:</b>					
	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Governmental Funds
<b>Transfers Out:</b>					
General Fund	\$ ---	\$ 2,990,468	\$ 690	\$ ---	\$ 163,868
Public Education	15,596	---	---	---	---
Conservation and Environmental Protection	735	---	---	---	7,906
Transportation and Law Enforcement	227	---	---	535,588	---
Non-Major Governmental Funds	65,336	34,949	---	---	10,523
State Lottery	---	258,508	---	---	---
Non-Major Enterprise Funds	30	---	---	---	---
Internal Service Funds	5	---	---	---	25
<b>Totals</b>	<b>\$ 81,929</b>	<b>\$ 3,283,925</b>	<b>\$ 690</b>	<b>\$ 535,588</b>	<b>\$ 182,322</b>

**Continues Below**

	Lottery	Non-Major Enterprise Funds	Internal Service Funds	Totals
<b>Transfers Out:</b>				
General Fund	\$ ---	\$ 873	\$ 29	\$ 3,155,928
Public Education	---	---	---	15,596
Conservation and Environmental Protection	---	---	---	8,641
Transportation and Law Enforcement	---	---	---	535,815
Non-Major Governmental Funds	---	---	---	110,808
State Lottery	---	---	---	258,508
Non-Major Enterprise Funds	---	---	---	30
Internal Service Funds	21	---	2	53
<b>Totals</b>	<b>\$ 21</b>	<b>\$ 873</b>	<b>\$ 31</b>	<b>\$ 4,085,379</b>

Principal reasons for interfund transfers include:

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

During fiscal year 2009, there were transfers of \$153,000 from internal service funds to the General Fund and non-major governmental funds. These were transfers of capital assets and are therefore not reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances or on the reconciliation above. This is because governmental funds use the modified accrual basis of accounting and therefore do not report capital assets on their financial statements. There were also transfers of capital assets for \$31,097,000 from the General Fund to internal service funds, \$60,000 from the General Fund to Lottery, and \$143,000 from Conservation and Environmental Protection Fund to non-major enterprise funds. These are reported as contributed capital in the internal service funds and enterprise funds and excluded from the General Fund; therefore, these transfers are also not included in this reconciliation.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 17 – Restatements**

During fiscal year 2009, additional information became available which required the restatement of fund equity amounts. The following table presents a summary of these restatements by fund (in thousands of dollars):

	June 30, 2008 Fund Balance/ Net Assets Previously Reported	Prior Period Adjustments	June 30, 2008 Fund Balance/ Net Assets Restated
<b>GOVERNMENTAL FUNDS</b>			
<b>Major Governmental Funds</b>			
General Fund	\$ 1,920,440	\$ (25,685)	\$ 1,894,755
Conservation and Environmental Protection	1,205,389	776	1,206,165
Transportation and Law Enforcement	207,772	(13)	207,759
<b>Non-Major Governmental Funds</b>			
Special Revenue	287,932	24,170	312,102
<b>PROPRIETARY FUNDS</b>			
<b>Major Enterprise Funds</b>			
State Lottery	11,268	557	11,825
<b>Non-Major Proprietary Funds</b>			
Enterprise	88,419	(196)	88,223
Internal Service	648,479	(2,208)	646,271
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
College and Universities	4,691,227	13,156	4,704,383
Non-Major Funds	161,150	(6)	161,144

**Breakdown of restatements by type:**

- General Fund, the restatement was a decrease in accounts receivable of \$138,000, an increase in inventories of \$75,000, and an increase in accounts payable of \$25,622,000.
- Conservation and Environmental Protection, the restatement was a decrease in accounts receivable of \$667,000, an increase in inventories of \$5,000, and a decrease in accounts payable of \$1,438,000.
- Transportation and Law Enforcement, the restatement was a decrease in accounts receivable of \$13,000.
- Non-major special revenue funds, the restatement was a decrease in accounts receivable of \$14,000 and a decrease in accounts payable of \$24,184,000.
- Major enterprise fund – State Lottery, the restatement was an increase in capital assets (net of accumulated depreciation) of \$557,000.
- Non-major enterprise funds, the restatement was an increase in capital assets (net of accumulated depreciation) of \$48,000, and an increase in obligation under lease purchase of \$244,000.
- Non-major internal service funds, the restatement was a decrease in accounts receivable of \$15,175,000, an increase in capital assets (net of accumulated depreciation) of \$1,908,000, an increase in accounts payable of \$802,000, and a decrease in obligations under lease purchase of \$11,861,000.
- Discretely presented component units – college and universities, the restatement was an increase in other postemployment benefits, net of \$178,000, and an increase of 13,334,000 for the increase in fair value of the land holdings over historic cost as an effect of the University of Missouri adopting GASB Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*, which was effective at the beginning of fiscal year 2009.
- Discretely presented component units – non-major funds, the restatement was an increase in interest payable of \$6,000.

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**Note 17 – Restatements (cont.)**

**Purpose for restatements:**

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

On the Government-Wide Statement of Activities, net assets for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation) decreased by \$21,938,000, the Internal Balance increased by \$2,000, deferred costs and other assets decreased by \$6,400,000, unamortized bond premium decreased by \$7,684,000, and capital lease obligation increased by \$11,495,000.

On the Government-Wide Statement of Activities, net assets for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by a decrease in the Internal Balance of \$2,000.

**Note 18 – Fund Deficit**

The following fund had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2009, this fund had a net asset deficit of \$26,130,000. The deficit at June 30, 2008 was \$26,317,000. The deficit occurred when transport load fees collected were not sufficient to cover the estimated claims liability for clean up of petroleum storage tank leaks. This liability amount is the cumulative result of numerous years of petroleum storage tank leaks. Per Section 319.129, RSMo, this fund will not accept new claim liabilities after December 31, 2020, or upon revocation of federal regulation 40 CFR, whichever occurs first, unless extended by action of the General Assembly. Various alternatives are being considered to pay off the claims liability amount of this fund. Per Section 319.131, RSMo, the liability of the Petroleum Storage Tank Insurance Fund is not the liability of the State. Upon dissolution of this fund, the liability would be liquidated.

Enterprise Fund – Unemployment Compensation Insurance – At June 30, 2009, this fund had a net asset deficit of \$15,486,000. The reason for this deficit is the high unemployment rate associated with the current national economic climate. It has made it necessary for the State of Missouri, along with other states, to borrow from the federal government to pay unemployment benefits. The United States Department of Labor projects that the unemployment rate for Missouri will peak in 2010. Unless new legislation is passed to increase employer contributions into the fund from state unemployment taxes, it will be necessary for Missouri to continue to borrow from the federal government. If the State has two consecutive years with a loan balance, the federal government will begin to increase federal taxes on employers by reducing the Federal Unemployment Tax Act (FUTA) tax credit that Missouri employers are allowed to claim on their taxes. These additional taxes will be used to begin paying down Missouri's loan balance.

Internal Service Fund – Transportation Self-Insurance Plan Fund – At June 30, 2009, this fund had a net asset deficit of \$506,000. The deficit occurred due to funding being based on annual actuarial studies and budget availability. Increases in appropriations and claims management will eliminate the deficit over time.

**Note 19 – Related Party Transactions**

The Missouri State Public Employees' Deferred Compensation Plan was administered by ING Institutional Plan Services. ING Life Insurance and Annuity Company provides affixed earnings investments for plan participants while ING Institutional Plan Services provides variable earnings investments. At June 30, 2009, total investments of the Plan were \$949,988,000 and investments in ING Life Insurance and Annuity Company were \$410,509,000.



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**Note 20– Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$7,661,000 for construction contracts at June 30, 2009. 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 \$1,702,811,000 outstanding at June 30, 2009. These contracts are paid from capital projects funds with approximately 78% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2009 of \$34,317,000. Approximately 88% will be paid from the General Fund, 10% from special revenue funds, 1% from enterprise funds, and 1% from capital projects funds.

The Department of Elementary and Secondary Education had desegregation payments outstanding of \$9,000,000 at June 30, 2009, which were paid July 1, 2009. These payments were due to the St. Louis Public School District based upon Court Order L(266)99 approving the 1999 settlement agreement requiring annual payments.

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 2009 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 \$558,000 for land acquisition and \$88,000 for construction contracts at June 30, 2009. The land acquisition contracts are funded through enterprise funds, and the construction contracts are funded through enterprise and special revenue funds.

The Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) purchased a new pension administration software system during fiscal year 2007. Total software and related consulting services are estimated to be approximately \$3,000,000, with \$1,630,000 outstanding at June 30, 2009.

As of June 30, 2009, the University of Missouri had outstanding commitments for the acquisition, usage, and ongoing support of certain software for its patient clinical systems totaling \$4,652,000. The payments are as follows:

2010	\$	3,708,000
2011	\$	944,000

Truman State University had approximately \$18,449,000 in outstanding commitments for various construction contracts at June 30, 2009.

The University of Central Missouri had outstanding commitments of approximately \$53,425,000 related to construction contracts at June 30, 2009.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 21 – Risk Management and Insurance**

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

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

The Transportation Self-Insurance Plan covers workers' compensation for employees of MoDOT and the State Highway Patrol, and covers vehicle liability and general liability insurance for the employees of MoDOT. The Transportation Self-Insurance Plan is presented as an internal service fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Estimated claims payable is based on known claims pending as well as an estimate of IBNR claims from data provided by an actuary. Liabilities are reported at their discounted value, assuming an investment yield of 4%.

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

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

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

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.

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.

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

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

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

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

<u>Governmental Activities</u>	<u>Type of Insurance Claims</u>	<u>Fiscal Year Claims Liability 6/30/2008</u>	<u>Current Year Claims and Estimated Changes</u>	<u>Claim Payments</u>	<u>Fiscal Year Claims Liability 6/30/2009</u>
OA Workers Compensation	Workers Comp.	\$ 19,018	\$ 32,257	\$ (26,355)	\$ 24,920
OA Legal Expense Fund	Liability	1,108	2,557	(2,314)	1,351
MoDOT Self-Insurance Plan	Workers Comp. and Liability	65,171	18,462	(14,857)	68,776
MCHCP	Health Care	38,094	262,059	(254,117)	46,036
MHPML	Health Care and Life Insurance	12,400	95,638	(96,038)	12,000
CEIP	Health Care and Life Insurance	1,264	14,943	(14,399)	1,808
DOR	Southwestern Bell Lawsuit	65,907	3,404	(29,938)	39,373
Total Governmental Activities		<u>\$ 202,962</u>	<u>\$ 429,320</u>	<u>\$ (438,018)</u>	<u>\$ 194,264</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 116,733</u>	<u>\$ 11,739</u>	<u>\$ (15,784)</u>	<u>\$ 112,688</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 67,238	\$ 177,386	\$ (171,358)	\$ 73,266
Missouri State University	Health Care, Workers Comp. and Liability	1,051	13,479	(13,295)	1,235
Total Component Units		<u>\$ 68,289</u>	<u>\$ 190,865</u>	<u>\$ (184,653)</u>	<u>\$ 74,501</u>

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

<u>Governmental Activities</u>	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2007	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2008
OA Workers Compensation	Workers Comp.	\$ 18,179	\$ 24,709	\$ (23,870)	\$ 19,018
OA Legal Expense Fund	Liability	864	708	(464)	1,108
MoDOT Self-Insurance Plan	Workers Comp. and Liability	51,315	31,448	(17,592)	65,171
MCHCP	Health Care	43,054	219,142	(224,102)	38,094
MHPML	Health Care and Life Insurance	11,000	94,445	(93,045)	12,400
CEIP	Health Care and Life Insurance	1,262	11,287	(11,285)	1,264
DOR	Southwestern Bell Lawsuit	66,500	23,985	(24,578)	65,907
Total Governmental Activities		<u>\$ 192,174</u>	<u>\$ 405,724</u>	<u>\$ (394,936)</u>	<u>\$ 202,962</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 116,056</u>	<u>\$ 16,324</u>	<u>\$ (15,647)</u>	<u>\$ 116,733</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 79,799	\$ 136,343	\$ (148,904)	\$ 67,238
Missouri State University	Health Care, Workers Comp. and Liability	1,175	13,068	(13,192)	1,051
Total Component Units		<u>\$ 80,974</u>	<u>\$ 149,411</u>	<u>\$ (162,096)</u>	<u>\$ 68,289</u>

**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.

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

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

The Missouri Department of Natural Resources was compelled to assess and oversee the cleanup of contaminated sites subject to federal law under the Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, administered by the U.S. Environmental Protection Agency (EPA). Under this law, the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Missouri law 260.371.7 states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At the end of fiscal year 2009, the State was participating in the cleanup of 11 Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$9.9 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available.

The Missouri Department of Transportation (MoDOT) contracted for site assessment of a chemical contamination and a leaking underground storage tank for the amount of \$154,000 to determine any pollution remediation activities and future costs. MoDOT is currently performing control and prevention activities in three instances related to building and grounds caused by chemical contamination and moisture intrusion. The potential for pollution remediation exists; however, any future remediation obligations are not yet estimable.

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

<u>Governmental Activities</u>	<u>Type of Pollution Remediation</u>	<u>Fiscal Year Remediation Liability 6/30/2008</u>	<u>Current Year Assessments and Estimated Changes</u>	<u>Payments</u>	<u>Fiscal Year Remediation Liability 6/30/2009</u>	<u>Due Within One Year</u>
DNR – Hazardous Waste Fund	Superfund Sites	\$ 7,857	\$ 2,573	\$ (535)	\$ 9,895	\$ 1,128
MoDOT – Missouri Road Fund	Chemical Contamination	---	154	---	154	154
Total Governmental Activities		<u>\$ 7,857</u>	<u>\$ 2,727</u>	<u>\$ (535)</u>	<u>\$ 10,049</u>	<u>\$ 1,282</u>

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, 2009, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$289,269,000. 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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 22 – Pollution Remediation and Landfill Closure and Postclosure (cont.)**

At June 30, 2009, nine MSWLFs and two waste tire facilities have defaulted. The owners/operators failed to properly close or maintain post-closure care for these facilities; therefore, the State took possession of the forfeited financial assurance instruments to initiate the closure or post-closure activities as required by Section 260.228, RSMo. The State will monitor and pay post-closure care costs of these facilities for the next 30 years in accordance with Missouri Department of Natural Resources Solid Waste Management Law and Regulations. At June 30, 2009, it is expected that \$801,000 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.

At June 30, 2009, the amount of the contingent liabilities was \$27.0 million. Changes in the reported liability since June 30, 2008, 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
2008-2009	\$ 40,087	\$ (11,150)	\$ (1,940)	\$ 26,997
2007-2008	82,922	(35,267)	(7,568)	40,087
2006-2007	111,402	(18,643)	(9,837)	82,922

Section 287.220.6, RSMo requires that an actuarial study of the Second Injury Fund be made every three years to determine the solvency of the Fund. Figures presented below for current year claims and changes in estimates are based on the 2009 actuarial study. At June 30, 2009, the amount of liabilities for the Second Injury Fund was \$1.4 billion. Changes in the reported liability since June 30, 2008, 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
2008-2009	\$ 1,248,013	\$ 191,330	\$ (66,866)	\$ 1,372,477
2007-2008	1,112,023	204,100	(68,110)	1,248,013
2006-2007	982,328	195,773	(66,078)	1,112,023

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.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 23 – Contingencies (cont.)**

**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. At the end of fiscal year 2009, there were no guaranteed loans outstanding and 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, 2009, for which the Authority has guaranteed payment is \$1,781,000 and \$11,005,000, respectively. During 2009, no loans defaulted.

**Sales and Use Tax Lawsuits:**

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. A \$39.4 million liability remains as of June 30, 2009, and is referenced in *Note 21 – Risk Management and Insurance*. Refund claims related to these cases that were filed by other companies that are still pending verification and exclusive of interest (which could be substantial) could negatively affect the State by \$34.1 million, of which \$19.8 million is related to the General Revenue Fund.

The State is also involved in tax litigation not included in the fiscal year 2009 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$7.2 million.

**Education Lawsuits:**

Five 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; 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; and Committee for Educational Equality, et al vs. the State of Missouri, et al (Case No. SC 89010), filed with the Missouri Supreme Court. Arguments are being heard, and decisions in these cases may require additional state money or a revision to the current school aid formula.

**Tobacco Master Settlement Agreement:**

National arbitration against the tobacco manufacturers that participated in the Master Settlement Agreement (MSA) is expected to begin in early 2010. The State's total exposure would be repayment of the entire amount of its 2003 annual payments that were received as part of the MSA, which totaled \$162 million, plus interest. Instead of making payments back to the tobacco manufacturers, most of any award would likely be repaid by reducing future settlement payments to the State.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 24 – Joint Ventures**

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

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

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

Summary financial information for the Authority as of and for the fiscal year ended December 31, 2008, is presented below (in thousands of dollars):

Total Assets	<u>\$ 295,003</u>
Total Liabilities	\$ 186,913
Total Net Assets	<u>108,090</u>
Total Liabilities and Net Assets	<u>\$ 295,003</u>
Total Revenues	\$ 26,633
Total Expenses	<u>22,596</u>
Net Increase in Net Assets	<u>\$ 4,037</u>

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

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



**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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**Note 25 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a discretely presented component unit of the State. For the college and universities, except the University of Missouri, the net appreciation of the endowments available for expenditure is \$2,389,000, and of this amount, \$915,000 is reported as restricted non-expendable net assets, \$1,254,000 is reported as restricted expendable net assets, and \$220,000 is reported as unrestricted net assets. The University of Missouri reported a net depreciation of restricted non-expendable net assets in the amount of \$130,577,000, which consisted of both realized and unrealized losses on investment. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.035, RSMo. These policies are entity specific and vary with each institution.

**Note 26 – Conduit Debt**

As of June 30, 2009, the Missouri Development Finance Board issued \$1,237,242,000 in Single Issue Industrial Revenue Bonds, \$57,810,000 in Private Activity Composite Industrial Revenue Bonds, and \$1,667,600,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2009, were approximately \$560,590,000, \$0, and \$814,896,000, 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**

Missouri Department of Transportation:

The Series B 2005 State Road Bonds were issued as variable rate instruments with weekly rate changes. Since June 30, the rates varied from 0.14% to 0.31%.

On September 30, 2009, the Department issued \$195,625,000 of federal reimbursement State Road Bonds, Series A 2009. These bonds will bear interest from 2.00% to 5.00%, due in semiannual installments beginning May 1, 2011. Proceeds will be used to finance the costs of the “Safe and Sound” bridge improvement project.

On September 30, 2009, the Department issued \$404,375,000 of federal reimbursement State Road Bonds (Build America Bonds), Series B 2009. These bonds will bear interest from 4.80% to 5.25%, due in semiannual installments beginning May 1, 2022. Proceeds will be used to finance the costs of the “Safe and Sound” bridge improvement project.

On November 12, 2009, the Department issued \$300,000,000 of Third Lien State Road Bonds (Build America Bonds), Series C 2009. These bonds bear interest from 4.31% to 5.21%, due in semiannual installments beginning May 1, 2017. 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 construction program.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

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

University of Central Missouri:

On July 14, 2009, the University issued \$9,715,000 of bonds to refund the Student Housing System Refunding Revenue Series 2002 Bonds. The bonds bear interest, payable semiannually, at rates of 0.9% to 3.5%, beginning September 1, 2009.

