

# MISSOURI



Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2014



**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2014**

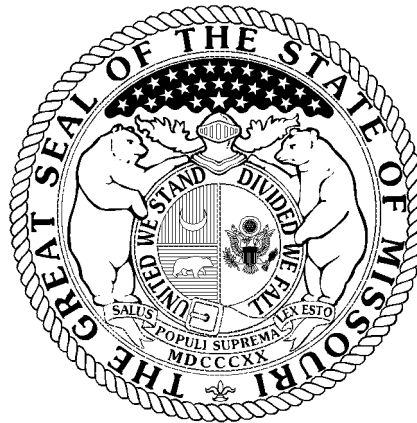
*On the Cover:*

State Capitol, Ashley Braun, Photographer

This report can be viewed on the Internet at <http://oa.mo.gov/accounting/reports>

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

*Fiscal Year Ended June 30, 2014*



**JEREMIAH W. (JAY) NIXON**

*Governor*

**DOUGLAS E. NELSON**

*Commissioner*

*Office of Administration*

**STACY NEAL**

*Director*

*Division of Accounting*

STATE OF MISSOURI  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FISCAL YEAR ENDED JUNE 30, 2014

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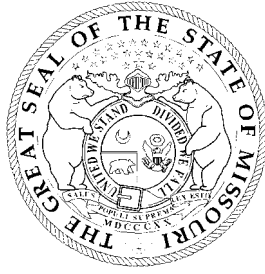
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*The **Introductory Section** includes material to familiarize the reader with the organizational structure of the State, the nature and scope of services the State provides, and a summary of the financial activities of the State and the factors that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



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



**Doug Nelson**  
Commissioner

State of Missouri  
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**Stacy Neal**  
Director

January 12, 2015

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, 2014. This report was prepared by the Office of Administration, Division of Accounting, whose management is responsible for its contents.

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

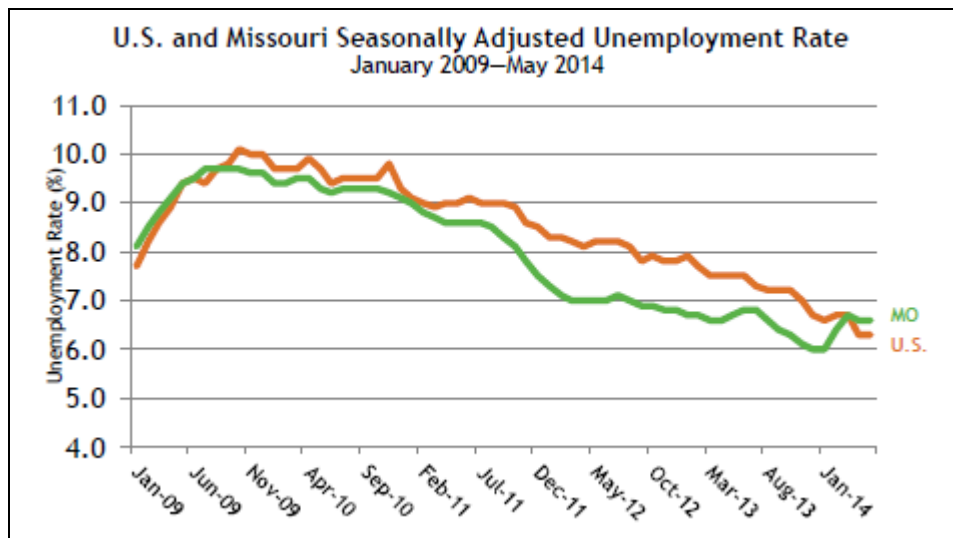
The State operates on a legally adopted budget in order to ensure compliance with legal provisions embodied in the annual appropriated budget passed by the General Assembly and approved by the Governor prior to the beginning of the fiscal year. If appropriations are not sufficient for a fiscal year,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

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

## ECONOMIC CONDITION AND OUTLOOK

### State Economy

Missouri’s economy continues to show some growth. However, there are signs of uncertainty in the U.S. and Missouri’s economy. The U.S. gross domestic product (GDP) retracted in the first quarter of 2014 and unemployment in Missouri began to increase starting in February of 2014. The overall unemployment rates continued to decline for both the U.S. and Missouri, both of which hit nearly a six year low. Missouri’s lowest point was 6.0% in January of 2014, with the rate increasing to 6.5% in June 2014, but the overall trend in unemployment is still moving downward. As shown in the chart, Missouri’s unemployment rate increased at the end of fiscal year 2014 resulting in Missouri’s unemployment exceeding the U.S. rate for the first time since 2009.



Source: MERIC 2014 Missouri Economic Report.

In spite of the uneven growth over the previous year, the overall trend in unemployment has continued to drop and is far lower than it was during the recession. Some other positive signs of improvement for Missouri include:

- over 42,000 jobs that were added from May 2013 to May 2014, which is a 1.5% increase from the prior year.
- Missouri's purchasing managers index (PMI) has been above the expansionary level for 17 consecutive months starting in January 2013. PMI for May 2014 was 57.7, which was the highest the index has been since June 2012.
- industrial production has grown by more than 4% from May 2013 to May 2014. This increase is close to double from the previous year.

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

Missouri net general revenue collections declined by 1.0% in fiscal year 2014. Restrictions were placed on expenditure appropriations during the fiscal year to control the rate of spending. In addition, the State continues to focus on reducing costs and increasing efficiency in state government.

During the 2014 legislative session, the legislature passed Senate Bill 509 and Senate Bill 496, which would have made substantial changes to the State's existing tax structure. These bills were vetoed by the Governor and subsequently overridden by the General Assembly on May 6, 2014. The legislation reduced the maximum tax rate on personal income, created an income tax deduction for business income as well as increased a personal exemption for individuals that have an adjusted gross income of less than \$20,000. It is difficult to predict the estimated costs that these bills will have on the State's income due to ambiguity in the bills. However, the Legislative Oversight Division, using information from the University of Missouri Economic and Policy Analysis Research Center, estimates that the bills would cost at least \$620 million annually once fully in effect, which would occur in fiscal year 2022. If the language remains regarding the elimination of the top tax bracket, is legally enforceable and is interpreted in a manner that imposes no income tax on taxpayers who have taxable income in excess of \$9,000, then the Office of Administration, Division of Budget and Planning, estimates that the change would cost the State over \$4.8 billion annually, beginning in 2022 at the earliest.

In addition to the two aforementioned senate bills, the General Assembly passed ten separate pieces of legislation providing various tax breaks to special interest groups. The estimated total annual impact of these pieces of legislation was approximately \$425 million. Each of these bills were also vetoed by the Governor. However, they were not overridden by the General Assembly. The General Assembly sustained all but two of the vetoes. The veto on two bills were overridden, with one estimated to have a negative impact on revenue of \$300,000. The veto override on the second bill has an unknown revenue impact, but could possibly have a significant negative impact on revenue as the legislation shifts the burden of proof regarding tax exemptions from taxpayers to the Director of Revenue.