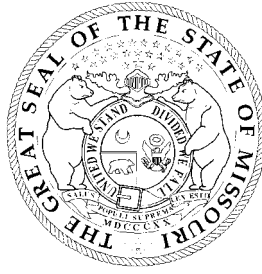
University of Missouri:

On July 1, 2009, the University sold \$125,000,000 of capital project notes at an effective interest rate of 0.4%. The notes will be repaid in full by June 30, 2010.

On July 23, 2009, the University issued \$332,060,000 of System Facilities Revenue Bonds, consisting of \$256,300,000 in taxable Series 2009A bonds designated as Build America Bonds, and \$75,760,000 in traditional tax exempt Series 2009B bonds. The Series 2009A bonds bear interest at a stated rate of 5.96%, and the Series 2009B bonds bear interest at rates of 3.0% and 5.0%.

Unemployment Compensation:

Due to high unemployment rates, Missouri is borrowing from the federal government in order to pay unemployment insurance benefits. Since June 30, 2009, \$215,818,000 has been borrowed. American Recovery and Reinvestment Act (ARRA) legislation granted a waiver on interest due on these loans through December 31, 2010.



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

STATE OF MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND, MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2009  
(In Thousands of Dollars)

	General				Public Education				Conservation and Environmental Protection				Transportation and Law Enforcement			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,942,622	\$ 1,942,622	\$ 1,942,622	\$ ---	\$ 312,675	\$ 312,675	\$ 312,675	\$ ---	\$ 394,080	\$ 394,080	\$ 394,080	\$ ---	\$ 61,790	\$ 61,790	\$ 61,790	\$ ---
Resources (Inflows):																
Taxes:																
Sales and Use	1,978,545	1,894,919	1,883,719	(11,200)	759,364	759,364	728,406	(30,958)	175,046	175,046	173,438	(1,608)	53,677	53,677	51,400	(2,277)
Individual Income	6,233,871	5,970,387	5,935,098	(35,289)	4,353	4,353	4,176	(177)	---	---	---	---	---	---	---	---
Corporate Income	455,888	436,619	434,038	(2,581)	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	214,058	205,011	203,799	(1,212)	---	---	---	---	---	---	---	---	---	---	---	---
Beer	8,932	8,554	8,504	(50)	---	---	---	---	---	---	---	---	---	---	---	---
Liquor	23,273	22,290	22,158	(132)	---	---	---	---	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	75,574	75,574	72,493	(3,081)	---	---	---	---	---	---	---	---
Fuel	12	12	12	---	---	---	---	---	---	---	---	---	751,391	751,391	719,522	(31,869)
Corporation Franchise	99,086	94,898	94,338	(560)	---	---	---	---	---	---	---	---	---	---	---	---
Inheritance	3,223	3,087	3,068	(19)	---	---	---	---	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	1,151,814	1,103,131	1,096,611	(6,520)	329,557	329,557	316,121	(13,436)	---	---	---	---	---	---	---	---
Total Taxes	10,168,702	9,738,908	9,681,345	(57,563)	1,168,848	1,168,848	1,121,196	(47,652)	175,046	175,046	173,438	(1,608)	805,068	805,068	770,922	(34,146)
Licenses, Fees, and Permits	82,858	79,382	78,904	(478)	2,357	2,357	2,261	(96)	81,109	81,109	80,363	(746)	208,615	208,615	199,766	(8,849)
Sales	593	569	565	(4)	---	---	---	---	8,523	8,523	8,445	(78)	4,041	4,041	3,870	(171)
Leases and Rentals	6	6	6	---	---	---	---	---	202	202	200	(2)	8	8	8	---
Services	253,014	248,835	245,303	(3,532)	---	---	---	---	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	7,945,300	7,881,252	7,748,711	(132,541)	89,342	89,342	85,699	(3,643)	63,503	63,503	62,919	(584)	866	866	829	(37)
Interest	59,654	57,180	56,827	(353)	10,173	10,173	9,759	(414)	12,275	12,275	12,162	(113)	2,253	2,253	2,157	(96)
Penalties and Unclaimed Property	537	514	512	(2)	2,024	2,024	1,941	(83)	81	81	80	(1)	450	450	431	(19)
Cost Reimbursement/																
Miscellaneous	638,870	631,688	621,685	(10,003)	69,415	69,415	66,586	(2,829)	54,540	54,540	54,039	(501)	1,388	1,388	1,329	(59)
Transfers In	182,473	213,740	132,447	(81,293)	3,278,507	3,294,839	3,285,268	(9,571)	712	768	725	(43)	274	1,396	1,146	(250)
Total Resources (Inflows)	19,332,007	18,852,074	18,566,305	(285,769)	4,620,666	4,636,998	4,572,710	(64,288)	395,991	396,047	392,371	(3,676)	1,022,963	1,024,085	980,458	(43,627)
Amount Available for Appropriation	21,274,629	20,794,696	20,508,927	(285,769)	4,933,341	4,949,673	4,885,385	(64,288)	790,071	790,127	786,451	(3,676)	1,084,753	1,085,875	1,042,248	(43,627)
Charges to Appropriations (Outflows):																
Current:																
General Government	2,030,852	2,094,513	2,037,450	57,063	3,623	3,651	1,735	1,916	2,143	2,442	2,156	286	216,423	217,152	209,216	7,936
Education	2,068,984	2,048,657	1,949,450	99,207	4,866,821	4,776,498	4,596,560	179,938	---	---	---	---	---	---	---	---
Natural and Economic Resources	311,340	388,526	257,520	131,006	27,264	42,264	14,275	27,989	387,615	571,049	407,374	163,675	---	---	---	---
Transportation and Law Enforcement	509,261	657,528	399,956	257,572	155	204	178	26	993	993	794	199	250,671	261,020	217,900	43,120
Human Services	10,525,657	10,992,709	10,479,518	513,191	22,463	21,809	18,295	3,514	341	341	208	133	---	---	---	---
Debt Service	97,115	100,147	98,562	1,585	---	---	---	---	82	120	---	120	115	120	100	20
Transfers Out	3,865,232	4,001,706	3,838,750	162,956	6,445	20,511	19,678	833	62,759	64,224	54,304	9,920	512,380	549,424	547,304	2,120
Total Charges to Appropriations	19,408,441	20,283,786	19,061,206	1,222,580	4,926,771	4,864,937	4,650,721	214,216	453,933	639,169	464,836	174,333	979,589	1,027,716	974,520	53,196
Ending Budgetary Fund Balance	\$ 1,866,188	\$ 510,910	\$ 1,447,721	\$ 936,811	\$ 6,570	\$ 84,736	\$ 234,664	\$ 149,928	\$ 336,138	\$ 150,958	\$ 321,615	\$ 170,657	\$ 105,164	\$ 58,159	\$ 67,728	\$ 9,569
Reconciling Items:																
Reclassifying Cash Equivalents as Investments			(1,110,442)				(209,908)				(289,986)				(47,052)	
Investments at Fair Value			1,118,540				213,015				292,163				55,971	
Receivables			1,674,069				121,084				938,102				162,630	
Due from Other Funds			248				17,142				11				64	
Due from Component Units			---				---				827				---	
Inventory			23,560				41				695				3,066	
Advance to Component Units			---				---				5,014				---	
Accounts Payable			(1,012,234)				(4,743)				(4,780)				(3,449)	
Accrued Payroll			(61,807)				(251)				(4,952)				(5,831)	
Due to Other Funds			(23,459)				(319)				(363)				(722)	
Deferred Revenue			(692,816)				(27,544)				(17,477)				(6,114)	
Escheat/Unclaimed Property			(105,139)				---				---				---	
Fund Balance – GAAP Basis		\$ 1,258,241				\$ 343,181				\$ 1,240,869				\$ 226,291		

**STATE OF MISSOURI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**  
**June 30, 2009**

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**Budgetary Presentation:**

A Budgetary Comparison Schedule is presented for the State's Major governmental funds, as well as Major Capital Project Funds. Revenues and expenditures are reported on a budgetary basis where "actual" revenues are recognized when cash is received, and "actual" expenditures are recognized for cash disbursements. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. A reconciliation of the two for the fiscal year ended June 30, 2009, 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/AAR2009/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 "final" 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.

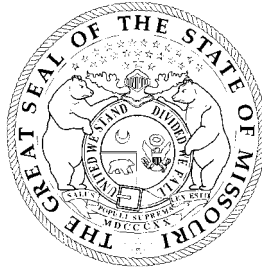
In accordance with state statute, all state funds must have an appropriation before amounts can be expended or transferred to another state fund; therefore, variances between "budgeted" and "actual" expenditures and transfers on the budgetary schedule will always be positive.

**Budgetary Control:**

Budgetary control is maintained at the departmental level; each Department of the Missouri government formulates a budget to be submitted for approval by the General Assembly prior to the beginning of the fiscal year. These budgets are prepared essentially on the cash basis. The legislature reviews, revises, and legally adopts these budgets. The Governor then has the authority to approve or veto each budget, subject to legislative override.

Budgeted expenditures cannot exceed estimated revenues and other sources of funding, including beginning fund balances. In the event that actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the legislature to address the issue.

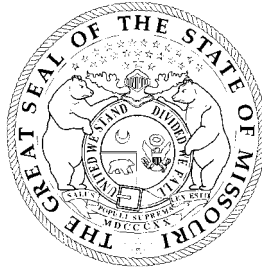
Unexpended appropriations lapse at the end of each appropriation year, unless re-appropriated to the following appropriation year.



*Supplementary Information includes the Budgetary Comparison Schedule and Reconciliation for the Major Capital Projects Fund (Missouri Road Fund), as well as the Combining and Individual Fund Statements and Schedules for the General Fund and all Non-Major Funds.*

**STATE OF MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2009  
(In Thousands of Dollars)**

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,015,566	\$ 1,015,566	\$ 1,015,566	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	246,613	246,613	189,954	(56,659)
Fuel	113	113	104	(9)
Total Taxes	246,726	246,726	190,058	(56,668)
Licenses, Fees, and Permits	126,988	126,988	98,239	(28,749)
Contributions and Intergovernmental	886,249	886,249	829,882	(56,367)
Interest	30,786	30,786	23,221	(7,565)
Cost Reimbursement/Miscellaneous	76,279	76,279	118,660	42,381
Bond Sales Proceeds	148,401	148,401	144,469	(3,932)
Transfers In	518,669	679,669	572,223	(107,446)
Total Resources (Inflows)	2,034,098	2,195,098	1,976,752	(218,346)
Amount Available for Appropriation	3,049,664	3,210,664	2,992,318	(218,346)
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	853,112	946,108	898,852	47,256
Capital Outlay				
Transportation and Law Enforcement	1,177,391	1,305,738	1,240,518	65,220
Debt Service	335,178	335,178	216,435	118,743
Total Charges to Appropriations	2,365,681	2,587,024	2,355,805	231,219
Ending Budgetary Fund Balance	\$ 683,983	\$ 623,640	\$ 636,513	\$ 12,873
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(511,168)	
Investments at Fair Value			519,912	
Receivables			130,654	
Inventories			47,693	
Accounts Payable			(115,778)	
Accrued Payroll			(18,734)	
Due to Other Funds			(507)	
Deferred Revenue			(43,945)	
Advance from Component Units			(300)	
Fund Balance – GAAP Basis			\$ 644,340	



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## *The Combining and Individual Fund Statements and Schedules*

### **Major Funds**

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

### **Non-Major Funds**

This includes all non-major governmental and enterprise funds, as well as the non-major component units. It also includes all internal service and fiduciary funds because the “major fund” classification, created under GASB Statement 34, does not apply to these funds.

A budgetary comparison schedule is provided for all non-major governmental funds with the exception of capital projects funds.



**STATE OF MISSOURI  
BALANCE SHEET  
GENERAL FUND  
June 30, 2009  
(In Thousands of Dollars)**

	General Fund			Totals
	General	Federal	Eliminations	June 30, 2009
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 118,808	\$ 218,471	\$ ---	\$ 337,279
Investments	944,559	173,981	---	1,118,540
Accounts Receivable, Net	1,004,363	663,321	---	1,667,684
Interest Receivable	6,275	110	---	6,385
Due from Other Funds	2	248	(2)	248
Inventories	22,911	649	---	23,560
Total Assets	<u>\$ 2,096,918</u>	<u>\$ 1,056,780</u>	<u>\$ (2)</u>	<u>\$ 3,153,696</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 424,902	\$ 587,332	\$ ---	\$ 1,012,234
Accrued Payroll	46,082	15,725	---	61,807
Due to Other Funds	19,714	3,747	(2)	23,459
Deferred Revenue	543,139	149,677	---	692,816
Escheat/Unclaimed Property	105,139	---	---	105,139
Total Liabilities	<u>1,138,976</u>	<u>756,481</u>	<u>(2)</u>	<u>1,895,455</u>
Fund Balances:				
Reserved for:				
Budget Reserve	560,504	---	---	560,504
Inventories	22,911	649	---	23,560
Forfeited Assets	801	---	---	801
Taxes	4,440	---	---	4,440
Unreserved	369,286	299,650	---	668,936
Total Fund Balances	<u>957,942</u>	<u>300,299</u>	<u>---</u>	<u>1,258,241</u>
Total Liabilities and Fund Balances	<u>\$ 2,096,918</u>	<u>\$ 1,056,780</u>	<u>\$ (2)</u>	<u>\$ 3,153,696</u>

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

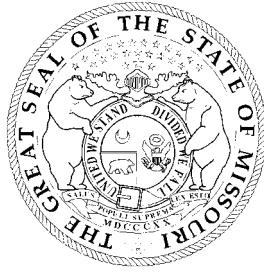
	General Fund			Totals
	General	Federal	Eliminations	June 30, 2009
<b>Revenues:</b>				
Taxes	\$ 7,151,800	\$ 12	\$ ---	\$ 7,151,812
Licenses, Fees, and Permits	78,844	602	---	79,446
Sales	533	8	---	541
Leases and Rentals	6	---	---	6
Services	98,125	146,317	---	244,442
Contributions and Intergovernmental	1,441,692	7,326,036	---	8,767,728
Investment Earnings:				
Net Increase (Decrease) in the Fair Value of Investments	(398)	165	---	(233)
Interest	50,002	1,002	---	51,004
Penalties and Unclaimed Properties	24,603	8	---	24,611
Cost Reimbursement/Miscellaneous	139,000	174,316	---	313,316
Total Revenues	8,984,207	7,648,466	---	16,632,673
<b>Expenditures:</b>				
Current:				
General Government	625,136	78,967	---	704,103
Education	1,076,983	944,210	---	2,021,193
Natural and Economic Resources	61,858	256,711	---	318,569
Transportation and Law Enforcement	124,067	311,819	---	435,886
Human Services	4,984,249	5,657,599	---	10,641,848
Debt Service:				
Principal	53,550	1,989	---	55,539
Interest	46,161	598	---	46,759
Arbitrage	583	---	---	583
Total Expenditures	6,972,587	7,251,893	---	14,224,480
Excess Revenues (Expenditures)	2,011,620	396,573	---	2,408,193
<b>Other Financing Sources (Uses):</b>				
Proceeds from Capital Leases	24,701	937	---	25,638
Proceeds from Sale of Capital Assets	232	118	---	350
Transfers In	364,278	4,837	(287,186)	81,929
Transfers Out	(3,155,301)	(287,813)	287,186	(3,155,928)
Total Other Financing Sources (Uses)	(2,766,090)	(281,921)	---	(3,048,011)
Net Change in Fund Balances	(754,470)	114,652	---	(639,818)
Fund Balances – Beginning	1,708,699	186,056	---	1,894,755
Increase (Decrease) in Reserve for Inventory	3,713	(409)	---	3,304
Fund Balances – Ending	\$ 957,942	\$ 300,299	\$ ---	\$ 1,258,241

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**June 30, 2009**  
**(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2009
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 24,006	\$ 10,535	\$ 5,138	\$ 197	\$ 39,876
Investments	254,134	91,479	47,185	53,540	446,338
Accounts Receivable, Net	21,636	---	---	---	21,636
Interest Receivable	517	512	248	2	1,279
Due from Other Funds	1,344	---	---	---	1,344
Inventories	235	---	---	---	235
Loans Receivable	285	---	---	---	285
Total Assets	<u>\$ 302,157</u>	<u>\$ 102,526</u>	<u>\$ 52,571</u>	<u>\$ 53,739</u>	<u>\$ 510,993</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 9,071	\$ ---	\$ 30	\$ ---	\$ 9,101
Accrued Payroll	3,536	---	53	---	3,589
Due to Other Funds	507	---	5	---	512
Deferred Revenue	5,874	346	168	---	6,388
Total Liabilities	<u>18,988</u>	<u>346</u>	<u>256</u>	<u>---</u>	<u>19,590</u>
Fund Balances:					
Reserved for Inventories	235	---	---	---	235
Reserved for Debt Service	---	102,180	---	---	102,180
Reserved for Loans Receivable	285	---	---	---	285
Reserved for Trust Principal	---	---	---	53,615	53,615
Unreserved	282,649	---	52,315	124	335,088
Total Fund Balances	<u>283,169</u>	<u>102,180</u>	<u>52,315</u>	<u>53,739</u>	<u>491,403</u>
Total Liabilities and Fund Balances	<u>\$ 302,157</u>	<u>\$ 102,526</u>	<u>\$ 52,571</u>	<u>\$ 53,739</u>	<u>\$ 510,993</u>

**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, 2009**  
**(In Thousands of Dollars)**

					Totals
	Special Revenue	Debt Service	Capital Projects	Permanent	June 30, 2009
<b>Revenues:</b>					
Taxes	\$ 141,472	\$ ---	\$ ---	\$ ---	\$ 141,472
Licenses, Fees, and Permits	180,064	---	---	---	180,064
Sales	1,539	---	---	---	1,539
Leases and Rentals	224	---	---	---	224
Services	115	---	---	---	115
Contributions and Intergovernmental	25,396	---	1,172	---	26,568
Investment Earnings:					
Net Increase (Decrease) in the Fair					
Value of Investments	(1,439)	242	36	(12,313)	(13,474)
Interest	4,222	2,945	1,703	1,017	9,887
Penalties and Unclaimed Properties	19,742	---	---	1,985	21,727
Cost Reimbursement/Miscellaneous	205,595	60	---	20	205,675
Total Revenues	<u>576,930</u>	<u>3,247</u>	<u>2,911</u>	<u>(9,291)</u>	<u>573,797</u>
<b>Expenditures:</b>					
Current:					
General Government	52,548	---	43	---	52,591
Education	9,457	---	---	---	9,457
Natural and Economic Resources	245,592	---	18,540	---	264,132
Transportation and Law Enforcement	53,094	---	3,386	---	56,480
Human Services	218,407	---	---	5	218,412
Capital Outlay:					
Transportation and Law Enforcement	---	---	2,037	---	2,037
Human Services	---	---	306	---	306
Debt Service:					
Principal	701	65,055	---	---	65,756
Interest	226	30,295	---	---	30,521
Total Expenditures	<u>580,025</u>	<u>95,350</u>	<u>24,312</u>	<u>5</u>	<u>699,692</u>
Excess Revenues (Expenditures)	<u>(3,095)</u>	<u>(92,103)</u>	<u>(21,401)</u>	<u>(9,296)</u>	<u>(125,895)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Capital Leases	98	---	---	---	98
Proceeds from Sale of Capital Assets	17	---	2	---	19
Transfers In	83,727	92,595	6,000	---	182,322
Transfers Out	(109,693)	---	(1,115)	---	(110,808)
Total Other Financing					
Sources (Uses)	<u>(25,851)</u>	<u>92,595</u>	<u>4,887</u>	<u>---</u>	<u>71,631</u>
Net Change in Fund Balances	(28,946)	492	(16,514)	(9,296)	(54,264)
Fund Balances - Beginning	312,102	101,688	68,829	63,035	545,654
Increase (Decrease) in Reserve					
for Inventory	13	---	---	---	13
Fund Balances - Ending	<u>\$ 283,169</u>	<u>\$ 102,180</u>	<u>\$ 52,315</u>	<u>\$ 53,739</u>	<u>\$ 491,403</u>



*The **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State has numerous individual Special Revenue Funds. Therefore, the funds have been combined into specific functional areas.*

## **Non-Major Special Revenue Funds:**

**Professional Registration** – Provides for the control and regulation of various professions. Each profession has its own fund to account for its operation.