Missouri continues to take advantage of historically low interest rates by refunding some of its existing debt that was originally issued at higher interest rates. In June and August 2014, the State refunded outstanding Missouri Highways and Transportation Commission First Lien and Second Lien State Road Bonds as well as Board of Public Building Bonds for economic savings. The bond sales produced combined budgetary savings of \$133.9 million over the life of the bonds. The present value savings for the three refunding transactions were 12.55%, 7.29%, and 7.92%, respectively. As refunding opportunities present themselves, the State will continue to review the potential impact to the State and will continue to review all debt outstanding to ensure that the State's debt is managed efficiently.

The State also plans to issue approximately \$200,000,000 of annual appropriation bonds to finance the construction of a new mental health facility to replace the existing Fulton State Hospital. The General Assembly has authorized the issuance of the bonds through the Missouri Development Finance Board with the bonds to be secured through annual appropriations made by the State pursuant to a financing agreement with the board. The financing would include two separate bond issuances with the first one in December 2014 for \$93 million. It is anticipated the second issuance will occur in the Spring of 2016. Additionally, the State's Board of Public Buildings has given preliminary approval to issue approximately \$38.5 million of bonds in calendar year 2015 to renovate and repair Lafferre Hall on the University of Missouri - Columbia campus.

## **Relevant Financial Policies**

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

The revenue limit can be exceeded by a constitutional amendment duly adopted by the people or if the General Assembly approves by a two-thirds vote an emergency declaration by the Governor. Strong economic growth resulted in revenues above the total state revenue limit in fiscal years 1995–1999. The State has refunded to income taxpayers \$979 million in excess revenue for these fiscal years. The revenue limit was not exceeded in fiscal years 2000 through 2014, inclusive. The State is currently \$3.6 billion below the limit and does not expect the limit to be exceeded in fiscal year 2015.

## **Major Initiatives**

As the economy is slow to fully recover, the State has continued to focus on reduced spending. Major initiatives include a focus on education and the well-being of Missouri citizens.

**Education.** Senate Bill 492 sets forth performance funding for Missouri public college and universities. The new law will ensure funding increases to colleges and universities are based on specific performance measures and allow for advances in higher education affordability and accountability.

**Public Health.** Senate Bill 754 extends the Missouri Rx Program that provides prescription drug assistance to the elderly and disabled. The program was set to expire in August 2014. This bill reauthorizes the program until August 28, 2017. In addition, the bill contains numerous provisions addressing public health such as, but not limited to, requiring students attending and living on a campus of public higher education institutions receive the meningococcal vaccine, the creation of the “Show-Me Extension for Community Health Care Outcomes (ECHO) Program” to expand the treatment of chronic, common, and complex diseases in rural and underserved areas, requiring hospitals to offer influenza immunizations to all inpatients 65 years or older prior to discharge, and established the “Show-Me Health Babies” Program as a separate children’s health insurance program for low-income unborn child.

**Social Services.** Senate Bill 869 and House Bill 1831 enhance protections for the health and safety of children. The new law will strengthen child care by establishing a set of quality indicators for all child care providers. The indicators will assist parents in determining if a particular child care provider has met necessary criteria such as state licensure and health and safety requirements. The 2015 implementation of these indicators will allow for continued federal assistance for families in the amount of \$100 million. The bills also requires the establishment of a website containing health and safety information and a parent hotline.