**Judicial Protection and Assistance** – Provides for protection of public employees by the Attorney General's Office, conviction of criminal offenders by prosecuting attorneys and assistance to victims of criminal offenses.

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

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

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

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

**STATE OF MISSOURI**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2009**  
**(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, 2009
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 4,123	\$ 2,261	\$ 525	\$ 7,167	\$ 4,239	\$ 5,691	\$ 24,006
Investments	42,498	23,297	6,711	79,471	43,968	58,189	254,134
Accounts Receivable, Net	---	2,485	54	5,462	11,564	2,071	21,636
Interest Receivable	---	48	15	179	131	144	517
Due from Other Funds	---	93	39	262	246	704	1,344
Inventories	27	16	2	---	---	190	235
Loans Receivable	---	---	285	---	---	---	285
Total Assets	<u>\$ 46,648</u>	<u>\$ 28,200</u>	<u>\$ 7,631</u>	<u>\$ 92,541</u>	<u>\$ 60,148</u>	<u>\$ 66,989</u>	<u>\$ 302,157</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 233	\$ 1,915	\$ 73	\$ 2,768	\$ 300	\$ 3,782	\$ 9,071
Accrued Payroll	213	377	89	309	459	2,089	3,536
Due to Other Funds	60	137	11	48	88	163	507
Deferred Revenue	---	644	5	3,295	1,599	331	5,874
Total Liabilities	<u>506</u>	<u>3,073</u>	<u>178</u>	<u>6,420</u>	<u>2,446</u>	<u>6,365</u>	<u>18,988</u>
Fund Balances:							
Reserved for:							
Inventories	27	16	2	---	---	190	235
Loans Receivable	---	---	285	---	---	---	285
Unreserved	<u>46,115</u>	<u>25,111</u>	<u>7,166</u>	<u>86,121</u>	<u>57,702</u>	<u>60,434</u>	<u>282,649</u>
Total Fund Balances	<u>46,142</u>	<u>25,127</u>	<u>7,453</u>	<u>86,121</u>	<u>57,702</u>	<u>60,624</u>	<u>283,169</u>
Total Liabilities and Fund Balances	<u>\$ 46,648</u>	<u>\$ 28,200</u>	<u>\$ 7,631</u>	<u>\$ 92,541</u>	<u>\$ 60,148</u>	<u>\$ 66,989</u>	<u>\$ 302,157</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(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, 2009
<b>Revenues:</b>							
Taxes	\$ 141	\$ 1	\$ 1,327	\$ 65,608	\$ 74,373	\$ 22	\$ 141,472
Licenses, Fees, and Permits	18,811	33,888	3,866	20,122	---	103,377	180,064
Sales	---	---	15	924	---	600	1,539
Leases and Rentals	---	---	---	224	---	---	224
Services	---	108	---	7	---	---	115
Contributions and Intergovernmental	---	669	8	24,007	21	691	25,396
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	52	25	86	(1,701)	31	68	(1,439)
Interest	---	166	24	1,763	1,060	1,209	4,222
Penalties and Unclaimed Properties	368	9,324	---	42	3,913	6,095	19,742
Cost Reimbursement/Miscellaneous	187	1,694	229	173,491	243	29,751	205,595
Total Revenues	19,559	45,875	5,555	284,487	79,641	141,813	576,930
<b>Expenditures:</b>							
Current:							
General Government	6,394	26,669	89	2,578	6,114	10,704	52,548
Education	106	1	2	9,131	5	212	9,457
Natural and Economic Resources	10,219	2,479	37,089	27,053	83,563	85,189	245,592
Transportation and Law Enforcement	---	24,583	3	6,334	2	22,172	53,094
Human Services	---	6	9	204,536	25	13,831	218,407
Debt Service:							
Principal	---	21	---	2	85	593	701
Interest	---	5	---	3	57	161	226
Total Expenditures	16,719	53,764	37,192	249,637	89,851	132,862	580,025
Excess Revenues (Expenditures)	2,840	(7,889)	(31,637)	34,850	(10,210)	8,951	(3,095)
<b>Other Financing Sources (Uses):</b>							
Proceeds from Capital Leases	---	45	---	---	31	22	98
Proceeds from Sale of Capital Assets	---	8	---	---	---	9	17
Transfers In	25	6,842	34,131	5,069	---	37,660	83,727
Transfers Out	(712)	---	---	(63,018)	(50)	(45,913)	(109,693)
Total Other Financing Sources (Uses)	(687)	6,895	34,131	(57,949)	(19)	(8,222)	(25,851)
Net Change in Fund Balances	2,153	(994)	2,494	(23,099)	(10,229)	729	(28,946)
Fund Balances – Beginning	43,989	26,135	4,958	109,224	67,931	59,865	312,102
Increase (Decrease) in Reserve for Inventory	---	(14)	1	(4)	---	30	13
Fund Balances – Ending	\$ 46,142	\$ 25,127	\$ 7,453	\$ 86,121	\$ 57,702	\$ 60,624	\$ 283,169



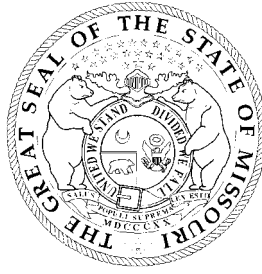
STATE OF MISSOURI  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUNDS  
For the Fiscal Year Ended June 30, 2009  
(In Thousands of Dollars)

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Cigarette	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ 34,315	\$ 35,371	\$ 1,056
Liquor	----	----	----	----	----	----	1,624	1,327	(297)	----	----	----
Reimbursement/Miscellaneous	137	141	4	----	----	----	----	----	----	29,138	30,034	896
Total Taxes	137	141	4	----	----	----	1,624	1,327	(297)	63,453	65,405	1,952
Licenses, Fees, and Permits	18,338	18,826	488	32,578	33,806	1,228	4,818	3,938	(880)	19,556	20,157	601
Leases and Rentals	----	----	----	----	----	----	----	----	----	217	224	7
Sales	----	----	----	----	----	----	18	15	(3)	896	924	28
Services	----	----	----	104	108	4	----	----	----	6	7	1
Contributions and Intergovernmental	2	2	----	2,001	2,077	76	11	9	(2)	30,767	31,713	946
Interest	----	----	----	197	204	7	76	62	(14)	1,652	1,703	51
Penalties and Unclaimed Property	358	368	10	8,869	9,204	335	----	----	----	39	40	1
Cost Reimbursement/Miscellaneous	181	186	5	1,634	1,695	61	491	401	(90)	170,673	175,923	5,250
Total Revenues	19,016	19,523	507	45,383	47,094	1,711	7,038	5,752	(1,286)	287,259	296,096	8,837
<b>Expenditures:</b>												
Current:												
General Government	18	7	11	29,245	24,323	4,922	113	97	16	6,581	4,743	1,838
Education	117	108	9	----	----	----	----	----	----	11,860	8,881	2,979
Natural and Economic Resources	10,262	8,209	2,053	2,640	2,471	169	54,369	39,208	15,161	30,830	27,265	3,565
Transportation and Law Enforcement	----	----	----	31,108	25,388	5,720	5	2	3	6,909	5,929	980
Human Services	----	----	----	1	----	1	----	----	----	230,034	208,960	21,074
Debt Service	----	----	----	----	----	----	----	----	----	6	5	1
Total Expenditures	10,397	8,324	2,073	62,994	52,182	10,812	54,487	39,307	15,180	286,220	255,783	30,437
Excess Revenues (Expenditures)	8,619	11,199	2,580	(17,611)	(5,088)	12,523	(47,449)	(33,555)	13,894	1,039	40,313	39,274
<b>Other Financing Sources (Uses):</b>												
Transfers In	25	25	----	6,961	6,849	(112)	35,642	34,131	(1,511)	8,695	5,070	(3,625)
Transfers Out	(11,500)	(9,124)	2,376	(2,595)	(2,313)	282	(2,644)	(791)	1,853	(146,791)	(68,501)	78,290
Total Other Financing Sources (Uses)	(11,475)	(9,099)	2,376	4,366	4,536	170	32,998	33,340	342	(138,096)	(63,431)	74,665
Net Change in Fund Balances	(2,856)	2,100	4,956	(13,245)	(552)	12,693	(14,451)	(215)	14,236	(137,057)	(23,118)	113,939
Fund Balances – Beginning	44,374	44,374	----	26,028	26,028	----	3,777	3,777	----	101,885	101,885	----
Fund Balances – Ending	\$ 41,518	\$ 46,474	\$ 4,956	\$ 12,783	\$ 25,476	\$ 12,693	\$ (10,674)	\$ 3,562	\$ 14,236	\$ (35,172)	\$ 78,767	\$ 113,939
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(42,351)			(23,215)			(3,037)			(71,600)	
Investments at Fair Value		42,498			23,297			6,711			79,471	
Receivables		----			2,533			354			5,641	
Due from Other Funds		----			93			39			262	
Inventories		27			16			2			----	
Accounts Payable		(233)			(1,915)			(73)			(2,768)	
Accrued Payroll		(213)			(377)			(89)			(309)	
Due to Other Funds		(60)			(137)			(11)			(48)	
Deferred Revenue		----			(644)			(5)			(3,295)	
Fund Balance per GAAP	\$ 46,142			\$ 25,127			\$ 7,453			\$ 86,121		

This schedule is continued on pages 111–112.

	Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>									
Taxes:									
Cigarette	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ ----	\$ 34,315	\$ 35,371	\$ 1,056
Liquor	----	----	----	----	----	----	1,624	1,327	(297)
Reimbursement/Miscellaneous	84,653	78,772	(5,881)	3	3	----	113,931	108,950	(4,981)
Total Taxes	84,653	78,772	(5,881)	3	3	----	149,870	145,648	(4,222)
Licenses, Fees and Permits	----	----	----	111,276	105,268	(6,008)	186,566	181,995	(4,571)
Leases and Rentals	----	----	----	----	----	----	217	224	7
Sales	----	----	----	633	598	(35)	1,547	1,537	(10)
Services	----	----	----	7	7	----	117	122	5
Contributions and									
Intergovernmental	1,142	1,062	(80)	920	870	(50)	34,843	35,733	890
Interest	1,306	1,216	(90)	1,389	1,314	(75)	4,620	4,499	(121)
Penalties and Unclaimed Property	4,206	3,913	(293)	6,432	6,085	(347)	19,904	19,610	(294)
Cost Reimbursement/									
Miscellaneous	380	354	(26)	32,185	30,447	(1,738)	205,544	209,006	3,462
Total Revenues	91,687	85,317	(6,370)	152,845	144,592	(8,253)	603,228	598,374	(4,854)
<b>Expenditures:</b>									
Current:									
General Government	18,749	7,666	11,083	11,973	8,680	3,293	66,679	45,516	21,163
Education	----	----	----	400	199	201	12,377	9,188	3,189
Natural and Economic Resources	91,350	79,168	12,182	89,628	74,248	15,380	279,079	230,569	48,510
Transportation and Law									
Enforcement	----	----	----	23,459	19,810	3,649	61,481	51,129	10,352
Human Services	----	----	----	19,889	14,332	5,557	249,924	223,292	26,632
Debt Service	----	----	----	129	100	29	135	105	30
Total Expenditures	110,099	86,834	23,265	145,478	117,369	28,109	669,675	559,799	109,876
Excess Revenues									
(Expenditures)	(18,412)	(1,517)	16,895	7,367	27,223	19,856	(66,447)	38,575	105,022
<b>Other Financing Sources (Uses):</b>									
Transfers In	----	----	----	44,279	37,669	(6,610)	95,602	83,744	(11,858)
Transfers Out	(7,781)	(6,877)	904	(68,985)	(63,720)	5,265	(240,296)	(151,326)	88,970
Total Other Financing									
Sources (Uses)	(7,781)	(6,877)	904	(24,706)	(26,051)	(1,345)	(144,694)	(67,582)	77,112
Net Change in Fund Balances	(26,193)	(8,394)	17,799	(17,339)	1,172	18,511	(211,141)	(29,007)	182,134
Fund Balances – Beginning	56,449	56,449	----	62,485	62,485	----	294,998	294,998	----
Fund Balances – Ending	\$ 30,256	\$ 48,055	\$ 17,799	\$ 45,146	\$ 63,657	\$ 18,511	\$ 83,857	\$ 265,991	\$ 182,134
Reconciling Items:									
Reclassifying Cash Equivalents as Investments		(43,816)			(57,966)			(241,985)	
Investments at Fair Value		43,968			58,189			254,134	
Receivables		11,695			2,215			22,438	
Due from Other Funds		246			704			1,344	
Inventories		----			190			235	
Accounts Payable		(300)			(3,782)			(9,071)	
Accrued Payroll		(459)			(2,089)			(3,536)	
Due to Other Funds		(88)			(163)			(507)	
Deferred Revenue		(1,599)			(331)			(5,874)	
Fund Balance per GAAP	\$ 57,702			\$ 60,624			\$ 283,169		

This schedule is continued from pages 109–110.



*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, 2009  
(In Thousands of Dollars)**

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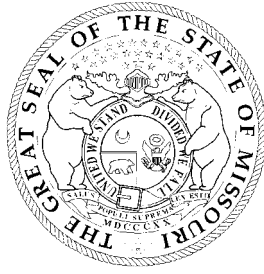
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Totals  June 30, 2009
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,917	\$ 4,263	\$ 2,022	\$ 333	\$ 10,535
Investments	34,014	37,016	17,561	2,888	91,479
Interest Receivable	190	208	98	16	512
	<u>190</u>	<u>208</u>	<u>98</u>	<u>16</u>	<u>512</u>
Total Assets	<u>\$ 38,121</u>	<u>\$ 41,487</u>	<u>\$ 19,681</u>	<u>\$ 3,237</u>	<u>\$ 102,526</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Deferred Revenue	\$ 128	\$ 141	\$ 66	\$ 11	\$ 346
	<u>128</u>	<u>141</u>	<u>66</u>	<u>11</u>	<u>346</u>
Total Liabilities	<u>128</u>	<u>141</u>	<u>66</u>	<u>11</u>	<u>346</u>
Fund Balances:					
Reserved for Debt Service	37,993	41,346	19,615	3,226	102,180
	<u>37,993</u>	<u>41,346</u>	<u>19,615</u>	<u>3,226</u>	<u>102,180</u>
Total Fund Balances	<u>37,993</u>	<u>41,346</u>	<u>19,615</u>	<u>3,226</u>	<u>102,180</u>
Total Liabilities and Fund Balances	<u>\$ 38,121</u>	<u>\$ 41,487</u>	<u>\$ 19,681</u>	<u>\$ 3,237</u>	<u>\$ 102,526</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(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, 2009
<b>Revenues:</b>					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ 115	\$ 66	\$ 52	\$ 9	\$ 242
Interest	1,017	1,272	568	88	2,945
Cost Reimbursement/ Miscellaneous	60	---	---	---	60
Total Revenues	1,192	1,338	620	97	3,247
<b>Expenditures:</b>					
Debt Service:					
Principal	14,270	41,925	8,130	730	65,055
Interest	14,664	4,980	8,896	1,755	30,295
Total Expenditures	28,934	46,905	17,026	2,485	95,350
Excess Revenues (Expenditures)	(27,742)	(45,567)	(16,406)	(2,388)	(92,103)
<b>Other Financing Sources (Uses):</b>					
Transfers In	34,881	37,018	17,899	2,797	92,595
Total Other Financing Sources (Uses)	34,881	37,018	17,899	2,797	92,595
Net Change in Fund Balances	7,139	(8,549)	1,493	409	492
Fund Balances – Beginning	30,854	49,895	18,122	2,817	101,688
Fund Balances – Ending	\$ 37,993	\$ 41,346	\$ 19,615	\$ 3,226	\$ 102,180

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, 2009  
(In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>															
Interest	\$ 1,429	\$ 1,075	\$ (354)	\$ 2,441	\$ 1,401	\$ (1,040)	\$ 885	\$ 607	\$ (278)	\$ 137	\$ 94	\$ (43)	\$ 4,892	\$ 3,177	\$ (1,715)
Reimbursement/Miscellaneous	81	61	(20)	---	---	---	2	1	(1)	2	1	(1)	85	63	(22)
Total Revenues	1,510	1,136	(374)	2,441	1,401	(1,040)	887	608	(279)	139	95	(44)	4,977	3,240	(1,737)
<b>Expenditures:</b>															
Debt Service	28,938	28,934	4	46,905	46,905	---	17,078	17,026	52	2,579	2,485	94	95,500	95,350	150
Total Expenditures	28,938	28,934	4	46,905	46,905	---	17,078	17,026	52	2,579	2,485	94	95,500	95,350	150
Excess Revenues (Expenditures)	(27,428)	(27,798)	(370)	(44,464)	(45,504)	(1,040)	(16,191)	(16,418)	(227)	(2,440)	(2,390)	50	(90,523)	(92,110)	(1,587)
<b>Other Financing Sources (Uses):</b>															
Transfers In	35,328	34,881	(447)	37,018	37,018	---	17,899	17,899	---	2,797	2,797	---	93,042	92,595	(447)
Total Other Financing Sources (Uses)	35,328	34,881	(447)	37,018	37,018	---	17,899	17,899	---	2,797	2,797	---	93,042	92,595	(447)
Net Change in Fund Balances	7,900	7,083	(817)	(7,446)	(8,486)	(1,040)	1,708	1,481	(227)	357	407	50	2,519	485	(2,034)
Fund Balances – Beginning	30,622	30,622	---	49,519	49,519	---	17,985	17,985	---	2,796	2,796	---	100,922	100,922	---
Fund Balances – Ending	\$ 38,522	\$ 37,705	\$ (817)	\$ 42,073	\$ 41,033	\$ (1,040)	\$ 19,693	\$ 19,466	\$ (227)	\$ 3,153	\$ 3,203	\$ 50	\$ 103,441	\$ 101,407	\$ (2,034)
Reconciling Items:															
Reclassifying Cash Equivalents as Investments		(33,788)			(36,770)			(17,444)			(2,870)			(90,872)	
Investments at Fair Value		34,014			37,016			17,561			2,888			91,479	
Interest Receivable		190			208			98			16			512	
Deferred Revenues		(128)			(141)			(66)			(11)			(346)	
Fund Balances – GAAP Basis		\$ 37,993			\$ 41,346			\$ 19,615			\$ 3,226			\$ 102,180	



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



### **Non-Major Capital Projects Funds:**

**Veterans' Homes Capital Improvement** – Accounts for fees collected from the sale of bingo cards to be used for the construction or renovation of veterans' homes and cemeteries in the State.