## **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,

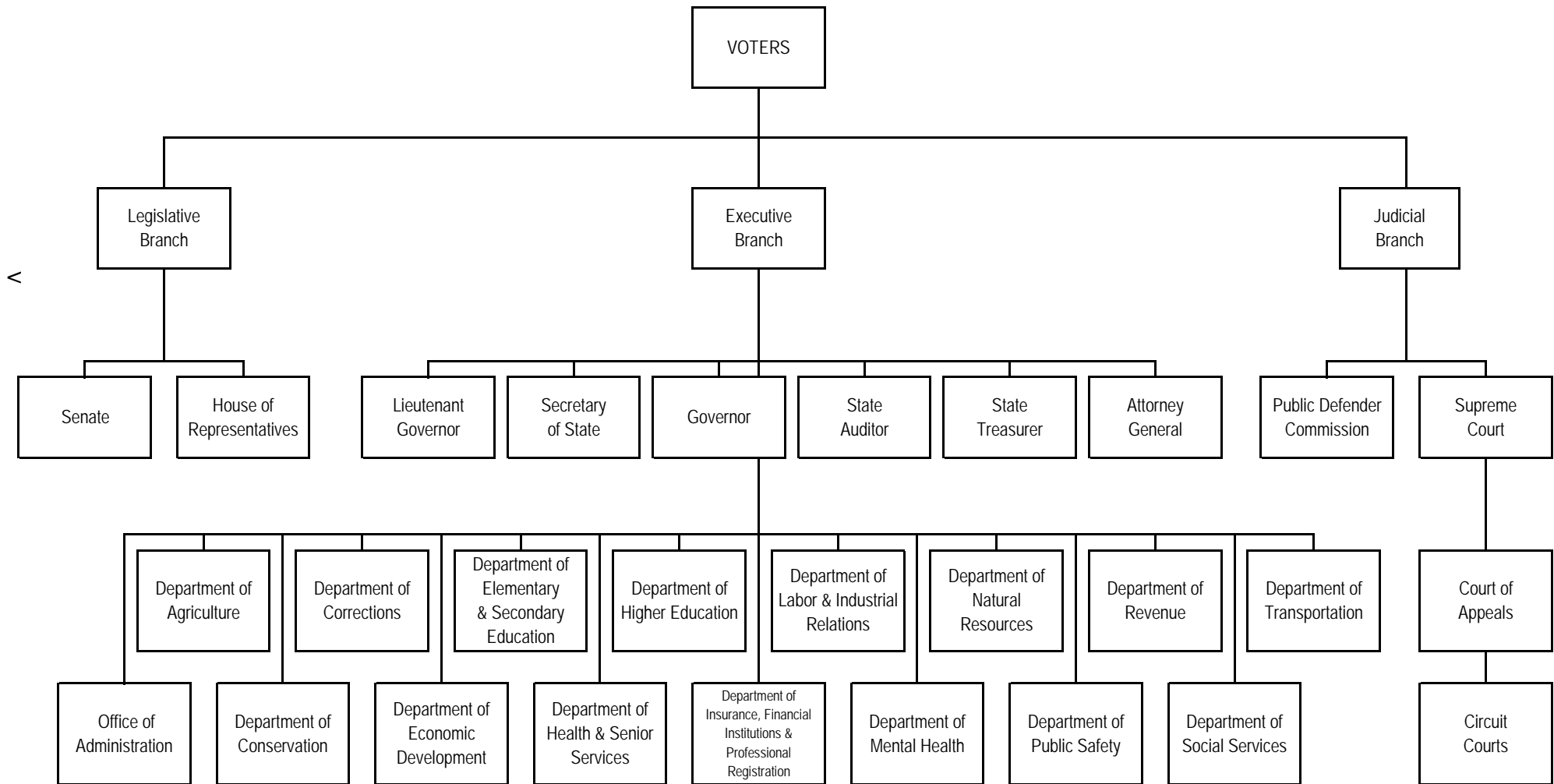


Stacy Neal, CPA  
Director

# STATE OF MISSOURI

## ORGANIZATIONAL CHART

June 30, 2014



**STATE OF MISSOURI  
PRINCIPAL STATE OFFICIALS  
as of June 30, 2014**

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**EXECUTIVE**

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

**Peter Kinder**  
*Lieutenant Governor*

**Jason Kander**  
*Secretary of State*

**Tom Schweich**  
*State Auditor*

**Clint Zweifel**  
*State Treasurer*

**Chris Koster**  
*Attorney General*

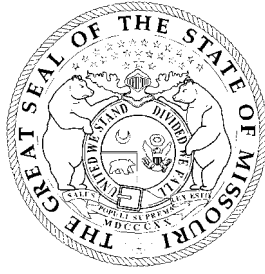
**LEGISLATIVE**

**Tom Dempsey**  
*President Pro Tem of the Senate*

**Timothy Jones**  
*Speaker of the House of Representatives*

**JUDICIAL**

**Mary R. Russell**  
*Chief Justice of the Supreme Court*



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



# **THOMAS A. SCHWEICH**

## **Missouri State Auditor**

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

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

#### **Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the state's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. Those entities were:

1. The Missouri Road Fund, a major fund; the Missouri Road Bond Fund; the Conservation Employees' Insurance Plan; the Transportation Self-Insurance Plan; the Missouri State Employees' Insurance Plan; the Missouri Consolidated Health Care Plan; and the Missouri Department of Transportation and Missouri State



Highway Patrol Medical and Life Insurance Plan, which represent 79 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 are both major funds and represent 34 percent and 54 percent of the assets and revenues, respectively, of the business-type activities.
3. The aggregate discretely presented component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 94 percent and 99 percent of the assets and additions, respectively, of the fiduciary funds.

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 from material misstatement. The financial statements of the Conservation Employees' Insurance Plan, the Missouri State Employees' Insurance Plan, and the Missouri Consolidated Health Care Plan, internal service funds; the Missouri Development Finance Board and the Missouri Agricultural and Small Business Development Authority, discretely presented component units; and the pension (and other employee benefit) trust funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions on the governmental activities and General Fund opinion units and our unmodified opinions on all remaining opinion units.

#### ***Basis for Qualified Opinions on the Governmental Activities and General Fund***

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 27 percent of governmental activity revenues and 32

percent of General Fund revenues are from this source. We were unable to satisfy ourselves by appropriate audit procedures as to the income tax revenue beyond the amounts recorded.

### ***Qualified Opinions***

In our opinion, based on our audit and the reports of other auditors, and except for the possible effects of the matter described in the "Basis for Qualified Opinions on the Governmental Activities and General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the state of Missouri, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund excluding the General Fund, and the aggregate remaining fund information of the state of Missouri, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, for the fiscal year ending June 30, 2014, the state of Missouri implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. In addition, the University of Missouri, a discretely presented component unit, early implemented Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Statement No. 68 is not required to be implemented until fiscal year 2015. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the 2013 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-13 and the Budgetary Comparison Schedule-General Fund, Major Special Revenue Funds on pages 104-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The supplementary information, as listed in the table of contents, and the other information, which consists of the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, and except for the possible effects on the supplementary information of the matter discussed in the "Basis for Qualified Opinions on the Governmental Activities and General Fund" paragraph, the supplementary information, as listed in the table of contents, is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The information in the introductory and statistical sections has not been subjected to the audit procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

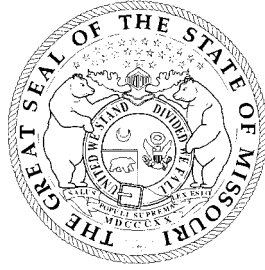
In accordance with *Government Auditing Standards*, our report dated January 12, 2015, on our consideration of the state of Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Single Audit Report. The purpose of our report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal

control over financial reporting or on compliance. Our report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T'.

Thomas A. Schweich  
State Auditor

January 12, 2015



*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, 2014. 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 Position.* Assets of the State of Missouri exceeded liabilities at the close of fiscal year 2014 by \$31.3 billion. Of the \$31.3 billion, “unrestricted net position” is reported as a negative \$1.1 billion, offset by \$3.8 billion in “restricted net position”. A positive balance in unrestricted net position would represent the amount available to be used to meet the government’s ongoing operations.
- *Changes in Net Position.* The State’s total net position increased by \$595.6 million in fiscal year 2014. Net position for governmental–type activities increased by \$228.8 million.
- *Excess of Revenues over (under) Expenses.* During fiscal year 2014, the State’s total revenues of \$25.1 billion were \$578.5 million greater than total expenses of \$24.5 billion (excluding transfers). Of these expenses, \$14.4 billion were covered by program revenues. General revenues, generated primarily from various taxes, totaled \$10.7 billion.

### Fund–Level:

- *Governmental Funds – Fund Balance.* At the close of fiscal year 2014, the State’s governmental fund assets exceeded liabilities by \$4.7 billion, a decrease of \$245.7 million or 5.0% from the prior year. The decrease was primarily due to a decrease in total revenues of \$372.6 million.
- *General Fund – Fund Balance.* At the end of the current fiscal year, the State’s General Fund reported a balance of \$1.2 billion.

Additional information regarding individual funds begins on Page 9.

### Debt Issued and Outstanding:

- The primary government’s total long–term obligations related to bonds payable decreased \$313.8 million or 8.0% over the prior year. The outstanding bonds payable represents 45.4% of financial assets (cash, receivables, and investments) and 9.0% of total assets. The net decrease in bonds payable resulted from a decrease of \$237,035,000 due to bond payments, \$1,072,350,000 due to bond refunding, and an increase of \$995,955,000 due to issuances of Regional Convention and Sports Complex Authority Bonds, Board of Public Buildings Bonds, and Missouri Department of Transportation State Road Fund Bonds. Additional detail is available in *Note 12*.

### Revenue Limit:

- The State Constitution limits the State’s ability to retain revenue collected over an amount set by a constitutional amendment known as Article X. Excess revenue of 1.0% or more must be refunded to the taxpayers each year. During fiscal year 2014, 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 Position* presents information on all of the State's assets and liabilities, with the difference between the two reported as *net position*. Increases or decreases in net position may serve as a useful indicator of the State's financial position.