**Water Pollution Control** – Accounts for bond sale proceeds to be used for the protection of the environment through the control of water pollution.

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

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

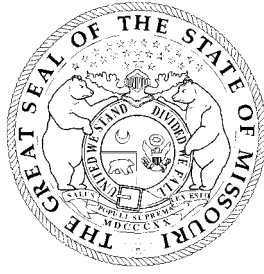
**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
June 30, 2009  
(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Board of Public Building Revenue Bond	Totals June 30, 2009
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,579	\$ 3,341	\$ 218	\$ 5,138
Investments	16,277	29,016	1,892	47,185
Interest Receivable	59	179	10	248
Total Assets	<u>\$ 17,915</u>	<u>\$ 32,536</u>	<u>\$ 2,120</u>	<u>\$ 52,571</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 30	\$ ---	\$ ---	\$ 30
Accrued Payroll	53	---	---	53
Due to Other Funds	5	---	---	5
Deferred Revenue	40	121	7	168
Total Liabilities	<u>128</u>	<u>121</u>	<u>7</u>	<u>256</u>
Fund Balances:				
Unreserved	<u>17,787</u>	<u>32,415</u>	<u>2,113</u>	<u>52,315</u>
Total Fund Balances	<u>17,787</u>	<u>32,415</u>	<u>2,113</u>	<u>52,315</u>
Total Liabilities and Fund Balances	<u>\$ 17,915</u>	<u>\$ 32,536</u>	<u>\$ 2,120</u>	<u>\$ 52,571</u>

NOTE: The Fourth State Building is not included in the Capital Projects Funds Combining Balance Sheet because there were no assets, liabilities, or fund equity at June 30, 2009.

**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, 2009**  
**(In Thousands of Dollars)**

	Veterans' Homes Capital Improvement	Water Pollution Control	Fourth State Building	Board of Public Building Revenue Bond	Totals June 30, 2009
<b>Revenues:</b>					
Contributions and Intergovernmental	\$ 1,172	\$ ---	\$ ---	\$ ---	\$ 1,172
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	23	13	(4)	4	36
Interest	386	1,253	---	64	1,703
<b>Total Revenues</b>	<b>1,581</b>	<b>1,266</b>	<b>(4)</b>	<b>68</b>	<b>2,911</b>
<b>Expenditures:</b>					
Current:					
General Government	43	---	---	---	43
Natural and Economic Resources	---	18,540	---	---	18,540
Transportation and Law Enforcement	3,386	---	---	---	3,386
Capital Outlay:					
Transportation and Law Enforcement	2,037	---	---	---	2,037
Human Services	---	---	---	306	306
<b>Total Expenditures</b>	<b>5,466</b>	<b>18,540</b>	<b>---</b>	<b>306</b>	<b>24,312</b>
<b>Excess Revenues (Expenditures)</b>	<b>(3,885)</b>	<b>(17,274)</b>	<b>(4)</b>	<b>(238)</b>	<b>(21,401)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	2	---	---	---	2
Transfers In	6,000	---	---	---	6,000
Transfers Out	---	---	(1,115)	---	(1,115)
<b>Total Other Financing Sources (Uses)</b>	<b>6,002</b>	<b>---</b>	<b>(1,115)</b>	<b>---</b>	<b>4,887</b>
<b>Net Change in Fund Balances</b>	<b>2,117</b>	<b>(17,274)</b>	<b>(1,119)</b>	<b>(238)</b>	<b>(16,514)</b>
<b>Fund Balances – Beginning</b>	<b>15,670</b>	<b>49,689</b>	<b>1,119</b>	<b>2,351</b>	<b>68,829</b>
<b>Fund Balances – Ending</b>	<b>\$ 17,787</b>	<b>\$ 32,415</b>	<b>\$ ---</b>	<b>\$ 2,113</b>	<b>\$ 52,315</b>



*The **Permanent Funds** account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.*

## **Permanent Funds:**

**Arrow Rock State Historic Site Endowment** – Accounts for moneys transferred from the State Parks Earnings Fund, as well as other moneys or property received by grant, gift, donation, or bequest specified for the enhancement of the Arrow Rock State Historic Site.

**Confederate Memorial Park** – Accounts for the income from investments acquired by gifts, donations, and bequests to be used for the maintenance of the Confederate Memorial Park.

**State Public School** – Accounts for all moneys, bonds, lands, and other properties belonging to or donated to the State for public school use in establishing and maintaining free public schools.

**Smith Memorial Endowment Trust** – Accounts for moneys bequeathed for the use and benefit of the Crippled Children's Service.

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

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
June 30, 2009  
(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, 2009
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 2	\$ 15	\$ 146	\$ 34	\$ ---	\$ 197
Investments	25	154	35,747	359	17,255	53,540
Interest Receivable	---	1	---	1	---	2
Total Assets	<u>\$ 27</u>	<u>\$ 170</u>	<u>\$ 35,893</u>	<u>\$ 394</u>	<u>\$ 17,255</u>	<u>\$ 53,739</u>
<b>FUND BALANCES</b>						
Reserved for Trust Principal	\$ 27	\$ 75	\$ 35,893	\$ 365	\$ 17,255	\$ 53,615
Unreserved	---	95	---	29	---	124
Total Fund Balances	<u>\$ 27</u>	<u>\$ 170</u>	<u>\$ 35,893</u>	<u>\$ 394</u>	<u>\$ 17,255</u>	<u>\$ 53,739</u>

NOTE: There were no liabilities at June 30, 2009.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(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, 2009
<b>Revenues:</b>						
Investment Earnings:						
Net Increase (Decrease) in the						
Fair Value of Investments	\$ ---	\$ 1	\$ (946)	\$ ---	\$ (11,368)	\$ (12,313)
Interest	---	4	1,004	9	---	1,017
Penalties and Unclaimed						
Properties	---	---	1,985	---	---	1,985
Miscellaneous	---	---	20	---	---	20
Total Revenues	---	5	2,063	9	(11,368)	(9,291)
<b>Expenditures:</b>						
Human Services	---	---	---	5	---	5
Total Expenditures	---	---	---	5	---	5
Excess Revenues (Expenditures)	---	5	2,063	4	(11,368)	(9,296)
Net Change in Fund Balances	---	5	2,063	4	(11,368)	(9,296)
Fund Balances – Beginning	27	165	33,830	390	28,623	63,035
Fund Balances – Ending	\$ 27	\$ 170	\$ 35,893	\$ 394	\$ 17,255	\$ 53,739

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, 2009  
(In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Interest	\$ 1	\$ ---	\$ (1)	\$ 5	\$ 4	\$ (1)	\$ ---	\$ 1,005	\$ 1,005	\$ 18	\$ 10	\$ (8)
Penalties and Unclaimed Property	---	---	---	---	---	---	---	366	366	---	---	---
Reimbursement/Miscellaneous	---	---	---	---	---	---	---	19	19	---	---	---
Total Revenues	1	---	(1)	5	4	(1)	---	1,390	1,390	18	10	(8)
<b>Expenditures:</b>												
Current:												
Human Services	---	---	---	---	---	---	---	---	---	35	5	30
Total Expenditures	---	---	---	---	---	---	---	---	---	35	5	30
Excess Revenues (Expenditures)	1	---	(1)	5	4	(1)	---	1,390	1,390	(17)	5	22
<b>Other Financing Sources (Uses):</b>												
Transfers In	---	---	---	---	---	---	1,619	1,619	---	---	---	---
Total Other Financing Sources (Uses)	---	---	---	---	---	---	1,619	1,619	---	---	---	---
Net Change in Fund Balances	1	---	(1)	5	4	(1)	1,619	3,009	1,390	(17)	5	22
Fund Balances – Beginning	27	27	---	164	164	---	2,469	16,591	14,122	387	387	---
Fund Balances – Ending	<u>\$ 28</u>	<u>\$ 27</u>	<u>\$ (1)</u>	<u>\$ 169</u>	<u>\$ 168</u>	<u>\$ (1)</u>	<u>\$ 4,088</u>	<u>\$ 19,600</u>	<u>\$ 15,512</u>	<u>\$ 370</u>	<u>\$ 392</u>	<u>\$ 22</u>
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(25)			(153)			(19,454)			(358)	
Investments at Fair Value		25			154			35,747			359	
Interest Receivable		---			1			---			1	
Fund Balance – GAAP Basis		<u>\$ 27</u>			<u>\$ 170</u>			<u>\$ 35,893</u>			<u>\$ 394</u>	

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

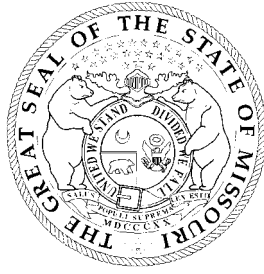
This schedule is continued on page 123.



	Totals		
	Budget	Actual	Variance
<b>Revenues:</b>			
Interest	\$ 24	\$ 1,019	\$ 995
Penalties and Unclaimed			
Property	---	366	366
Reimbursement/Miscellaneous	---	19	19
Total Revenues	24	1,404	1,380
<b>Expenditures:</b>			
Current:			
Human Services	35	5	30
Total Expenditures	35	5	30
Excess Revenues (Expenditures)	(11)	1,399	1,410
<b>Other Financing Sources (Uses):</b>			
Transfers In	1,619	1,619	---
Total Other Financing Sources (Uses)	1,619	1,619	---
Net Change in Fund Balances	1,608	3,018	1,410
Fund Balances – Beginning	3,047	17,169	14,122
Fund Balances – Ending	\$ 4,655	\$ 20,187	\$ 15,532
Reconciling Items:			
Reclassifying Cash Equivalents as Investments		(19,990)	
Investments at Fair Value		36,285	
Interest Receivable		2	
Fund Balance – GAAP Basis		\$ 36,484	

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 122.



*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, 2009**  
**(In Thousands of Dollars)**

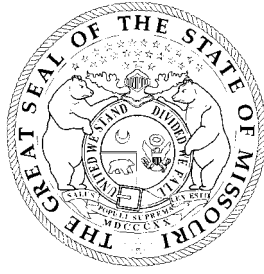
	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals  June 30, 2009
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 29	\$ 2,739	\$ 51	\$ 230	\$ 787	\$ 239	\$ 87	\$ 4,162
Investments	296	28,034	522	2,365	8,126	2,467	941	42,751
Accounts Receivable, Net	---	47	4	---	193	117	206	567
Interest Receivable	1	---	---	10	41	11	---	63
Due from Other Funds	4	2	90	---	---	7	---	103
Inventories	1	392	497	---	163	---	---	1,053
Prepaid Items	---	---	22	---	---	---	---	22
Loans Receivable	---	---	---	520	---	---	---	520
Noncurrent Assets:								
Assets Held for Resale	---	---	---	115	---	---	---	115
Capital Assets:								
Construction in Progress	---	3,578	---	---	13	1,699	---	5,290
Land	---	8,515	---	---	---	---	---	8,515
Land Improvements	76	7,159	---	---	42	169	---	7,446
Buildings	3	22,771	---	480	164	161	---	23,579
Equipment	421	12,391	17,738	34	5,437	972	168	37,161
Less Accumulated Depreciation	(404)	(22,163)	(11,039)	(165)	(3,756)	(1,049)	(156)	(38,732)
Total Capital Assets (Net of Accumulated Depreciation)	96	32,251	6,699	349	1,900	1,952	12	43,259
Total Assets	427	63,465	7,885	3,589	11,210	4,793	1,246	92,615
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	9	166	28	14	362	172	6	757
Accrued Payroll	50	59	4	7	1,717	26	20	1,883
Due to Other Funds	42	8	16	---	14	7	8	95
Unearned Revenue	---	---	41	---	---	---	---	41
Obligations Under Lease Purchase	---	---	94	---	---	---	---	94
Compensated Absences	29	76	4	14	2,189	44	35	2,391
Noncurrent Liabilities:								
Obligations Under Lease Purchase	---	---	116	---	---	---	---	116
Compensated Absences	65	---	6	7	---	---	1	79
Total Liabilities	195	309	309	42	4,282	249	70	5,456
<b>NET ASSETS</b>								
Invested in Capital Assets, Net of Related Debt	96	32,251	6,489	349	1,900	1,952	12	43,049
Unrestricted	136	30,905	1,087	3,198	5,028	2,592	1,164	44,110
Total Net Assets	\$ 232	\$ 63,156	\$ 7,576	\$ 3,547	\$ 6,928	\$ 4,544	\$ 1,176	\$ 87,159

**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, 2009**  
**(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, 2009
<b>Operating Revenues:</b>								
Licenses, Fees, and Permits	\$ 2,604	\$ 4,891	\$ 114	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,609
Sales	---	657	132	---	457	2,677	3,207	7,130
Leases and Rentals	1,036	2,209	---	---	---	---	---	3,245
Charges for Services	---	---	---	---	27,193	---	---	27,193
Cost Reimbursement/Miscellaneous	---	419	---	---	162	134	---	715
Total Operating Revenues	<u>3,640</u>	<u>8,176</u>	<u>246</u>	<u>---</u>	<u>27,812</u>	<u>2,811</u>	<u>3,207</u>	<u>45,892</u>
<b>Operating Expenses:</b>								
Cost of Goods Sold	---	---	759	---	---	703	---	1,462
Personal Service	1,394	8,033	93	245	55,962	907	702	67,336
Operations	2,646	3,592	281	72	2,974	233	4,407	14,205
Inventories	21	234	---	2	2,628	5	119	3,009
Specific Programs	22	18	4	382	300	---	---	726
Depreciation	24	1,795	1,003	10	347	75	12	3,266
Other Charges	189	212	4	3	25	9	57	499
Total Operating Expenses	<u>4,296</u>	<u>13,884</u>	<u>2,144</u>	<u>714</u>	<u>62,236</u>	<u>1,932</u>	<u>5,297</u>	<u>90,503</u>
Operating Income (Loss)	<u>(656)</u>	<u>(5,708)</u>	<u>(1,898)</u>	<u>(714)</u>	<u>(34,424)</u>	<u>879</u>	<u>(2,090)</u>	<u>(44,611)</u>
<b>Non-Operating Revenues (Expenses):</b>								
Contributions and Intergovernmental	136	1,245	3,632	---	36,554	181	44	41,792
Interest Expense	---	---	(9)	---	---	---	---	(9)
Investment Earnings:								
Net Increase (Decrease) in the								
Fair Value of Investments	1	20	---	3	16	2	(4)	38
Interest	7	---	---	68	215	76	---	366
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Capital Assets	---	2	204	---	(10)	177	---	373
Total Non-Operating Revenues (Expenses)	<u>144</u>	<u>1,268</u>	<u>3,827</u>	<u>71</u>	<u>36,775</u>	<u>436</u>	<u>40</u>	<u>42,561</u>
Income (Loss) Before Transfers	(512)	(4,440)	1,929	(643)	2,351	1,315	(2,050)	(2,050)
Capital Contributions	---	---	143	---	---	---	---	143
Transfers In	---	---	---	873	---	---	---	873
Transfers Out	---	---	---	---	---	(30)	---	(30)
Change in Net Assets	(512)	(4,440)	2,072	230	2,351	1,285	(2,050)	(1,064)
Total Net Assets - Beginning	744	67,596	5,504	3,317	4,577	3,259	3,226	88,223
Total Net Assets - Ending	<u>\$ 232</u>	<u>\$ 63,156</u>	<u>\$ 7,576</u>	<u>\$ 3,547</u>	<u>\$ 6,928</u>	<u>\$ 4,544</u>	<u>\$ 1,176</u>	<u>\$ 87,159</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(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, 2009
<b>Cash Flows from Operating Activities:</b>								
Receipts from Internal Customers and Users	\$ 54	\$ ---	\$ ---	\$ ---	\$ ---	\$ 505	\$ ---	\$ 559
Receipts from External Customers and Users	3,586	7,650	246	---	27,594	2,306	3,057	44,439
Payments to Suppliers	(2,681)	(3,638)	(1,187)	(64)	(5,354)	(799)	(4,526)	(18,249)
Payments to Employees	(1,280)	(7,983)	(89)	(239)	(55,425)	(915)	(688)	(66,619)
Payments Made for Program Expense	(22)	(18)	(4)	(382)	(300)	---	---	(726)
Other Receipts (Payments)	(189)	207	(4)	(3)	137	125	(57)	216
Net Cash Provided (Used) by Operating Activities	(532)	(3,782)	(1,038)	(688)	(33,348)	1,222	(2,214)	(40,380)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	---	14	---	---	---	14
Due to/from Other Funds	14	7	36	---	1	(6)	2	54
Contributions and Intergovernmental	136	621	2,451	---	36,554	---	44	39,806
Transfers to/from Other Funds	---	---	---	873	---	(30)	---	843
Net Cash Provided (Used) by Non-Capital Financing Activities	150	628	2,487	887	36,555	(36)	46	40,717
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Interest Expense	---	---	(9)	---	---	---	---	(9)
Purchases and Construction of Capital Assets	---	(2,145)	(1,393)	(1)	(454)	(1,532)	---	(5,525)
Capital Lease Downpayment/Obligations	---	---	(122)	---	---	---	---	(122)
Disposal of Capital Assets	---	---	---	---	---	---	1	1
Net Cash Provided (Used) by Capital and Related Financing Activities	---	(2,145)	(1,524)	(1)	(454)	(1,532)	1	(5,655)
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Investment Maturities	349	5,291	77	---	---	274	2,012	8,003
Purchase of Investments	---	---	---	(218)	(2,650)	---	---	(2,868)
Interest and Dividends Received	9	---	---	74	236	86	---	405
Penalties and Other Receipts	---	1	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	358	5,292	77	(144)	(2,414)	360	2,012	5,541
Net Increase (Decrease) in Cash	(24)	(7)	2	54	339	14	(155)	223
Cash and Cash Equivalents, Beginning of Year	53	2,746	49	176	448	225	242	3,939
Cash and Cash Equivalents, End of Year	\$ 29	\$ 2,739	\$ 51	\$ 230	\$ 787	\$ 239	\$ 87	\$ 4,162
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (656)	\$ (5,708)	\$ (1,898)	\$ (714)	\$ (34,424)	\$ 879	\$ (2,090)	\$ (44,611)
Depreciation Expense	24	1,795	1,003	10	347	75	12	3,266
Changes in Assets and Liabilities:								
Accounts Receivable	---	(47)	---	---	(54)	134	(150)	(117)
Inventories	(1)	205	(83)	---	548	1	7	677
Accounts Payable	(13)	(17)	(64)	10	(300)	141	(7)	(250)
Accrued Payroll	23	14	1	1	166	(1)	4	208
Unearned Revenue	---	(60)	---	---	(2)	---	---	(62)
Compensated Absences	91	36	3	5	371	(7)	10	509
Net Cash Provided (Used) by Operating Activities	\$ (532)	\$ (3,782)	\$ (1,038)	\$ (688)	\$ (33,348)	\$ 1,222	\$ (2,214)	\$ (40,380)
<b>Non-Cash Financing and Investing Activities:</b>								
Capital Lease Issuance	\$ ---	\$ ---	\$ 88	\$ ---	\$ ---	\$ ---	\$ ---	\$ 88
Capital Asset Donations	---	624	1,324	---	---	181	---	2,129
Increase (Decrease) in Fair Value of Investments	1	20	---	3	16	2	(4)	38
Net Non-Cash Financing and Investing Activities	\$ 1	\$ 644	\$ 1,412	\$ 3	\$ 16	\$ 183	\$ (4)	\$ 2,255



*The **Internal Service Funds** account for the financing of goods or services provided by one department or agency to other departments or agencies of the State on a cost-reimbursement basis.*

## **Internal Service Funds:**

**Natural Resources Cost Allocation** – Accounts for the administrative costs of the Department of Natural Resources.

**Mental Health Interagency Payments** – Accounts for moneys received through interagency agreements for services provided by other agencies.

**State Facility Maintenance and Operation** – Accounts for moneys collected from tenants for rent to cover the costs of operations in state-owned office buildings and institutions, charges to tenants in leased space to cover costs of real estate administrative services, and charges to capital improvement projects to cover the costs of project management services.

**Office of Administration Revolving** – Accounts for the following operations: printing services, flight operations, vehicle management, garage services, data processing and telecommunication services, building and grounds, insurance services, postage, and personnel administration.

**Working Capital Revolving** – Accounts for the operation of correctional industry programs and correctional farm programs.

**General Government Revolving** – Accounts for various service operations of the House of Representatives, Supreme Court, Adjutant General, Senate, Treasurer, and Department of Corrections.

**Social Services Administrative Trust** – Accounts for moneys transferred or paid to the Department of Social Services from any governmental entity or the public for goods and services provided.

**Economic Development Administrative** – Accounts for moneys collected for goods and services provided to other divisions and used to pay the cost of providing such services.

**Professional Registration Fees** – Accounts for moneys received from the professional boards for administrative services.

**Conservation Employees' Insurance Plan** – Accounts for health insurance coverage on a self-insured basis and life insurance coverage by a third party provider for Department of Conservation employees.

**Transportation Self-Insurance Plan** – Accounts for highway and highway patrol moneys used to pay workers' compensation claims. Moneys are also used to pay auto claims against the Department of Transportation.

**Missouri State Employees' Insurance Plan** – Accounts for long-term disability and death benefits provided on a self-insured basis for state employees.

**Missouri Consolidated Health Care Plan** – Accounts for medical care benefits provided on a self-insured basis for active state employees.

**MoDOT and MSHP Medical and Life Insurance Plan** – Accounts for the medical coverage provided on a self-insured basis and death benefits provided on an insured basis to Department of Transportation employees and members of the Missouri State Highway Patrol.



STATE OF MISSOURI  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2009  
(In Thousands of Dollars)

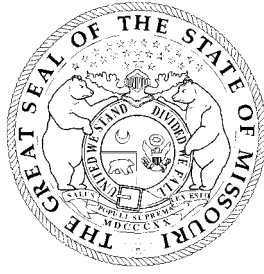
	Natural Resources Cost Allocation	Mental Health Interagency Payments	State Facility Maintenance and Operation	Office of Administration Revolving	Working Capital Revolving	General Government Revolving	Social Services Administrative Trust	Economic Development Administrative	Professional Registration Fees	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, 2009
<b>ASSETS</b>															
Current Assets:															
Cash and Cash Equivalents	\$ 126	\$ 118	\$ 360	\$ 907	\$ 1,053	\$ 1,967	\$ 38	\$ 17	\$ 23	\$ 1,057	\$ 10,358	\$ ---	\$ 57,632	\$ 9,571	\$ 83,227
Investments	1,296	1,215	4,605	12,502	10,852	20,271	391	177	243	4,022	27,417	2,642	31,532	12,565	129,730
Accounts Receivable, Net	---	---	---	539	551	31,146	---	---	---	417	---	1,158	7,931	1,770	43,512
Interest Receivable	---	---	2	---	---	---	---	---	---	35	320	---	---	119	476
Due from Other Funds	---	135	17,552	4,606	1,890	26	531	9	---	---	---	---	---	---	24,749
Inventories	9	16	5,608	928	10,632	---	106	2	12	---	---	---	---	---	17,313
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	133	---	133
Non-Current Assets:															
Investments	---	---	---	---	---	---	---	---	---	---	30,174	---	---	14,343	44,517
Restricted Assets:															
Cash and Cash Equivalents	---	---	1,283	1,128	---	---	---	---	---	---	---	---	---	---	2,411
Investments	---	---	---	---	---	---	---	---	---	---	200	---	---	100	300
Capital Assets:															
Construction in Progress	---	---	108,268	1,020	24	---	---	---	---	---	---	---	---	---	109,312
Land	---	---	8,332	---	41	---	---	---	---	---	---	---	---	---	8,373
Land Improvements	---	---	3,090	---	62	---	---	---	---	---	---	---	---	---	3,152
Buildings	4,228	---	446,128	9,972	6,811	---	---	---	2,300	---	---	---	---	---	469,439
Equipment	6,014	2,720	12,036	36,181	24,697	2,077	141	493	1,807	---	---	---	2,941	---	89,107
Software	---	---	12	---	---	---	---	3	---	---	---	---	---	---	15
Less Accumulated Depreciation	(4,142)	(2,400)	(169,844)	(25,972)	(25,614)	(421)	(128)	(400)	(2,381)	---	---	---	(2,350)	---	(233,652)
Total Capital Assets (Net of Accumulated Depreciation)	6,100	320	408,022	21,201	6,021	1,656	13	96	1,726	---	---	---	591	---	445,746
Total Assets	7,531	1,804	437,432	41,811	30,999	55,066	1,079	301	2,004	5,531	68,469	3,800	97,819	38,468	792,114
<b>LIABILITIES</b>															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	3	---	---	3
Accounts Payable	113	22	1,191	3,784	59	1,625	28	29	77	82	199	3,265	19,335	2,991	32,800
Accrued Payroll	279	---	789	363	276	44	---	50	140	---	---	---	---	---	1,941
Due to Other Funds	64	---	65	55	122	138	29	6	26	---	---	---	---	---	505
Unearned Revenue	---	---	---	1,970	---	---	---	---	---	---	---	---	11,396	7,753	21,119
Claims Liability	---	---	---	---	---	---	---	---	---	1,808	17,325	---	46,036	12,000	77,169
Obligations under Lease Purchase	361	---	196	1,993	---	---	---	---	---	---	---	---	---	---	2,550
Compensated Absences	579	---	2,027	665	589	82	---	79	242	---	---	---	22	---	4,285
Non-Current Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	51,451	---	---	---	51,451
Obligations under Lease Purchase	3,278	---	1,735	2,014	---	---	---	---	---	---	---	---	---	---	7,027
Compensated Absences	226	---	9	240	87	---	---	12	46	---	---	---	235	---	855
Total Liabilities	4,900	22	6,012	11,084	1,133	1,889	57	176	531	1,890	68,975	3,268	77,024	22,744	199,705
<b>NET ASSETS</b>															
Invested in Capital Assets, Net of Related Debt	2,461	320	406,091	17,194	6,021	1,656	13	96	1,726	---	---	---	591	---	436,169
Restricted for:															
Revenue Bonds	---	---	1,283	---	---	---	---	---	---	---	---	---	---	---	1,283
Other Purposes	---	---	---	1,128	---	---	---	---	---	---	200	---	---	100	1,428
Unrestricted	170	1,462	24,046	12,405	23,845	51,521	1,009	29	(253)	3,641	(706)	532	20,204	15,624	153,529
Total Net Assets	\$ 2,631	\$ 1,782	\$ 431,420	\$ 30,727	\$ 29,866	\$ 53,177	\$ 1,022	\$ 125	\$ 1,473	\$ 3,641	\$ (506)	\$ 532	\$ 20,795	\$ 15,724	\$ 592,409

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(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, 2009
<b>Operating Revenues:</b>															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 7,770	\$ 14,700	\$ ---	\$ 284,860	\$ 77,528	\$ 384,858
Employee Contributions	---	---	---	---	---	---	---	---	---	5,347	---	104,651	65,348	29,047	204,393
Medicare Part D Subsidy	---	---	---	---	---	---	---	---	---	37	---	---	---	3,259	3,296
Licenses, Fees, and Permits	---	---	2	---	---	20,769	---	1	6,288	---	---	---	---	---	27,060
Sales	---	---	---	---	39,092	12	2	---	---	---	---	---	---	---	39,106
Leases and Rentals	---	---	94,714	---	121	10	---	---	---	---	---	---	---	---	94,845
Charges for Services	16,885	6,350	5,717	68,253	---	714	5,771	1,651	---	---	---	---	---	---	105,341
Cost Reimbursement/Miscellaneous	43	---	27	21,157	1	21	---	140	4	430	375	1,027	---	2,824	26,049
Total Operating Revenues	<u>16,928</u>	<u>6,350</u>	<u>100,460</u>	<u>89,410</u>	<u>39,214</u>	<u>21,526</u>	<u>5,773</u>	<u>1,792</u>	<u>6,292</u>	<u>13,584</u>	<u>15,075</u>	<u>105,678</u>	<u>350,208</u>	<u>112,658</u>	<u>884,948</u>
<b>Operating Expenses:</b>															
Cost of Goods Sold	---	---	---	8,814	18,255	---	---	---	---	---	---	---	---	---	27,069
Personal Service	9,942	---	27,218	12,132	9,812	1,530	---	1,419	4,457	---	---	625	3,606	---	70,741
Operations	4,361	275	54,943	61,958	4,940	10,920	5,470	382	1,328	1,018	749	216	22,661	6,810	176,031
Inventories	145	3	1,909	708	2,847	54	---	11	65	---	---	---	---	---	5,742
Specific Programs	16	9,978	9,704	---	19	3,875	---	2	6	---	---	---	---	---	23,600
Insurance Benefits	---	---	---	---	---	---	---	---	---	15,026	18,462	104,652	411,593	101,989	651,722
Depreciation	842	286	8,894	6,571	1,033	371	28	50	310	---	---	---	284	---	18,669
Other Charges	174	8	185	856	1,686	94	---	22	126	13	---	---	---	14	3,178
Total Operating Expenses	<u>15,480</u>	<u>10,550</u>	<u>102,853</u>	<u>91,039</u>	<u>38,592</u>	<u>16,844</u>	<u>5,498</u>	<u>1,886</u>	<u>6,292</u>	<u>16,057</u>	<u>19,211</u>	<u>105,493</u>	<u>438,144</u>	<u>108,813</u>	<u>976,752</u>
Operating Income (Loss)	<u>1,448</u>	<u>(4,200)</u>	<u>(2,393)</u>	<u>(1,629)</u>	<u>622</u>	<u>4,682</u>	<u>275</u>	<u>(94)</u>	<u>---</u>	<u>(2,473)</u>	<u>(4,136)</u>	<u>185</u>	<u>(87,936)</u>	<u>3,845</u>	<u>(91,804)</u>
<b>Non-Operating Revenues (Expenses):</b>															
Contributions and Intergovernmental	---	---	8	---	---	9	---	---	---	---	---	---	---	---	17
Interest Expense	(158)	---	(2)	(157)	---	---	---	---	---	---	---	---	---	---	(317)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	2	(7)	6	15	20	18	1	---	1	79	679	---	---	151	965
Interest	---	---	168	---	---	---	---	---	---	225	2,439	21	2,505	1,001	6,359
Disposal of Capital Assets	2	(20)	2	7	4	---	(1)	(1)	3	---	---	---	---	---	(4)
Total Non-Operating Revenues (Expenses)	<u>(154)</u>	<u>(27)</u>	<u>182</u>	<u>(135)</u>	<u>24</u>	<u>27</u>	<u>---</u>	<u>(1)</u>	<u>4</u>	<u>304</u>	<u>3,118</u>	<u>21</u>	<u>2,505</u>	<u>1,152</u>	<u>7,020</u>
Income (Loss) Before Transfers	1,294	(4,227)	(2,211)	(1,764)	646	4,709	275	(95)	4	(2,169)	(1,018)	206	(85,431)	4,997	(84,784)
Capital Contributions	---	---	31,097	---	---	---	---	---	---	---	---	---	---	---	31,097
Transfers In	---	---	29	---	---	---	---	---	2	---	---	---	---	---	31
Transfers Out	---	---	(6)	(159)	---	---	(5)	---	(36)	---	---	---	---	---	(206)
Change in Net Assets	1,294	(4,227)	28,909	(1,923)	646	4,709	270	(95)	(30)	(2,169)	(1,018)	206	(85,431)	4,997	(53,862)
Total Net Assets – Beginning	1,337	6,009	402,511	32,650	29,220	48,468	752	220	1,503	5,810	512	326	106,226	10,727	646,271
Total Net Assets – Ending	<u>\$ 2,631</u>	<u>\$ 1,782</u>	<u>\$ 431,420</u>	<u>\$ 30,727</u>	<u>\$ 29,866</u>	<u>\$ 53,177</u>	<u>\$ 1,022</u>	<u>\$ 125</u>	<u>\$ 1,473</u>	<u>\$ 3,641</u>	<u>\$ (506)</u>	<u>\$ 532</u>	<u>\$ 20,795</u>	<u>\$ 15,724</u>	<u>\$ 592,409</u>

STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2009  
(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, 2009
<b>Cash Flows from Operating Activities:</b>															
Receipts from Internal Customers and Users	\$ 16,885	\$ 6,134	\$ 100,433	\$ 66,513	\$ 28,661	\$ 143	\$ 5,771	\$ 1,635	\$ 6,288	\$ 7,876	\$ 14,700	\$ ---	\$ 276,008	\$ 77,528	\$ 608,575
Receipts from External Customers and Users	---	216	---	4,283	10,735	14,823	2	17	---	5,347	---	104,527	65,348	29,067	234,365
Payments to Suppliers	(4,561)	(478)	(57,404)	(71,206)	(23,449)	(9,827)	(5,512)	(381)	(1,411)	(1,079)	(560)	(3)	(21,682)	(5,230)	(202,783)
Payments to Employees	(9,833)	---	(27,105)	(11,979)	(9,711)	(1,507)	---	(1,398)	(4,417)	---	---	(625)	(3,601)	---	(70,176)
Payments Made for Program Expense	(16)	(9,978)	(9,704)	---	(19)	(3,875)	---	(2)	(6)	(14,482)	(14,857)	(104,652)	(403,651)	(102,389)	(663,631)
Other Receipts (Payments)	(131)	(8)	(158)	20,301	(1,685)	(73)	---	118	(122)	454	375	1,027	---	6,069	26,167
Net Cash Provided (Used) by Operating Activities	2,344	(4,114)	6,062	7,912	4,532	(316)	261	(11)	332	(1,884)	(342)	274	(87,578)	5,045	(67,483)
<b>Cash Flows from Non-Capital Financing Activities:</b>															
Due to/from Other Funds	(15)	(122)	(5,282)	(1,737)	(101)	135	(153)	8	1	---	---	---	---	---	(7,266)
Contributions and Intergovernmental	---	---	8	---	---	9	---	---	---	---	---	---	---	---	17
Transfers to/from Other Funds	---	---	23	(159)	---	---	(5)	---	(36)	---	---	---	---	---	(177)
Net Cash Provided (Used) by Non-Capital Financing Activities	(15)	(122)	(5,251)	(1,896)	(101)	144	(158)	8	(35)	---	---	---	---	---	(7,426)
<b>Cash Flows from Capital and Related Financing Activities:</b>															
Interest Expense	(158)	---	(2)	(157)	---	---	---	---	---	---	---	---	---	---	(317)
Purchase or Construction of Capital Assets	(1,528)	(17)	(22,661)	(3,336)	(1,056)	(1,992)	---	(71)	(112)	---	---	---	(270)	---	(31,043)
Bonds and Notes Payable	---	---	(3,747)	---	---	---	---	---	---	---	---	---	---	---	(3,747)
Capital Lease Downpayment/Obligations	(347)	---	(665)	(1,791)	(1)	---	---	---	---	---	---	---	---	---	(2,804)
Disposal of Capital Assets	---	---	---	---	---	---	1	---	---	---	---	---	---	---	1
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,033)	(17)	(27,075)	(5,284)	(1,057)	(1,992)	1	(71)	(112)	---	---	---	(270)	---	(37,910)
<b>Cash Flows from Investing Activities:</b>															
Proceeds from Sales and Investment Maturities	---	3,947	910	---	---	2,284	---	71	---	2,039	95,357	598,909	---	44,785	748,302
Purchase of Investments	(255)	---	---	(201)	(2,965)	---	(90)	---	(168)	---	(87,596)	(599,207)	(616)	(43,157)	(734,255)
Interest and Dividends Received	---	---	166	---	---	---	---	---	---	220	2,709	21	2,505	1,058	6,679
Investment Fees	---	---	---	---	---	---	---	---	---	---	---	---	---	(26)	(26)
Net Cash Provided (Used) by Investing Activities	(255)	3,947	1,076	(201)	(2,965)	2,284	(90)	71	(168)	2,259	10,470	(277)	1,889	2,660	20,700
Net Increase (Decrease) in Cash	41	(306)	(25,188)	531	409	120	14	(3)	17	375	10,128	(3)	(85,959)	7,705	(92,119)
Cash and Cash Equivalents, Beginning of Year	85	424	26,831	1,504	644	1,847	24	20	6	682	230	---	143,591	1,866	177,754
Cash and Cash Equivalents, End of Year	\$ 126	\$ 118	\$ 1,643	\$ 2,035	\$ 1,053	\$ 1,967	\$ 38	\$ 17	\$ 23	\$ 1,057	\$ 10,358	\$ (3)	\$ 57,632	\$ 9,571	\$ 85,635
<b>Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:</b>															
Operating Income (Loss)	\$ 1,448	\$ (4,200)	\$ (2,393)	\$ (1,629)	\$ 622	\$ 4,682	\$ 275	\$ (94)	\$ ---	\$ (2,473)	\$ (4,136)	\$ 185	\$ (87,936)	\$ 3,845	\$ (91,804)
Depreciation Expense	842	286	8,894	6,571	1,033	371	28	50	310	---	---	---	284	---	18,669
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	992	183	(6,539)	---	---	---	106	---	(124)	(3,847)	(525)	(9,754)
Inventories	---	---	1,793	(258)	2,655	---	(26)	---	---	---	---	---	---	---	4,164
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	(34)	---	(34)
Accounts Payable	(55)	(200)	(2,345)	532	(62)	1,147	(16)	12	(18)	(61)	189	213	1,013	1,580	1,929
Accrued Payroll	(16)	---	30	17	12	4	---	10	19	---	---	---	---	---	76
Unearned Revenue	---	---	---	1,551	---	---	---	---	---	---	---	---	(5,005)	545	(2,909)
Claims Liability	---	---	---	---	---	---	---	---	---	544	3,605	---	7,942	(400)	11,691
Compensated Absences	125	---	83	136	89	19	---	11	21	---	---	---	5	---	489
Net Cash Provided (Used) by Operating Activities	\$ 2,344	\$ (4,114)	\$ 6,062	\$ 7,912	\$ 4,532	\$ (316)	\$ 261	\$ (11)	\$ 332	\$ (1,884)	\$ (342)	\$ 274	\$ (87,578)	\$ 5,045	\$ (67,483)
<b>Non-Cash Financing and Investing Activities:</b>															
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ 1,149	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,149
Capital Asset Donations	---	---	228	26	---	---	---	---	2	---	---	---	---	---	256
Increase (Decrease) in Fair Value of Investments	2	(7)	6	15	20	18	1	---	1	79	679	---	---	151	965
Net Non-Cash Financing and Investing Activities	\$ 2	\$ (7)	\$ 234	\$ 1,190	\$ 20	\$ 18	\$ 1	\$ ---	\$ 3	\$ 79	\$ 679	\$ ---	\$ ---	\$ 151	\$ 2,370



*The **Fiduciary Funds** account for assets held by the State in a trustee or agent capacity.*

## **Pension (and Other Employee Benefit) Trust Funds:**

### **Missouri State Employees' Retirement System:**

**Missouri State Employees' Plan** – Accounts for retirement, survivor, and disability benefits paid to employees of the State who are not covered under another state-sponsored retirement plan.