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

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

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

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

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

### Fund Financial Statements:

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position:

The State's total net position increased \$595.6 million or 1.9% during fiscal year 2014. This increase resulted primarily from a decrease in bonds payable of \$313.8 million and an increase in unamortized bond premium of \$138.1 million due to the State capitalizing on historically low interest rates by refunding state bonds and a decrease in loans payable of \$308.5 million, due to the pay off of Unemployment Compensation's loan balance with the federal government. Net position net investment in capital assets and restricted net position, which do not represent resources available to pay day-to-day operating expenses, increased by \$355.7 million or 1.1%. The net investment in capital assets and restricted net position, components of net position, increase was primarily due to the increase in capital assets of \$327.4 million.

Net investment in capital assets, which includes capital assets, bonds payable, or capital lease obligations, is the largest component of the State's net position at \$28.6 billion or 91.4%. 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 position of the primary government totaled \$3.8 billion or 12.1% of total net position vs. 12.4% from the prior year. Net position is restricted for several reasons including constitutional, legal, enabling legislation, or external requirements. Examples of restricted net position 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 Position.

<b>STATEMENT OF NET POSITION</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
<b>ASSETS:</b>						
Current and Other Assets	\$ 7,594,609	\$ 7,923,224	\$ 469,042	\$ 436,079	\$ 8,063,651	\$ 8,359,303
Capital Assets, Net	32,053,563	31,727,679	53,972	52,501	32,107,535	31,780,180
<i>Total Assets</i>	<u>39,648,172</u>	<u>39,650,903</u>	<u>523,014</u>	<u>488,580</u>	<u>40,171,186</u>	<u>40,139,483</u>
<b>DEFERRED OUTFLOWS:</b>	<u>115,845</u>	---	---	---	<u>115,845</u>	---
<b>LIABILITIES:</b>						
Other Liabilities	1,743,989	1,775,097	27,180	28,427	1,771,169	1,803,524
Long-Term Liabilities	7,052,644	7,137,265	189,106	520,197	7,241,750	7,657,462
<i>Total Liabilities</i>	<u>8,796,633</u>	<u>8,912,362</u>	<u>216,286</u>	<u>548,624</u>	<u>9,012,919</u>	<u>9,460,986</u>
<b>DEFERRED INFLOWS:</b>	<u>15</u>	---	---	---	<u>15</u>	---
<b>NET POSITION:</b>						
Net Investment in Capital						
Assets	28,519,443	28,166,290	53,757	52,217	28,573,200	28,218,507
Restricted	3,790,083	3,788,299	4,889	5,630	3,794,972	3,793,929
Unrestricted	(1,342,157)	(1,216,048)	248,082	(117,891)	(1,094,075)	(1,333,939)
<i>Total Net Position</i>	<u>\$ 30,967,369</u>	<u>\$ 30,738,541</u>	<u>\$ 306,728</u>	<u>\$ (60,044)</u>	<u>\$ 31,274,097</u>	<u>\$ 30,678,497</u>

\*Fiscal year 2013 amounts have been restated.

## Changes in Net Position:

The schedule below reflects how the State's net position changed during the year. The State collected program revenues of \$14.4 billion and general revenues of \$10.7 billion for total revenues of \$25.1 billion during fiscal year 2014. Expenses for the State during fiscal year 2014 were \$24.5 billion. Total net position, net of contributions and transfers, increased by \$595.6 million.

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

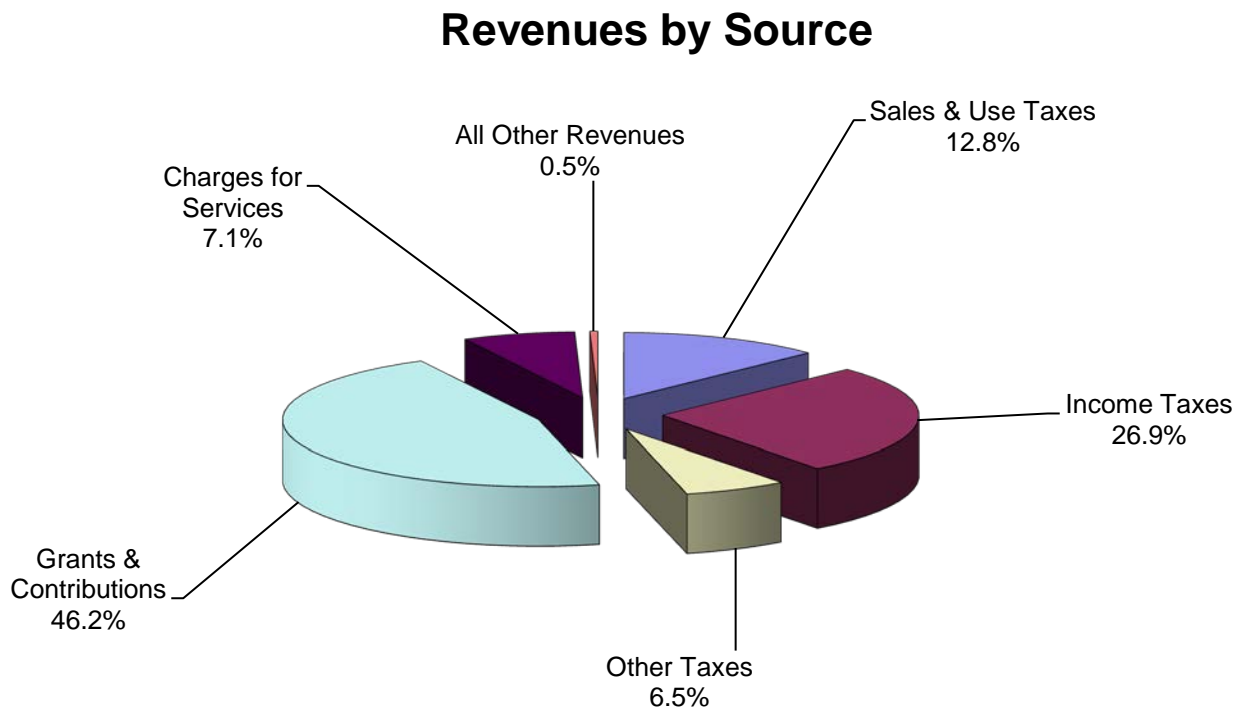
<b>STATEMENT OF ACTIVITIES</b>						
(In Thousands of Dollars)						
	Governmental Activities		Business-Type Activities		Total	
	2014	2013*	2014	2013*	2014	2013*
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	\$ 1,621,996	\$ 1,854,756	\$ 1,229,414	\$ 1,213,244	\$ 2,851,410	\$ 3,068,000
Operating Grants and Contributions	9,651,532	9,702,624	999,456	1,172,524	10,650,988	10,875,148
Capital Grants and Contributions	933,996	1,039,043	---	---	933,996	1,039,043
General Revenues:						
Sales and Use Taxes	2,925,867	2,883,852	---	---	2,925,867	2,883,852
Income Taxes	6,146,120	6,263,103	---	---	6,146,120	6,263,103
Other Taxes	1,500,171	1,536,167	---	---	1,500,171	1,536,167
Other Revenues	108,689	104,522	2,029	(3,103)	110,718	101,419
<i>Total Revenues</i>	<u>22,888,371</u>	<u>23,384,067</u>	<u>2,230,899</u>	<u>2,382,665</u>	<u>25,119,270</u>	<u>25,766,732</u>
<b>EXPENSES:</b>						
General Government	1,005,991	1,063,418	---	---	1,005,991	1,063,418
Education	6,431,390	6,368,472	---	---	6,431,390	6,368,472
Natural and Economic Resources	874,795	933,019	---	---	874,795	933,019
Transportation and Law Enforcement	1,856,470	1,924,306	---	---	1,856,470	1,924,306
Human Services	12,626,092	12,335,625	---	---	12,626,092	12,335,625
State Lottery	---	---	894,146	876,290	894,146	876,290
Unemployment Compensation	---	---	568,787	858,697	568,787	858,697
Petroleum Storage Tank Insurance	---	---	13,244	18,101	13,244	18,101
State Fair Fees	---	---	4,207	3,968	4,207	3,968
State Parks and DNR	---	---	9,063	9,179	9,063	9,179
Historic Preservation	---	---	333	388	333	388
Veterans' Homes	---	---	97,647	97,012	97,647	97,012
Surplus Property	---	---	2,502	3,017	2,502	3,017
Revenue Information	---	---	---	32	---	32
All Other Expenses	156,094	161,386	---	---	156,094	161,386
<i>Total Expenses</i>	<u>22,950,832</u>	<u>22,786,226</u>	<u>1,589,929</u>	<u>1,866,684</u>	<u>24,540,761</u>	<u>24,652,910</u>
Increase (Decrease) in Net Position before Transfers and Extraordinary Items	(62,461)	597,841	640,970	515,981	578,509	1,113,822
<i>Adjustments to Claims Reserve</i>	---	---	17,223	---	17,223	---
<i>Transfers and Extraordinary Items</i>	291,289	290,900	(291,421)	(290,900)	(132)	---
Change in Net Position	228,828	888,741	366,772	225,081	595,600	1,113,822
<i>Net Position - July 1</i>	<u>30,738,541</u>	<u>29,849,800</u>	<u>(60,044)</u>	<u>(285,125)</u>	<u>30,678,497</u>	<u>29,564,675</u>
<i>Net Position - June 30</i>	<u>\$ 30,967,369</u>	<u>\$ 30,738,541</u>	<u>\$ 306,728</u>	<u>\$ (60,044)</u>	<u>\$ 31,274,097</u>	<u>\$ 30,678,497</u>