**Judicial Plan** – Accounts for retirement, survivor, and disability benefits to judges in the State of Missouri.

**Missouri Department of Transportation and Highway Patrol Employees' Retirement System** – Accounts for retirement, survivor, and disability benefits paid to Department of Transportation employees and members of the Missouri State Highway Patrol.

**Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust** – Accounts for health and welfare benefits paid for the exclusive benefit of current and future retired employees of the State who are not covered under another state-sponsored other post-employment benefit plan.

**Missouri State 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, 2009**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2009
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 617,899	\$ 6,492	\$ ---	\$ 17,706	\$ 48	\$ 153	\$ 642,298
Investments at Fair Value	5,586,122	58,689	1,219,197	29,865	306,925	949,988	8,150,786
Receivables:							
Accounts Receivable	48,855	1,682	7,723	15,932	183	679	75,054
Interest Receivable	---	---	2,256	---	---	---	2,256
Invested Securities							
Lending Collateral	381,271	4,006	53,503	---	---	---	438,780
Prepaid Expenses	85	1	9	---	---	---	95
Capital Assets:							
Land	265	2	84	---	---	---	351
Buildings	3,513	37	582	---	---	---	4,132
Equipment	1,746	18	1,318	---	---	---	3,082
Accumulated Depreciation	(2,245)	(23)	(325)	---	---	---	(2,593)
Total Capital Assets, Net	3,279	34	1,659	---	---	---	4,972
Total Assets	6,637,511	70,904	1,284,347	63,503	307,156	950,820	9,314,241
<b>LIABILITIES</b>							
Bank Overdraft	---	---	38	---	---	---	38
Accounts Payable	36,914	388	8,394	117	55	176	46,044
Securities Lending							
Collateral	436,897	4,590	54,693	---	---	---	496,180
Unearned Revenue	---	---	---	3,456	---	---	3,456
Claims Liability	---	---	---	11,278	---	---	11,278
Compensated Absences	613	7	---	---	---	---	620
Total Liabilities	474,424	4,985	63,125	14,851	55	176	557,616
Net Assets Held in Trust for Benefits	\$ 6,163,087	\$ 65,919	\$ 1,221,222	\$ 48,652	\$ 307,101	\$ 950,644	\$ 8,756,625

**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, 2009**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2009
<b>Additions:</b>							
Contributions:							
Employer	\$ 252,105	\$ 27,726	\$ 122,599	\$ 99,542	\$ 14,767	\$ ---	\$ 516,739
Plan Member	3,236	---	---	47,117	---	60,871	111,224
Other	28	---	444	---	28,206	156	28,834
Total Contributions	<u>255,369</u>	<u>27,726</u>	<u>123,043</u>	<u>146,659</u>	<u>42,973</u>	<u>61,027</u>	<u>656,797</u>
Investment Earnings:							
Increase (Decrease) in Appreciation of Assets	(1,559,438)	(16,384)	(427,918)	---	(21,291)	(127,348)	(2,152,379)
Interest and Dividends	95,289	1,001	20,639	677	---	---	117,606
Securities Lending Income	13,205	139	702	---	---	---	14,046
Total Investment Earnings	<u>(1,450,944)</u>	<u>(15,244)</u>	<u>(406,577)</u>	<u>677</u>	<u>(21,291)</u>	<u>(127,348)</u>	<u>(2,020,727)</u>
Less Investment Expenses:							
Investment Activity Expense	(49,996)	(525)	(19,379)	---	---	---	(69,900)
Securities Lending Expense	(7,436)	(78)	(309)	---	---	---	(7,823)
Total Investment Expense	<u>(57,432)</u>	<u>(603)</u>	<u>(19,688)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(77,723)</u>
Net Investment Earnings	<u>(1,508,376)</u>	<u>(15,847)</u>	<u>(426,265)</u>	<u>677</u>	<u>(21,291)</u>	<u>(127,348)</u>	<u>(2,098,450)</u>
Cost Reimbursement/ Miscellaneous	619	6	34	---	---	---	659
Total Additions	<u>(1,252,388)</u>	<u>11,885</u>	<u>(303,188)</u>	<u>147,336</u>	<u>21,682</u>	<u>(66,321)</u>	<u>(1,440,994)</u>
<b>Deductions:</b>							
Benefits	511,467	23,232	192,013	105,946	28,310	---	860,968
Administrative Expenses	6,851	72	2,131	8,384	673	1,375	19,486
Program Distributions	---	---	---	---	---	76,877	76,877
Depreciation	237	3	121	---	---	---	361
Total Deductions	<u>518,555</u>	<u>23,307</u>	<u>194,265</u>	<u>114,330</u>	<u>28,983</u>	<u>78,252</u>	<u>957,692</u>
Change in Net Assets	(1,770,943)	(11,422)	(497,453)	33,006	(7,301)	(144,573)	(2,398,686)
<b>Net Assets Held in Trust for Benefits</b>							
Beginning of Year	7,934,030	77,341	1,718,675	15,646	314,402	1,095,217	11,155,311
End of Year	<u>\$ 6,163,087</u>	<u>\$ 65,919</u>	<u>\$ 1,221,222</u>	<u>\$ 48,652</u>	<u>\$ 307,101</u>	<u>\$ 950,644</u>	<u>\$ 8,756,625</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**June 30, 2009**  
**(In Thousands of Dollars)**

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2009
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 90	\$ 4	\$ 395	\$ 489
Investments at Fair Value	3,955	82	4,074	8,111
Interest Receivable	16	---	---	16
Capital Assets:				
Equipment	---	---	95	95
Software	---	---	9	9
Less: Accumulated Depreciation	---	---	(39)	(39)
Total Capital Assets, Net	---	---	65	65
Total Assets	4,061	86	4,534	8,681
<b>LIABILITIES</b>				
Accounts Payable	838	---	9	847
Accrued Payroll	---	---	22	22
Total Liabilities	838	---	31	869
<b>NET ASSETS</b>				
Net Assets Held in Trust for Other Purposes	\$ 3,223	\$ 86	\$ 4,503	\$ 7,812



**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

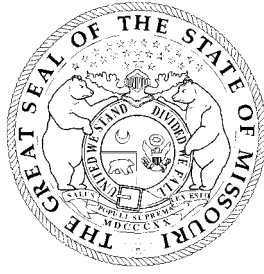
	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2009
<b>Additions:</b>				
Increase (Decrease) in Appreciation of Assets	\$ 5	\$ (9)	\$ (6)	\$ (10)
Interest	104	3	---	107
Total Investment Earnings	109	(6)	(6)	97
Unclaimed Property	---	---	23,044	23,044
Cost Reimbursement/Miscellaneous	11,964	---	25	11,989
Total Additions	12,073	(6)	23,063	35,130
<b>Deductions:</b>				
Administrative Expenses	---	---	3,060	3,060
Program Distributions	11,985	---	25,133	37,118
Depreciation	---	---	13	13
Total Deductions	11,985	---	28,206	40,191
Change in Net Assets	88	(6)	(5,143)	(5,061)
Net Assets – Beginning	3,135	92	9,646	12,873
Net Assets – Ending	\$ 3,223	\$ 86	\$ 4,503	\$ 7,812

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2009  
(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals  June 30, 2009
<b>ASSETS</b>					
Cash and Cash					
Equivalents	\$ 10	\$ 14	\$ 43,017	\$ 29,427	\$ 72,468
Investments at					
Fair Value	92	140	390,864	1,315	392,411
Receivables:					
Accounts Receivable	6,448	---	231,203	309	237,960
Interest Receivable	---	---	37	---	37
Total Assets	<u>\$ 6,550</u>	<u>\$ 154</u>	<u>\$ 665,121</u>	<u>\$ 31,051</u>	<u>\$ 702,876</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ ---	\$ ---	\$ 29	\$ ---	\$ 29
Due to Other Entities	6,550	154	660,115	---	666,819
Due to Individuals	---	---	4,977	31,051	36,028
Total Liabilities	<u>\$ 6,550</u>	<u>\$ 154</u>	<u>\$ 665,121</u>	<u>\$ 31,051</u>	<u>\$ 702,876</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u><b>SOCIAL SECURITY CONTRIBUTIONS</b></u>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8	\$ 160,379	\$ 160,377	\$ 10
Investments at Fair Value	94	92	94	92
Accounts Receivable	6,254	6,448	6,254	6,448
Total Assets	<u>\$ 6,356</u>	<u>\$ 166,919</u>	<u>\$ 166,725</u>	<u>\$ 6,550</u>
<b>LIABILITIES</b>				
Due to Other Entities	<u>\$ 6,356</u>	<u>\$ 487,455</u>	<u>\$ 487,261</u>	<u>\$ 6,550</u>
<u><b>MISSOURI STATE EMPLOYEES'</b></u>				
<u><b>VOLUNTARY LIFE INSURANCE</b></u>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10	\$ 3,627	\$ 3,623	\$ 14
Investments at Fair Value	124	140	124	140
Total Assets	<u>\$ 134</u>	<u>\$ 3,767</u>	<u>\$ 3,747</u>	<u>\$ 154</u>
<b>LIABILITIES</b>				
Due to Other Entities	<u>\$ 134</u>	<u>\$ 3,637</u>	<u>\$ 3,617</u>	<u>\$ 154</u>
<u><b>PROGRAM</b></u>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 19,400	\$ 5,429,808	\$ 5,406,191	\$ 43,017
Investments at Fair Value	388,516	768,077	765,729	390,864
Receivables:				
Accounts Receivable	210,607	32,881	12,285	231,203
Interest Receivable	685	1,248	1,896	37
Total Assets	<u>\$ 619,208</u>	<u>\$ 6,232,014</u>	<u>\$ 6,186,101</u>	<u>\$ 665,121</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 31	\$ 368	\$ 370	\$ 29
Due to Other Entities	616,022	6,002,708	5,958,615	660,115
Due to Individuals	3,155	218,834	217,012	4,977
Total Liabilities	<u>\$ 619,208</u>	<u>\$ 6,221,910</u>	<u>\$ 6,175,997</u>	<u>\$ 665,121</u>
<u><b>INSTITUTION</b></u>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 28,270	\$ 155,271	\$ 154,114	\$ 29,427
Investments at Fair Value	1,259	149	93	1,315
Accounts Receivable	314	56	61	309
Total Assets	<u>\$ 29,843</u>	<u>\$ 155,476</u>	<u>\$ 154,268</u>	<u>\$ 31,051</u>
<b>LIABILITIES</b>				
Due to Individuals	<u>\$ 29,843</u>	<u>\$ 155,476</u>	<u>\$ 154,268</u>	<u>\$ 31,051</u>
<u><b>TOTALS – ALL AGENCY FUNDS</b></u>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 47,688	\$ 5,749,085	\$ 5,724,305	\$ 72,468
Investments at Fair Value	389,993	768,458	766,040	392,411
Receivables:				
Accounts Receivable	217,175	39,385	18,600	237,960
Interest Receivable	685	1,248	1,896	37
Total Assets	<u>\$ 655,541</u>	<u>\$ 6,558,176</u>	<u>\$ 6,510,841</u>	<u>\$ 702,876</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 31	\$ 368	\$ 370	\$ 29
Due to Other Entities	622,512	6,493,800	6,449,493	666,819
Due to Individuals	32,998	374,310	371,280	36,028
Total Liabilities	<u>\$ 655,541</u>	<u>\$ 6,868,478</u>	<u>\$ 6,821,143</u>	<u>\$ 702,876</u>



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

### **Non-Major Component Units:**

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

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

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

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2009**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2009
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 27,158	\$ 415	\$ 10,223	\$ 37,796
Investments	14,277	1,392	---	15,669
Interest Receivable	156	9	1,004	1,169
Restricted Assets:				
Cash and Cash Equivalents	---	---	5,138	5,138
Investments	---	---	23,185	23,185
Prepaid Items	263	---	---	263
Loans Receivable	339	827	4,597	5,763
Non-Current Assets:				
Advance to Primary Government	---	---	300	300
Loans Receivable	11,868	4,856	23,377	40,101
Restricted Assets:				
Cash and Cash Equivalents	8,932	577	---	9,509
Investments	1,500	2,625	21,113	25,238
Capital Assets:				
Land	7,220	---	---	7,220
Buildings	49,614	---	---	49,614
Equipment	168	---	---	168
Less Accumulated Depreciation	(6,082)	---	---	(6,082)
Total Capital Assets (Net of Accumulated Depreciation)	50,920	---	---	50,920
Total Assets	115,413	10,701	88,937	215,051
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	1,986	4	4	1,994
Due to Primary Government	---	827	---	827
Interest Payable	14	47	---	61
Bonds Payable	240	---	---	240
Non-Current Liabilities:				
Advance from Primary Government	---	5,014	---	5,014
Deposits and Reserves	7,630	---	---	7,630
Bonds Payable	30,610	---	---	30,610
Total Liabilities	40,480	5,892	4	46,376
<b>NET ASSETS</b>				
Invested in Capital Assets, Net	20,070	---	---	20,070
Restricted for:				
Other Purposes	2,801	3,202	78,278	84,281
Unrestricted	52,062	1,607	10,655	64,324
Total Net Assets	\$ 74,933	\$ 4,809	\$ 88,933	\$ 168,675

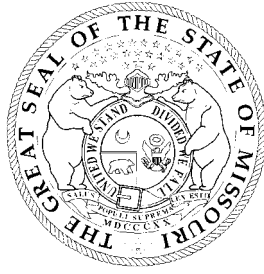
**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2009
<b>Operating Revenues:</b>				
Licenses, Fees, and Permits	\$ 2,476	\$ 293	\$ 43	\$ 2,812
Interest on Receivables	161	---	844	1,005
Leases and Rentals	3,106	---	---	3,106
Cost Reimbursement/Miscellaneous	7,108	15	---	7,123
Total Operating Revenues	<u>12,851</u>	<u>308</u>	<u>887</u>	<u>14,046</u>
<b>Operating Expenses:</b>				
Personal Service	787	328	48	1,163
Operations	1,704	170	10	1,884
Specific Programs	1,856	1,005	---	2,861
Depreciation and Amortization	1,280	---	---	1,280
Bad Debt Expense	80	---	---	80
Other Charges	73	6	3	82
Total Operating Expenses	<u>5,780</u>	<u>1,509</u>	<u>61</u>	<u>7,350</u>
Operating Income (Loss)	<u>7,071</u>	<u>(1,201)</u>	<u>826</u>	<u>6,696</u>
<b>Non-Operating Revenues (Expenses):</b>				
Contributions and Intergovernmental	(1,600)	---	---	(1,600)
Investment Earnings:				
Increase (Decrease) in Fair Value of Investments	---	122	(240)	(118)
Interest	1,132	242	2,206	3,580
Interest Expense	(878)	(85)	---	(963)
Miscellaneous Expenses	---	---	(64)	(64)
Total Non-Operating Revenues (Expenses)	<u>(1,346)</u>	<u>279</u>	<u>1,902</u>	<u>835</u>
Change in Net Assets	5,725	(922)	2,728	7,531
Total Net Assets – Beginning	<u>69,208</u>	<u>5,731</u>	<u>86,205</u>	<u>161,144</u>
Total Net Assets – Ending	<u>\$ 74,933</u>	<u>\$ 4,809</u>	<u>\$ 88,933</u>	<u>\$ 168,675</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2009**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Totals June 30, 2009
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers and Users	\$ 5,288	\$ 303	\$ 779	\$ 6,370
Loans to Outside Entities	---	(1,351)	(16,305)	(17,656)
Payments to Vendors and Suppliers	(3,446)	(172)	(10)	(3,628)
Payments to Employees	(787)	(328)	(48)	(1,163)
Net Payments/Receipts for tax credit projects	(12,075)	---	---	(12,075)
Other Payments	---	(996)	(3)	(999)
Net Cash (Used) by Operating Activities	(11,020)	(2,544)	(15,587)	(29,151)
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Loans Receivable Principal Receipts	475	---	---	475
Loans Receivable Issuance	(344)	---	---	(344)
Due to/from Primary Government	---	(156)	---	(156)
Advance to/from Primary Government	---	1,163	5,867	7,030
Contributions and Intergovernmental	(423)	---	---	(423)
Net Cash Provided (Used) by Non-Capital Financing Activities	(292)	1,007	5,867	6,582
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Interest Expense	(913)	(98)	---	(1,011)
Purchases and Construction of Capital Assets	(28)	---	---	(28)
Bond Principal Payments	(1,000)	---	---	(1,000)
Net Cash (Used) by Capital and Related Financing Activities	(1,941)	(98)	---	(2,039)
<b>Cash Flows from Investing Activities:</b>				
Proceeds from Investment Maturities	42,524	1,549	192,836	236,909
Purchase of Investments	(27,749)	---	(173,637)	(201,386)
Interest	1,192	242	2,206	3,640
Investment Fees	---	---	(64)	(64)
Net Cash Provided by Investing Activities	15,967	1,791	21,341	39,099
Net Increase in Cash	2,714	156	11,621	14,491
Cash and Cash Equivalents, Beginning of Year	33,376	836	3,740	37,952
Cash and Cash Equivalents, End of Year	\$ 36,090	\$ 992	\$ 15,361	\$ 52,443
<b>Reconciliation of Net Operating Income (Loss) to Net Cash (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 7,071	\$ (1,201)	\$ 826	\$ 6,696
Depreciation/Amortization Expense	1,280	---	---	1,280
Changes in Assets and Liabilities:				
Accounts Receivable	80	---	---	80
Interest Receivable	50	10	(108)	(48)
Deferred Charges	(28)	---	---	(28)
Prepaid Items	(113)	---	---	(113)
Loans Receivable	(6,114)	(1,351)	(16,305)	(23,770)
Accounts Payable	328	(2)	---	326
Deposit and Reserve	(13,574)	---	---	(13,574)
Net Cash (Used) by Operating Activities	\$ (11,020)	\$ (2,544)	\$ (15,587)	\$ (29,151)
<b>Non-Cash Investing Activities:</b>				
Increase (Decrease) in Fair Value of Investments	\$ ---	\$ 122	\$ (240)	\$ (118)
Net Non-Cash Investing Activities	\$ ---	\$ 122	\$ (240)	\$ (118)





*The **Statistical Section** presentations include Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic Information, and Operating Information trends. The statistical data presented is intended to provide report users with a broader understanding of the environment in which the State operates.*

## **Index and Overview**

This part of the State's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.*

Net Assets by Component .....	145
Changes in Net Assets .....	146
Fund Balances – Governmental Funds .....	147
Changes in Fund Balances – Governmental Funds .....	148

### **Revenue Capacity**

*These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.*

Revenue Base .....	149
Revenue Rates .....	150
Revenue Payers by Industry/Category .....	151

### **Debt Capacity**

*These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.*

Ratios of Outstanding Debt .....	152
Pledged Revenue Coverage .....	153

### **Demographic and Economic Information**

*These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.*

Demographic and Economic Indicators .....	154
Principal Employers .....	155

### **Operating Information**

*These schedules contain operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.*

State Employees by Function .....	156
Operating Indicators by Function .....	157
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*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

**STATE OF MISSOURI**  
**NET ASSETS BY COMPONENT**  
**FISCAL YEARS 2005-2009**  
(In Thousands of Dollars)

	2009	2008*	2007	2006	2005
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 25,950,941	\$ 25,324,173	\$ 25,475,504	\$ 25,840,886	\$ 25,572,008
Restricted	5,785,396	6,003,212	5,032,619	3,824,769	3,250,204
Unrestricted	(3,275,517)	(2,327,482)	(1,909,993)	(1,453,203)	(1,321,738)
<b>Total Governmental Activities</b>					
<b>Net Assets</b>	<u>\$ 28,460,820</u>	<u>\$ 28,999,903</u>	<u>\$ 28,598,130</u>	<u>\$ 28,212,452</u>	<u>\$ 27,500,474</u>
<b>Business-Type Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 46,546	\$ 42,360	\$ 40,922	\$ 39,669	\$ 43,304
Restricted	6,771	45,362	9,517	3,942	12,407
Unrestricted	(396)	329,265	185,453	33,993	(151,323)
<b>Total Business-Type Activities</b>					
<b>Net Assets</b>	<u>\$ 52,921</u>	<u>\$ 416,987</u>	<u>\$ 235,892</u>	<u>\$ 77,604</u>	<u>\$ (95,612)</u>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	\$ 25,997,487	\$ 25,366,533	\$ 25,516,426	\$ 25,880,555	\$ 25,615,312
Restricted	5,792,167	6,048,574	5,042,136	3,828,711	3,262,611
Unrestricted	(3,275,913)	(1,998,217)	(1,724,540)	(1,419,210)	(1,473,061)
<b>Total Primary Government</b>					
<b>Net Assets</b>	<u>\$ 28,513,741</u>	<u>\$ 29,416,890</u>	<u>\$ 28,834,022</u>	<u>\$ 28,290,056</u>	<u>\$ 27,404,862</u>

\*Fiscal year 2008 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN NET ASSETS  
FISCAL YEARS 2005-2009  
(In Thousands of Dollars)**

	2009	2008*	2007	2006	2005
<b>Governmental Activities :</b>					
<b>Expenses</b>					
General Government	\$ 1,202,908	\$ 1,210,044	\$ 1,092,613	\$ 981,614	\$ 1,035,396
Education	6,589,079	6,379,189	6,042,581	5,773,048	5,669,627
Natural and Economic	1,021,208	1,006,560	928,873	867,915	834,269
Transportation and Law Enforcement	2,373,747	2,258,653	2,303,272	2,025,341	2,189,839
Human Services	10,942,605	9,876,132	9,191,994	9,890,652	9,771,651
Interest on Debt (Excluding Direct Expense)	218,277	174,011	149,987	130,438	126,202
Total Expenses	22,347,824	20,904,589	19,709,320	19,669,008	19,626,984
<b>Program Revenues</b>					
Charges for Services:					
General Government	685,465	775,528	669,640	724,442	705,241
Transportation and Law Enforcement	349,730	400,134	474,086	308,743	134,297
Human Services	695,201	363,644	302,002	422,912	422,706
Other Activities	336,581	277,190	239,907	154,925	191,423
Operating Grants and Contributions	8,755,551	7,697,736	7,828,289	7,758,885	7,767,831
Capital Grants and Contributions	961,425	971,801	306	---	---
Total Program Revenues	11,783,953	10,486,033	9,514,230	9,369,907	9,221,498
<b>Total Governmental Activities</b>					
<b>Net Program (Expense) Revenue</b>	(10,563,871)	(10,418,556)	(10,195,090)	(10,299,101)	(10,405,486)
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes:					
Sales and Use	2,635,114	2,871,465	2,929,398	3,047,305	3,003,405
Individual Income	5,169,831	5,447,817	5,140,588	5,271,506	4,821,500
Corporate Income	377,808	463,826	496,378	520,324	351,116
County Foreign Insurance	177,396	186,566	178,507	186,647	163,952
Alcoholic Beverage	27,845	27,754	28,074	29,068	28,045
Corporate Franchise	82,116	82,360	69,704	76,574	118,343
Inheritance	2,671	3,073	5,351	15,319	41,832
Miscellaneous Taxes	1,160,720	1,173,076	1,164,171	1,307,727	1,334,595
Grants and Contributions not Restricted to Specific Programs	67,278	196,397	195,662	158,745	158,140
Unrestricted Investment Earnings	66,568	136,782	145,879	146,234	80,161
Transfers	257,441	264,416	256,687	258,773	207,159
Total General Revenues and Other Changes in Net Assets	10,024,788	10,853,532	10,610,399	11,018,222	10,308,248
<b>Total Governmental Activities Change in Net Assets</b>	<u>\$ (539,083)</u>	<u>\$ 434,976</u>	<u>\$ 415,309</u>	<u>\$ 719,121</u>	<u>\$ (97,238)</u>
<b>Business-Type Activities :</b>					
<b>Expenses</b>					
State Lottery	\$ 726,086	\$ 740,189	\$ 689,426	\$ 665,848	\$ 575,667
Unemployment Compensation	1,292,531	498,318	444,962	412,937	501,098
Petroleum Storage Tank Insurance	17,185	21,516	16,249	13,243	25,944
Missouri Veterans' Homes	62,236	57,067	53,234	46,664	58,760
Non-Major Funds	28,027	16,857	16,498	20,764	13,345
Total Expenses	2,126,065	1,333,947	1,220,369	1,159,456	1,174,814
<b>Program Revenues</b>					
Charges for Services:					
State Lottery	981,431	1,005,421	946,017	925,079	793,750
Other Activities	60,532	101,062	65,390	64,624	63,924
Operating Grants and Contributions	967,324	657,534	618,071	603,727	542,984
Total Program Revenues	2,009,287	1,764,017	1,629,478	1,593,430	1,400,658
<b>Total Business-Type Activities</b>					
<b>Net Program (Expense) Revenue</b>	(116,778)	430,070	409,109	433,974	225,844
<b>General Revenues and Other Changes in Net Assets</b>					
Unrestricted Investment Earnings	10,153	15,424	5,684	(2,189)	3,213
Extraordinary Items	---	---	---	35	---
Transfers	(257,441)	(264,416)	(256,687)	(258,773)	(207,159)
Total General Revenues and Other Changes in Net Assets	(247,288)	(248,992)	(251,003)	(260,927)	(203,946)
<b>Total Business-Type Activities Change in Net Assets</b>	<u>\$ (364,066)</u>	<u>\$ 181,078</u>	<u>\$ 158,106</u>	<u>\$ 173,047</u>	<u>\$ 21,898</u>
<b>Total Primary Government Change in Net Assets</b>	<u>\$ (903,149)</u>	<u>\$ 616,054</u>	<u>\$ 573,415</u>	<u>\$ 892,168</u>	<u>\$ (75,340)</u>

\*Fiscal year 2008 amounts have been restated.

**STATE OF MISSOURI**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2005–2009**  
(In Thousands of Dollars)

	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Fund</b>					
Reserved	\$ 589,305	\$ 584,516	\$ 567,880	\$ 526,159	\$ 577,561
Unreserved	<u>668,936</u>	<u>1,310,239</u>	<u>1,289,033</u>	<u>988,240</u>	<u>326,920</u>
<b>Total General Fund</b>	<u>1,258,241</u>	<u>1,894,755</u>	<u>1,856,913</u>	<u>1,514,399</u>	<u>904,481</u>
<b>All Other Governmental Funds</b>					
Reserved	1,215,998	1,112,262	1,068,533	988,493	876,859
Unreserved, Reported in:					
Special Revenue Funds	1,189,409	1,314,796	1,184,853	1,192,431	1,043,965
Capital Projects Funds	540,553	927,694	542,038	213,026	251,124
Permanent Funds	<u>124</u>	<u>116</u>	<u>88</u>	<u>96</u>	<u>87</u>
<b>Total All Other Governmental Funds</b>	<u>2,946,084</u>	<u>3,354,868</u>	<u>2,795,512</u>	<u>2,394,046</u>	<u>2,172,035</u>
<b>Total Fund Balances, Governmental Funds</b>	<u>\$ 4,204,325</u>	<u>\$ 5,249,623</u>	<u>\$ 4,652,425</u>	<u>\$ 3,908,445</u>	<u>\$ 3,076,516</u>

\*Fiscal year 2008 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEARS 2005–2009  
(In Thousands of Dollars)**

	2009	2008*	2007	2006	2005
<b>Revenues:</b>					
Taxes	\$ 9,505,067	\$ 10,220,623	\$ 10,030,906	\$ 10,648,213	\$ 9,646,452
Licenses, Fees, and Permits	655,922	638,048	574,873	622,911	591,530
Sales	10,301	12,064	34,973	11,321	16,849
Leases and Rentals	448	438	373	155	2,143
Services	244,557	231,509	230,173	240,857	182,112
Contributions and Intergovernmental	9,764,716	8,865,962	8,025,979	7,930,499	7,901,109
Investment Earnings:					
Net Increase (Decrease) in the					
Fair Value of Investments	(11,780)	6,172	15,758	(113)	3,152
Interest	103,114	203,782	185,163	136,876	69,698
Penalties and Unclaimed Properties	48,766	64,004	63,151	83,174	25,854
Cost Reimbursement/Miscellaneous	739,403	507,021	478,419	427,916	441,555
Total Revenues	<u>21,060,514</u>	<u>20,749,623</u>	<u>19,639,768</u>	<u>20,101,809</u>	<u>18,880,454</u>
<b>Expenditures:</b>					
Current:					
General Government	977,322	1,021,589	923,316	850,355	852,997
Education	6,582,898	6,373,671	6,044,098	5,776,495	5,668,542
Natural and Economic Resources	873,095	853,872	819,326	759,733	792,650
Transportation and Law Enforcement	1,515,991	1,429,102	1,394,597	1,206,611	1,174,113
Human Services	10,875,465	9,835,109	9,158,585	9,796,523	9,795,983
Capital Outlay:					
General Government	---	---	321	386	245
Education	---	---	18,042	21,687	13,769
Transportation and Law Enforcement	1,308,229	1,144,171	1,250,233	1,231,092	903,776
Human Services	306	3,133	10,248	12,319	7,821
Debt Service:					
Principal	219,496	196,669	197,212	170,295	127,264
Interest	191,684	186,432	165,470	121,301	120,982
Bond Issuance Costs	1,278	2,694	5,775	1,821	---
Underwriter's Discount	---	390	247	---	326
Arbitrage	583	---	---	---	---
Total Expenditures	<u>22,546,347</u>	<u>21,046,832</u>	<u>19,987,470</u>	<u>19,948,618</u>	<u>19,458,468</u>
Excess Revenues (Expenditures)	<u>(1,485,833)</u>	<u>(297,209)</u>	<u>(347,702)</u>	<u>153,191</u>	<u>(578,014)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Capital Leases	26,317	52,245	8,794	41,924	53,025
Capital Lease Termination Payment	---	(22,559)	---	---	---
Debt Issuance	142,735	576,800	920,000	350,660	---
Issuance of Refunding Bonds	---	---	394,870	---	157,605
Swap Termination Payment	---	(11,118)	---	---	---
Payments to Escrow Agent	---	---	(433,477)	---	(175,553)
Bond Premium	2,835	28,361	77,099	21,336	18,274
Proceeds from Capital Asset Sale	11,087	13,142	8,675	6,634	5,920
Transfers In	258,568	266,263	257,287	260,967	239,465
Transfers Out	(902)	(6,476)	(120,586)	(1,598)	(19,420)
Total Other Financing Sources (Uses)	<u>440,640</u>	<u>896,658</u>	<u>1,112,662</u>	<u>679,923</u>	<u>279,316</u>
Net Change in Fund Balances	<u>(1,045,193)</u>	<u>599,449</u>	<u>764,960</u>	<u>833,114</u>	<u>(298,698)</u>
Increase (Decrease) in Reserve for					
Inventory	(105)	(2,251)	838	(129)	327
<b>Net Change in Fund Balances</b>	<u>\$ (1,045,298)</u>	<u>\$ 597,198</u>	<u>\$ 765,798</u>	<u>\$ 832,985</u>	<u>\$ (298,371)</u>
<b>Debt Service as a Percentage of</b>					
<b>Non-Capital Expenditures</b>	1.96%	1.96%	1.99%	1.59%	1.35%

\*Fiscal year 2008 amounts have been restated.

**STATE OF MISSOURI  
REVENUE BASE  
FISCAL YEARS 2005-2009**

<b>Taxable Sales by Industry</b>	2009	2008	2007	2006	2005
Agricultural/Forestry, Fishing, and Other	\$ 209,980,903	\$ 192,024,683	\$ 198,564,812	\$ 190,183,959	\$ 173,064,997
Mining	88,867,589	106,892,575	128,534,001	148,041,999	144,360,458
Construction	889,561,095	887,618,876	929,753,447	929,146,007	781,324,533
Manufacturing	3,203,288,128	2,995,302,916	2,862,904,859	3,217,299,757	3,033,835,702
Transportation and Public Utilities	8,247,781,684	7,130,631,754	7,673,318,253	7,285,790,054	6,950,561,788
Wholesale Trade	7,019,606,804	8,028,332,745	8,338,189,598	8,604,467,502	8,136,436,052
Retail Trade	44,820,794,586	46,413,720,906	46,166,130,737	44,878,694,872	42,950,724,459
Finance, Insurance, and Real Estate	592,136,070	538,271,852	529,797,617	533,582,629	507,350,286
Services	8,648,622,385	9,212,468,960	8,787,849,846	8,433,450,983	8,015,509,010
State and Local Government	158,765,152	162,520,783	161,631,024	156,947,658	84,808,852
Non-Classifiable	21,079,516	19,669,233	15,518,372	16,694,236	16,301,552
<b>Total Taxable Sales</b>	<b>\$ 73,900,483,912</b>	<b>\$ 75,687,455,283</b>	<b>\$ 75,792,192,566</b>	<b>\$ 74,394,299,656</b>	<b>\$ 70,794,277,689</b>
<b>Direct Sales Tax Rate</b>	4.225%	4.225%	4.225%	4.225%	4.225%

<b>Personal Income by Industry (In Thousands of Dollars)</b>	2008	2007*	Calendar Year 2006*	2005*	2004*
Farm Earnings	\$ 2,243,082	\$ 1,369,420	\$ 1,275,728	\$ 1,418,941	\$ 2,249,533
Agricultural/Forestry, Fishing, and Other	309,197	288,005	296,794	285,101	298,302
Mining	468,693	436,419	382,200	493,876	376,755
Construction/Utilities	12,073,251	12,661,244	12,504,699	11,841,236	11,336,058
Manufacturing	19,795,932	19,298,685	19,108,565	18,615,722	18,349,966
Transportation and Public Utilities	6,381,468	6,293,082	6,103,789	5,879,793	5,631,080
Wholesale Trade	9,392,237	8,988,777	8,465,151	8,073,239	7,627,621
Retail Trade	10,898,661	10,748,061	10,540,177	10,325,489	9,996,119
Finance, Insurance, and Real Estate	11,550,800	11,394,082	11,405,949	10,865,949	10,480,778
Services	66,586,132	62,683,167	59,934,255	56,500,169	53,613,041
Federal, Civilian	5,320,684	5,012,257	4,852,757	4,689,078	4,524,741
Military	2,568,577	2,323,244	2,109,152	1,972,637	1,828,320
State and Local Government	18,531,400	17,720,243	16,825,963	16,065,575	15,346,234
<b>Total Personal Income</b>	<b>\$ 166,120,114</b>	<b>\$ 159,216,686</b>	<b>\$ 153,805,179</b>	<b>\$ 147,026,805</b>	<b>\$ 141,658,548</b>
<b>Total Direct Personal Income Tax Rate</b>	6.0%	6.0%	6.0%	6.0%	6.0%

\*Calendar years 2004 – 2007 have been updated due to a comprehensive revision by the Bureau of Economic Analysis.

Sources: Missouri Department of Revenue and Bureau of Economic Analysis.

**STATE OF MISSOURI  
REVENUE RATES  
FISCAL YEARS 2005-2009**

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<b>Personal Income Tax Revenue</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Personal Income Tax Revenue	\$872,343,037	\$804,377,211	\$773,375,291	\$662,996,843	\$543,193,091
Personal Income (Federal AGI)	\$254,573,370,206	\$242,481,271,497	\$215,491,776,833	\$185,705,288,582	\$161,726,939,117
Taxable Income	\$188,091,389,476	\$172,825,313,183	\$157,963,987,815	\$133,414,355,787	\$114,900,652,083
Average Effective Rate:					
Federal Adjusted Gross Taxable Income	0.34%	0.33%	0.36%	0.36%	0.34%
	0.46%	0.47%	0.49%	0.50%	0.47%

**Ranges of Tax Rates on the  
Portion of Taxable Income  
(In Thousands of Dollars)**

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+

Note: Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. When total revenues exceed the limit, tax refunds are generated.