\*Fiscal year 2013 amounts have been restated.

## Governmental Activities

The net position of governmental activities increased \$228.8 million in fiscal year 2014. General and program revenues of governmental activities remained relatively constant during the fiscal year.

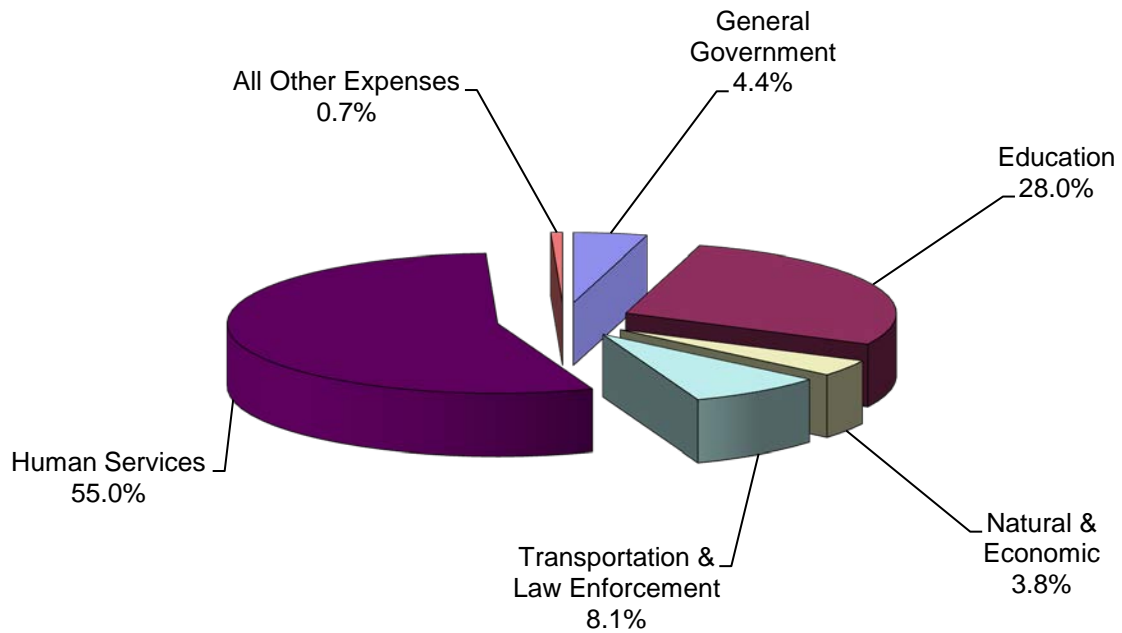
As shown in the Revenues by Source chart below, approximately 46.2% of revenues from all sources earned came from taxes. Grants and contributions, which represents amounts received from other governments/entities, primarily the federal government, provided 46.2% of total revenue. Charges for services contributed 7.1% and various other revenues provided 0.5% of the remaining governmental activity revenue sources.



The State's governmental activities program expenses increased \$164.6 million during fiscal year 2014. Education expenses increased \$62.9 million, General Government expenses decreased \$57.4 million, Natural and Economic Resources expenses decreased \$58.2 million, Transportation and Law Enforcement expenses decreased \$67.9 million, Human Services expenses increased \$290.5 million, and all Other Expenses decreased \$5.3 million.

As shown in the Expenses by Function chart below, expense for Human Services makes up the largest portion - 55.0% - of total governmental activities expenses.