Source: Missouri Department of Revenue



**STATE OF MISSOURI  
REVENUE PAYERS BY INDUSTRY/CATEGORY  
FISCAL YEARS 2005-2009**

**Sales Tax**

	2009	%	2008	%	2007	%
Agricultural	\$ 8,871,693	0.28%	\$ 8,113,043	0.25%	\$ 8,389,363	0.26%
Mining	3,754,656	0.12%	4,516,211	0.14%	5,430,562	0.17%
Construction	37,583,956	1.20%	37,501,898	1.17%	39,282,083	1.23%
Manufacturing	135,338,923	4.34%	126,551,548	3.96%	120,957,730	3.78%
Transportation & Utilities	348,468,776	11.16%	301,269,192	9.42%	324,197,696	10.12%
Wholesale Trade	296,578,387	9.50%	339,197,058	10.61%	352,288,511	11.00%
Retail Trade	1,893,678,571	60.65%	1,960,979,708	61.32%	1,950,519,024	60.91%
Finance, Insurance, & Real Estate	25,017,749	0.80%	22,741,986	0.71%	22,383,949	0.70%
Services	365,404,296	11.70%	389,226,814	12.17%	371,286,656	11.60%
Government	6,707,828	0.22%	6,866,503	0.22%	6,828,911	0.21%
Non-Classifiable	890,610	0.03%	831,025	0.03%	655,651	0.02%
<b>Total</b>	<b>\$ 3,122,295,445</b>	<b>100.00%</b>	<b>\$ 3,197,794,986</b>	<b>100.00%</b>	<b>\$ 3,202,220,136</b>	<b>100.00%</b>

	2006	%	2005	%
Agricultural	\$ 8,035,272	0.26%	\$ 7,311,996	0.25%
Mining	6,254,774	0.20%	6,099,229	0.20%
Construction	39,256,419	1.25%	33,010,961	1.10%
Manufacturing	135,930,915	4.32%	128,179,558	4.29%
Transportation & Utilities	307,824,630	9.79%	293,661,236	9.82%
Wholesale Trade	363,538,752	11.57%	343,764,423	11.49%
Retail Trade	1,896,124,858	60.32%	1,814,668,108	60.67%
Finance, Insurance, & Real Estate	22,543,866	0.72%	21,435,550	0.72%
Services	356,313,304	11.34%	338,655,256	11.32%
Government	6,631,039	0.21%	3,583,174	0.12%
Non-Classifiable	705,332	0.02%	688,741	0.02%
<b>Total</b>	<b>\$ 3,143,159,161</b>	<b>100.00%</b>	<b>\$ 2,991,058,232</b>	<b>100.00%</b>

**Personal Income \***

2009**			
	Number of Filers	% of Total	Personal Income Tax Liability
\$50,000 and under	3,371,618	77.48%	\$ 1,367,022,942
\$50,000 - \$100,000	721,042	16.57%	1,455,417,015
\$100,000 - \$250,000	193,932	4.46%	934,743,008
\$250,000 - \$1,000,000	50,585	1.16%	743,407,583
\$1,000,000 and over	14,355	0.33%	906,184,388
<b>Total</b>	<b>4,351,532</b>	<b>100.00%</b>	<b>\$ 5,406,774,936</b>

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

\*Federal Adjusted Gross Income

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

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

**STATE OF MISSOURI  
RATIOS OF OUTSTANDING DEBT  
FISCAL YEARS 2005-2009  
(In Thousands of Dollars)**

	2009	2008*	2007	2006	2005
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 600,075	\$ 666,165	\$ 684,515	\$ 739,935	\$ 790,910
Other Bonds	3,102,685	3,084,670	2,660,875	1,873,140	1,609,815
Leasehold Revenue Bonds	35,955	36,935	37,880	38,860	---
Certificates of Participation	96,235	105,325	113,990	122,255	124,490
Capital Leases	114,862	108,815	74,641	74,049	107,647
<b>Total Governmental Activities</b>	<b>\$ 3,949,812</b>	<b>\$ 4,001,910</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
<b>Business-Type Activities</b>					
Capital Leases	\$ 210	\$ 244	\$ ---	\$ ---	\$ ---
<b>Total Business-Type Activities</b>	<b>\$ 210</b>	<b>\$ 244</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Total Primary Government</b>	<b>\$ 3,950,022</b>	<b>\$ 4,002,154</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
Personal Income	\$ 208,255,356	\$ 199,655,237	\$ 189,623,363	\$ 180,508,645	\$ 173,905,941
Debt as a Percentage of Personal Income <sup>1</sup>	1.9%	2.0%	1.9%	1.6%	1.5%
Debt Per Capita <sup>1</sup>	\$ 668	\$ 681	\$ 612	\$ 492	\$ 458

**Legal Debt Margin Calculation  
for Fiscal Year 2009:**

General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395
Unforeseen Emergency or Casual Deficiency	1,000
Less: General Obligation Issued	(1,489,494)
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>

**Legal Debt Margin Summary by  
Fiscal Year:**

Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,686,395	\$ 1,646,395	\$ 1,606,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,438,494)	(1,438,494)	(1,438,494)
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>	<b>\$ 237,901</b>	<b>\$ 247,901</b>	<b>\$ 207,901</b>	<b>\$ 167,901</b>
Legal Debt Margin to Debt Limit Ratio	13.78%	13.78%	14.70%	12.63%	10.45%

<sup>1</sup>These ratios are calculated using personal income and population for the calendar year.  
See *Demographic and Economic Indicators* for personal income and population data.

\*Fiscal year 2008 has been restated.

**STATE OF MISSOURI  
PLEDGED REVENUE COVERAGE  
FISCAL YEARS 2006–2009  
(In Thousands of Dollars)**

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Fiscal Year	Gross Revenues <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenues	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
State Facility Maintenance and Operation						
2009	\$ 48,326	\$ 11,216	\$ 37,110	\$ 16,685	\$ 10,169	1.4
2008	48,576	11,157	37,419	15,965	11,017	1.4
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						
2009	\$ 997,990	\$ 279,971	\$ 718,019	\$ 84,896	\$ 113,591	3.6
2008	1,049,645	279,823	769,822	62,515	105,117	4.6
2007	1,024,787	269,210	755,577	73,350	82,049	4.9
2006	727,870	N/A	727,870	63,149	49,248	6.5

N/A = not available

<sup>1</sup> Revenues for State Facility Maintenance and Operation consist of lease rental payments. Revenues for Missouri road fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, and revenue derived from motorists for their usage of the highways of the State.

<sup>2</sup> Operating Expenses do not include depreciation.

<sup>3</sup> Coverage equals net available revenue divided by debt service.

Source: Bond records and debt service schedules.

**STATE OF MISSOURI  
DEMOGRAPHIC AND ECONOMIC INDICATORS  
CALENDAR YEARS 2004-2008**

	2008	2007	2006	2005	2004
<b>Population</b>					
Missouri (In Thousands)	5,912	5,878	5,833	5,785	5,743
Change	0.6%	0.8%	0.8%	0.7%	
National (In Thousands)	304,060	301,290	298,363	295,561	292,892
Change	0.9%	1.0%	0.9%	0.9%	
<b>Total Personal Income</b>					
Missouri (In Thousands of Dollars)	\$ 208,255,356	\$ 199,655,237	\$ 189,653,363	\$ 180,508,645	\$ 173,905,941
Change	4.3%	5.3%	5.1%	3.8%	
National (In Thousands of Dollars)	\$ 12,086,533,576	\$ 11,634,322,000	\$ 10,978,053,000	\$ 10,252,973,000	\$ 9,711,363,000
Change	3.9%	6.0%	7.1%	5.6%	
<b>Per Capita Personal Income</b>					
Missouri	\$ 35,228	\$ 33,964	\$ 32,514	\$ 31,202	\$ 30,283
Change	3.7%	4.5%	4.2%	3.0%	
National	\$ 39,751	\$ 38,615	\$ 36,794	\$ 34,690	\$ 33,157
Change	2.9%	4.9%	6.1%	4.6%	
<b>Resident Civilian Labor Force and Employment</b>					
Civilian Labor Force (In Thousands)	3,012	3,031	3,016	2,997	2,986
Employed (In Thousands)	2,829	2,878	2,871	2,836	2,814
Unemployed (In Thousands)	183	153	145	161	172
Unemployment Rate	6.1%	5.0%	4.8%	5.4%	5.8%
National Unemployment Rate	5.8%	4.6%	4.6%	5.1%	5.5%
	2008-09	2007-08	2006-07	2005-06	2004-05
<b>School Enrollment (In Thousands)</b>					
Elementary and Secondary Education	893	894	898	898	892
Higher Education – Private Institutions	89	88	86	84	82
Total Enrollment	982	982	984	982	974
% Change from Prior Year	0.0%	-0.2%	0.2%	0.8%	0.3%
<b>Higher Education</b>					
<b>Public Community Colleges</b>					
Number of Campuses	19	19	18	18	18
Number of Students (FTE*)	56,365	54,900	52,377	51,945	52,204
Number of Regular Term Teaching Positions (FTE)	1,413	1,352	1,332	1,309	1,291
<b>State Technical College</b>					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	976	891	888	885	854
Number of Regular Term Teaching Positions (FTE)	45	45	57	51	50
<b>State Colleges/Universities</b>					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	108,159	106,056	103,856	102,628	100,717
Number of Regular Term Teaching Positions (FTE)	4,764	4,731	4,638	4,578	4,597

\*FTE is Full-Time Equivalent.

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics, Missouri Department of Elementary and Secondary Education, and Missouri Department of Higher Education.

**STATE OF MISSOURI  
PRINCIPAL EMPLOYERS  
CALENDAR YEARS 2008 AND 1999**

<b>2008</b>		
<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	63,000	2.23%
Wal-Mart Associates, Inc.	40,000 – 42,500	1.41% – 1.50%
University of Missouri	20,000 – 22,500	0.71% – 0.80%
U.S. Post Office	17,500 – 20,000	0.62% – 0.71%
Washington University	12,500 – 15,000	0.44% – 0.53%
Boeing Corporation	10,000 – 12,500	0.35% – 0.44%
Schnuck Markets, Inc.	7,500 – 10,000	0.27% – 0.35%
Barnes-Jewish Hospital	7,500 – 10,000	0.27% – 0.35%
U.S. Department of Defense	7,500 – 10,000	0.27% – 0.35%
City of St. Louis	7,500 – 10,000	0.27% – 0.35%
Total	193,000 – 215,500	6.84% – 7.61%
<b>Total Missouri Employment</b>		<b>2,829,289</b>

<b>1999</b>		
<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	70,000	2.48%
Wal-Mart Associates, Inc.	30,000 – 32,500	1.06% – 1.15%
Boeing Corporation	16,000 – 17,000	0.57% – 0.60%
Trans World Airlines, Inc.	12,000 – 13,000	0.43% – 0.46%
Washington University	11,000 – 12,000	0.39% – 0.43%
Schnuck Markets, Inc.	10,000 – 11,000	0.35% – 0.39%
Southwestern Bell Telephone Co.	10,000 – 11,000	0.35% – 0.39%
May Department Stores	9,000 – 10,000	0.32% – 0.35%
Barnes-Jewish Hospital	8,000 – 9,000	0.28% – 0.32%
Ford Motor Company	8,000 – 9,000	0.28% – 0.32%
Total	184,000 – 194,500	6.51% – 6.89%
<b>Total Missouri Employment</b>		<b>2,819,853</b>

All figures are based on a calendar-year average.

<sup>1</sup>Number of state employees includes only full-time personnel, and does not include college or university employees.

Sources: Missouri Economic Research and Information Center,  
State of Missouri CAFR-Fiscal Year 2000, State Employee Headcount report.

**STATE OF MISSOURI  
STATE EMPLOYEES BY FUNCTION  
FISCAL YEARS 2005-2009  
FULL-TIME EQUIVALENTS\***

	2009	2008	2007	2006	2005
<b>General Government</b>					
Legislature	716	719	732	749	708
Judiciary	3,755	3,731	3,777	3,826	3,452
Public Defender	558	555	558	561	571
Governor	24	32	33	34	35
Lt. Governor	6	6	7	7	8
Secretary of State	272	277	275	266	262
State Auditor	124	128	127	132	142
State Treasurer	51	51	51	51	50
Attorney General	420	451	443	427	423
Office of Administration	2,091	2,046	1,783	868	899
Revenue	1,487	1,523	1,586	1,766	2,086
Total General Government	9,504	9,519	9,372	8,687	8,636
<b>Education</b>					
Elementary and Secondary Education	2,760	2,650	2,654	2,719	2,261
Higher Education	73	67	58	67	73
Total Education	2,833	2,717	2,712	2,786	2,334
<b>Natural and Economic Resources</b>					
Agriculture	494	479	467	456	388
Insurance, Financial Institutions and Professional Registration	741	748	192	200	207
Conservation	2,085	2,065	2,190	2,270	2,047
Economic Development	994	1,024	1,604	1,681	1,379
Labor and Industrial Relations	777	810	913	1,056	1,051
Natural Resources	2,121	2,102	2,061	2,175	2,019
Total Natural and Economic Resources	7,212	7,228	7,427	7,838	7,091
<b>Transportation and Law Enforcement</b>					
Transportation	6,969	6,961	7,196	7,300	7,024
Public Safety	5,412	5,294	5,085	5,101	4,927
Total Transportation and Law Enforcement	12,381	12,255	12,281	12,401	11,951
<b>Human Services</b>					
Health and Senior Services	1,927	1,885	1,877	1,969	2,048
Mental Health	9,613	9,500	9,602	9,784	9,571
Social Services	8,584	8,624	8,553	8,794	9,034
Corrections	11,364	11,020	11,138	11,235	11,493
Total Human Services	31,488	31,029	31,170	31,782	32,146
State Total	63,418	62,748	62,962	63,494	62,158

\*Based on a four quarter average.

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

**STATE OF MISSOURI  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2006-2009**

	2009	2008	2007	2006
<b>General Government</b>				
Individual Income Tax Returns Processed (In Thousands)	2,946	3,013	3,902	2,770
Sales and Use Tax Returns Processed (In Thousands)	772	788	1,055	742
Driver Licenses Processed (In Thousands)	1,179	964	1,052	1,106
Motor Vehicle Registrations Processed (In Thousands)	3,502	3,866	3,856	2,994
Audit Reports Issued	101	91	88	103
Statewide Court Filings (In Thousands)*	2,711	2,196	2,027	2,152
Business Services Requests Made on Secretary of State Web Page (In Thousands)	76,744	44,300	36,000	35,000
Checks Issued (In Thousands)	2,667	2,807	3,035	3,309
Unclaimed Property Returned (In Thousands of Dollars)	\$ 26,672	\$ 34,531	\$ 22,966	\$ 21,816
<b>Education</b>				
High School Drop Out Rate*	3.9%	4.2%	4.7%	3.8%
Elementary and Secondary Schools Meeting Adequate Yearly Progress*	35.7%	40.1%	62.6%	65.2%
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	67.1%	67.7%	70.2%	67.6%
Guaranteed Student Loans (In Thousands of Dollars)	\$ 780,838	\$ 901,385	\$ 1,178,692	\$ 1,162,519
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands of Dollars)	\$ 108,981	\$ 89,728	\$ 41,466	\$ 41,845
<b>Natural and Economic Resources</b>				
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page**	64.0%	66.0%	62.0%	63.3%
Insurance Policies Filed Electronically	94.7%	50.0%	50.0%	50.0%
Initial Unemployment Claims (In Thousands)	565	396	411	393
International Agricultural Exports (In Thousands of Dollars)	\$ 22,700	\$ 30,300	\$ 19,760	\$ 18,191
Hunting License Holders (In Thousands)*	591	580	579	570
Visitors to Missouri State Parks and Historic Sites (In Thousands)	15,307	15,577 <sup>1</sup>	16,069	16,650
<b>Transportation and Law Enforcement</b>				
Methamphetamine Labs Seized	165	274	259	375
State – Licensed Fire Safety Inspections	11,008	11,998	11,684	9,848
Buildings Served by Missouri Capitol Police	83	82	82	79
Alcohol Arrests	845	736	954	1,084
Missouri Major Roads Rated in Good Condition	83.4%	78.0%	74.0%	60.8%
Difference Between Awarded and Actual Transportation Construction Costs	1.1%	0.9%	0.9%	3.1%
<b>Human Services</b>				
Medicaid Enrollees	850,722	833,112	822,685	830,262
Food Stamp Recipients	1,085,749	899,332	826,313	795,963
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,317	1,360	1,097	1,075
Incarcerated Offenders	30,476	30,803	29,975	30,185
Individuals Served in State Comprehensive Psychiatric Service Facilities	6,759	6,882	7,805	7,772

\*Previous fiscal year data was used since it was the most recent available.

\*\*Website had a name change from Great Hires to MissouriCareerSource in FY09.

<sup>1</sup> Amounts have been restated.

Sources: State agencies.

**STATE OF MISSOURI  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
FISCAL YEARS 2005–2009**

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	2009	2008*	2007	2006	2005
<b>General Government</b>					
Parcels of Land	21	21	20	18	15
Land Improvements	37	37	35	35	31
Square Footage of Buildings	1,015,214	1,001,281	996,590	991,800	1,071,699
Equipment	36,813	35,171	42,333	44,469	49,644
Software	88	---	---	---	---
<b>Education</b>					
Parcels of Land	31	31	32	32	32
Land Improvements	32	31	31	31	29
Square Footage of Buildings	135,230	135,230	135,230	102,719	134,162
Equipment	6,031	6,010	6,679	6,780	6,723
<b>Natural and Economic Resources</b>					
Parcels of Land	823	815	811	815	812
Land Improvements	325	323	318	320	216
Square Footage of Buildings	622,285	625,779	622,887	528,136	370,505
Equipment	38,807	41,145	43,534	46,574	46,915
Software	40	---	---	---	---
State Parks and Historic Sites	85	84	84	84	84
State Conservation Areas	1,169	1,165	1,151	1,148	1,140
<b>Transportation and Law Enforcement</b>					
Parcels of Land	831	836	853	862	1,608
Land Improvements	245	198	184	177	183
Square Footage of Buildings	164,338	151,533	158,081	157,658	157,172
Equipment	67,100	65,074	63,327	62,984	61,965
Miles of State Highway	33,676	33,685	32,800	32,423	32,402
State-Owned Bridges and Culverts	10,249	10,276	10,240	10,224	10,190
Highway Patrol Stations	9	9	9	9	9
<b>Human Services</b>					
Parcels of Land	84	84	84	83	85
Land Improvements	130	118	115	115	112
Square Footage of Buildings	952,117	962,710	967,653	870,129	834,352
Equipment	78,543	91,178	98,649	107,434	106,334
Software	7	---	---	---	---
Correctional Facilities	30	28	26	26	24

\*Restated Square Footage of Buildings for 2008.

Source: State of Missouri capital asset records by agency.



STATE OF MISSOURI  
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