## Expenses by Function

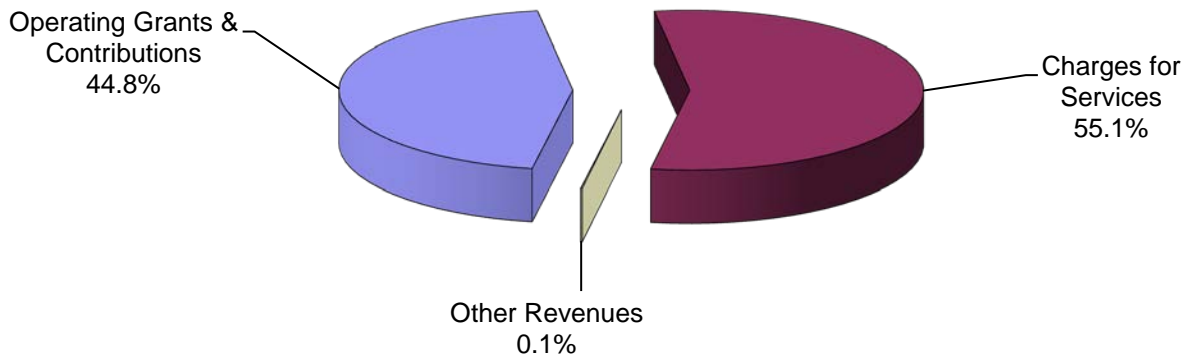


## Business-Type Activities

Net position of the State's business-type activities increased \$366.8 million in fiscal year 2014, mainly due to the payoff of Unemployment Compensation's loan balance with the federal government which was \$308.5 million at the end of fiscal year 2013.

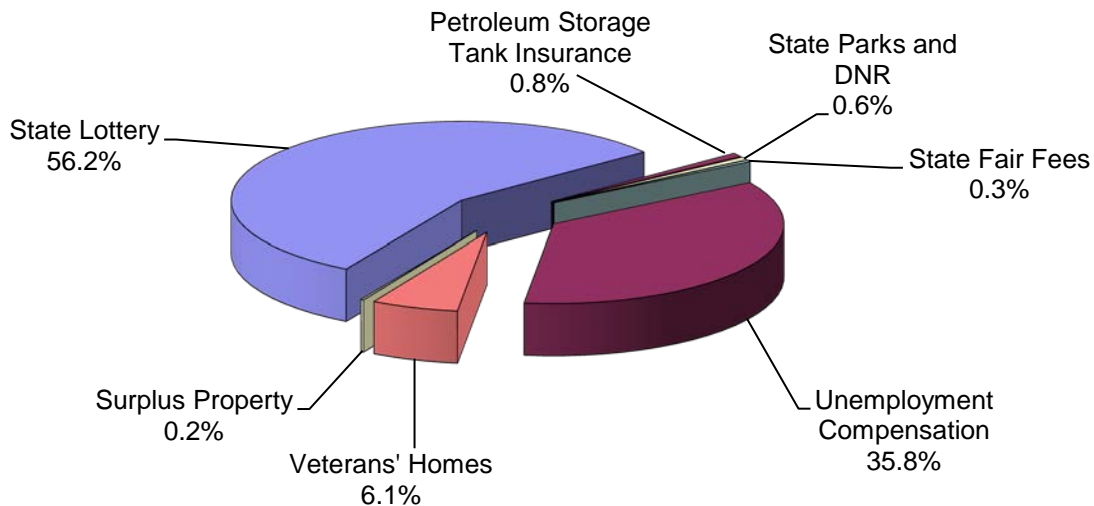
Revenues of business-type activities totaled \$2.2 billion. As shown in the Revenues by Source chart below, 55.1% of the revenues came from charges for services. Operating grants and contributions provided 44.8% of the total revenues and all other revenues provided 0.1%.

### Revenues by Source



Expenses of business-type activities totaled \$1.6 billion. As shown in the Expenses by Fund chart below, State Lottery makes up the largest portion with 56.2% of total business-type expenses. The Unemployment Compensation comes in second at 35.8%, followed by veterans' homes at 6.1%, petroleum storage tank insurance at 0.8%, state parks and DNR at 0.6%, state fair fees at 0.3%, and surplus property at 0.2%.

### Expenses by Fund



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

### Governmental Funds:

At the end of fiscal year 2014, the State's governmental funds reported combined ending fund balances of \$4.7 billion. Approximately 34.6% is unrestricted and available for spending at the government's discretion. The remainder of fund balance is nonspendable and restricted to indicate that it is not available for new spending because it has already been allocated for: 1) inventories, 2) to pay debt service, 3) for loans receivable, and 4) for a variety of other purposes.

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

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Total
Nonspendable	\$ 50,504	\$ 115	\$ 1,085,732	\$ 29,135	\$ 55,072	\$ 1,220,558
Restricted	286,717	208,861	141,406	915,960	280,378	1,833,322
Committed	560,138	4,450	312,953	---	28,630	906,171
Assigned	70,694	71,880	97,095	---	230,321	469,990
Unassigned	241,420	---	---	---	---	241,420
<b>Total</b>	<b>\$ 1,209,473</b>	<b>\$ 285,306</b>	<b>\$ 1,637,186</b>	<b>\$ 945,095</b>	<b>\$ 594,401</b>	<b>\$ 4,671,461</b>

The General Fund is the chief operating fund of the State. At the end of fiscal year 2014, the State's General Fund reported a total fund balance of \$1.2 billion, a decrease in fund balance from fiscal year 2013 of \$236.9 million. Total revenues decreased \$281.9 million due to a combination of lower net individual income tax and corporate income tax remittances in fiscal year 2014 compared to fiscal year 2013 of \$54.0 million, a \$51.8 million decrease in tobacco settlement revenues and a \$158.4 million decrease in food stamp revenues due to a decrease in food stamp recipients. Total expenditures increased \$183.5 million, mainly in human services due to an increase in Medicaid services, assistance payments, home and community based services, and the development of the Missouri Eligibility Determination and Enrollment System for Medicaid and Other Assistance Programs. This increase was due to an increase in a variety of factors including increased participants, cost increases, and a lower federal reimbursement rate.

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 \$3.8 million in fiscal year 2014 due to the fact that revenues and transfers in were not sufficient to cover expenditures. Revenues and expenditures were relatively stable versus fiscal year 2013.

The Conservation and Environmental Protection Fund provides for the preservation of the State's wildlife and environment. In fiscal year 2014, the increase in fund balance of \$71.2 million is smaller than the increase in fund balance of \$126.7 million in fiscal year 2013 due to a decrease in revenues. Revenues decreased \$52.8 million due to fewer available grants, while expenditures remained relatively stable.

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 \$79.7 million in fiscal year 2014. Revenues decreased \$78.5 million in fiscal year 2014. This was due to a decrease in federal grants revenue related to decreased reimbursements for construction and hazard elimination projects and a decrease in American Recovery and Reinvestment Act revenue due to highway projects ending in September of 2014.

## 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 position decreased by \$1.0 million due to increased operating expenses. Total operating expenses increased by 2.0% from \$876.3 million in fiscal year 2013 to \$894.2 million in fiscal year 2014. Most of the increase is attributable to increased prizes from Pull-tab sales. The net impact of these results for fiscal year 2014 was a decrease in the actual cash transfer of profits for public education from \$280.2 million to \$277.9 million. In addition, the Lottery returned \$766.2 million to players in cash and prizes and \$70.6 million to retailers in commissions and incentives for the 2014 fiscal year.

The Unemployment Compensation Fund's net position increased by \$347.1 million due to both a reduction in the amount of loans payable reported and a reduction in the amount of unemployment claims as a result of federal benefits which began during the recession being discontinued. As of January 1, 2011, Missouri had an outstanding loan balance with the federal government for two consecutive years resulting in a reduction in the Federal Unemployment Tax Act (FUTA) tax credit that Missouri employers are allowed to claim on their taxes. The additional dollars collected by the federal government was used to pay down Missouri's loan balance. As of June 30, 2014, the loan balance has been paid off in full.

The Petroleum Storage Tank Insurance Fund's net position increased by \$18.5 million due to a decrease in the actuarial evaluation of projected Incurred But Not Reported (IBNR) claims liability.

## 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 2014 from the General Fund were \$24.7 billion original budget and \$25.2 billion final budget. Actual spending was \$22.8 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.
- Capital improvement appropriations were restricted during the budget process.

Budgeted revenues/transfers in for fiscal year 2014 for the General Fund were \$24.0 billion original budget and \$24.4 billion final budget. Actual revenue/transfers in was \$22.6 billion.

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

## GOVERNMENT-WIDE CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2014, was \$32.1 billion (net of accumulated depreciation/amortization). This investment in capital assets includes construction in progress, software in progress, infrastructure in progress, land, permanent easements, land improvements, temporary easements, buildings and improvements, equipment, software, trademarks, and infrastructure.

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

	Governmental Activities	Business-Type Activities	Total
Construction in Progress	\$ 299,557	\$ 7,824	\$ 307,381
Software in Progress	25,140	---	25,140
Infrastructure in Progress	2,252,353	---	2,252,353
Land	2,929,263	10,872	2,940,135
Permanent Easements	2,767	---	2,767
Land Improvements	192,228	12,305	204,533
Temporary Easements	2,161	50	2,211
Buildings and Improvements	3,261,925	31,204	3,293,129
Equipment	1,244,138	52,558	1,296,696
Software	144,215	1,894	146,109
Trademarks	17	---	17
Infrastructure	47,728,369	---	47,728,369
<i>Subtotal</i>	58,082,133	116,707	58,198,840
Less Accumulated Depreciation/Amortization	(26,028,570)	(62,735)	(26,091,305)
<b>Total Capital Assets, Net</b>	<b>\$ 32,053,563</b>	<b>\$ 53,972</b>	<b>\$ 32,107,535</b>

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

### Debt Administration:

At the end of fiscal year 2014, the primary government had total general obligation and other bonded debt outstanding of \$3.6 billion. Of this amount, \$323.4 million comprises debt backed by the full faith and credit of the government.

Principal amounts retired in fiscal year 2014 were \$54.8 million for general obligation bonds and \$1.3 billion for other bonds.

The State of Missouri is proud to have maintained a Triple-A credit rating since 1989 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	\$ 323,395	\$ ---	\$ 323,395
Other Bonds	3,303,700	2,124,163	5,427,863
<b>Total</b>	<b>\$ 3,627,095</b>	<b>\$ 2,124,163</b>	<b>\$ 5,751,258</b>

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

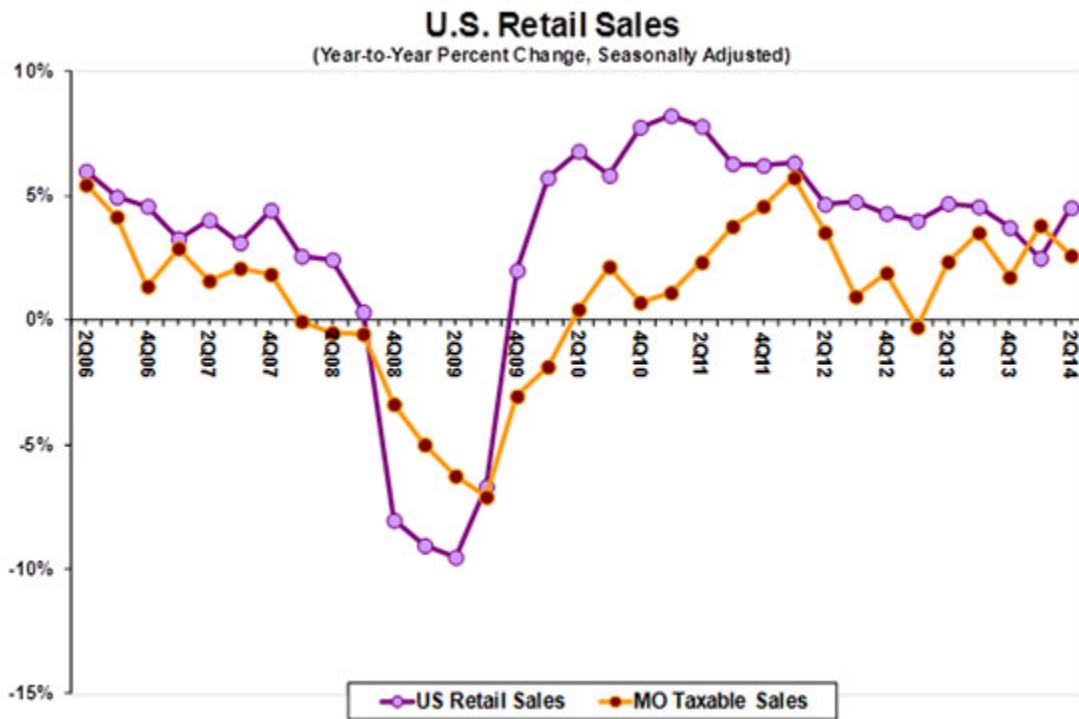


## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The State's net general revenue collections declined by 1.0% during fiscal year 2014, which resulted with collections in the amount of \$8.0 billion. Revenue growth of approximately 10% in general revenue collections is needed to reach the revenue necessary to support the fiscal year 2015 budget, as appropriated in May 2014. The Governor vetoed \$275.7 million from the fiscal year 2015 budget, largely due to the sizable increase in revenues needed to balance the budget as well as the loss of \$50 million in tobacco settlement payments and \$51.8 million for tax amnesty that has failed to be passed by the legislature. In addition, the budget was restricted another \$846.3 million in operating and capital expenditure appropriations. These restrictions were put in place partially to reduce the potential impact of ten bills that would change the tax structure of the State, all of which were vetoed by the Governor. The veto was sustained by the legislature for all but two of the bills, therefore the Governor released \$143.6 million of the restricted funding for education. However, many of these restrictions remain in place partially due to a ruling by a national arbitration panel regarding payments to states under the 1998 Tobacco Master Settlement Agreement. Missouri is expected to owe the tobacco companies \$20 million, which would be repaid in the form of an offset of the State's next payment that would be received from the tobacco companies.

The outlook for general revenue for fiscal year 2015 remains uncertain. Growth was slow during the first quarter of 2014. Equity markets continue reaching new highs and the number of jobs is steadily improving. Recent growth in sales tax suggests consumers are feeling more secure about their income. Despite an increase in issued permits, housing markets continue to struggle with stagnant prices in parts of the country.

Missouri taxable sales continue to grow and retail spending increased overall during the last fiscal year. Consumer confidence continues to show improvement, which is reflected in spending patterns. The growth is slow and consumers are still cautious with spending as the economy continues to show signs of relatively small growth. Retail sales account for approximately 65% of taxable sales in Missouri. The first quarter of 2014 resulted in \$18.7 billion in taxable sales in Missouri, which is an increase of 2.44% over the same quarter in the previous year. This was the largest increase over the previous year's quarter since the first quarter of 2012. While the second quarter taxable sales did not show as much of an increase compared to the previous year, sales still increased by 1.90% totaling sales of \$20.4 billion. The second quarter of 2014 marked the fifth straight quarter of year-to-year seasonally adjusted growth and 16 out of 17 quarters of unadjusted growth. The following graph shows the percent change in retail and taxable sales for the U.S. and Missouri:



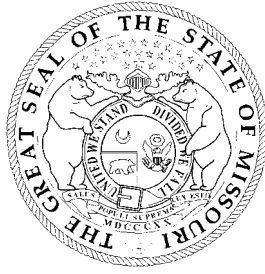
Source: Missouri Economic Research and Information Center/Realty Trac

Despite the current national economic situation, Missouri's financial position continues to be strong. Conservative fiscal management, including Missouri's constitutional provisions for the Governor to line item veto and restrict expenditures below appropriated levels, will ensure the fiscal year 2015 budget is balanced.

The fiscal year 2015 economic outlook is generally expected to be better than 2014, reflecting modest improvement in the overall state and national economy. It is uncertain when the State will expect to feel the impact of the change in economic conditions with increased tax revenues. In addition, it is uncertain if any of the increases in tax revenues will offset the decline in gaming revenues that occurred in fiscal year 2014 and that is expected to continue to be weak in 2015.

#### **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 POSITION**  
**June 30, 2014**  
**(In Thousands of Dollars)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents (Note 3)	\$ 1,222,717	\$ 80,055	\$ 1,302,772	\$ 249,296
Investments (Note 3)	2,592,696	106,052	2,698,748	2,180,315
Invested Securities Lending Collateral (Note 3)	147,048	7,131	154,179	113,518
Receivables, Net (Note 14)	3,461,047	251,279	3,712,326	761,584
Internal Balances	19,891	(19,891)	---	---
Inventories	72,232	1,545	73,777	53,134
Deposits and Prepaid Expenses	109	53	162	34,401
Restricted Assets:				
Cash and Cash Equivalents (Note 3)	34,146	---	34,146	174,354
Investments (Note 3)	39,801	42,818	82,619	1,390,899
Receivables, Net	---	---	---	69,203
Other Assets	4,922	---	4,922	3,435
Capital Assets (Note 5):				
Non-Depreciable	5,509,080	18,696	5,527,776	512,834
Depreciable, Net	26,544,483	35,276	26,579,759	4,516,987
Total Assets	<u>39,648,172</u>	<u>523,014</u>	<u>40,171,186</u>	<u>10,059,960</u>
<b>Deferred Outflows of Resources</b>				
Deferred for Refunding	115,845	---	115,845	43,435
Cash Flow Hedge	---	---	---	20,869
Accumulated Decrease in Fair Value of Hedging Derivatives	---	---	---	353
Total Deferred Outflows of Resources	<u>115,845</u>	<u>---</u>	<u>115,845</u>	<u>64,657</u>
<b>Liabilities</b>				
Bank Overdraft (Notes 3 and 10)	2	---	2	---
Payables (Note 14)	1,418,056	19,056	1,437,112	1,085,412
Securities Lending Obligation (Note 3)	147,048	7,131	154,179	113,518
Unearned Revenue (Note 1)	57,058	993	58,051	141,227
Escheat/Unclaimed Property	121,825	---	121,825	---
Long-Term Liabilities (Note 11):				
Due Within One Year	598,839	78,906	677,745	331,717
Due in More Than One Year	6,453,805	110,200	6,564,005	2,240,027
Total Liabilities	<u>8,796,633</u>	<u>216,286</u>	<u>9,012,919</u>	<u>3,911,901</u>
<b>Deferred Inflows of Resources</b>				
Advance from Other Funds	15	---	15	---
Differences between Projected and Actual Earnings on Pension Plan Investments	---	---	---	185,860
Total Deferred Inflows of Resources	<u>15</u>	<u>---</u>	<u>15</u>	<u>185,860</u>
<b>Net Position</b>				
Net Investment in Capital Assets	28,519,443	53,757	28,573,200	2,821,909
Restricted for:				
Budget Reserve	556,284	---	556,284	---
Debt Service	389,977	---	389,977	---
Grants	283,004	---	283,004	---
Enabling Legislation (Note 1)	467,856	---	467,856	---
Loans Receivable	1,119,071	---	1,119,071	---
Permanent Trusts:				
Expendable	107	---	107	---
Non-Expendable	47,538	---	47,538	---
College and Universities:				
Expendable	---	---	---	546,343
Non-Expendable	---	---	---	1,039,908
External Parties	926,246	4,889	931,135	90,953
Unrestricted	(1,342,157)	248,082	(1,094,075)	1,527,743
Total Net Position	<u>\$ 30,967,369</u>	<u>\$ 306,728</u>	<u>\$ 31,274,097</u>	<u>\$ 6,026,856</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, 2014  
(In Thousands of Dollars)**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	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	\$ 1,005,991	\$ 551,379	\$ 92,128	\$ ---	\$ (362,484)	\$ ---	\$ (362,484)	\$ ---
Education	6,431,390	57,378	1,177,886	---	(5,196,126)	---	(5,196,126)	---
Natural and Economic Resources	874,795	251,959	347,149	---	(275,687)	---	(275,687)	---
Transportation and Law Enforcement	1,856,470	232,249	271,234	926,822	(426,165)	---	(426,165)	---
Human Services	12,626,092	504,369	7,763,135	7,174	(4,351,414)	---	(4,351,414)	---
Interest on Debt (Excluding Direct Expense)	156,094	24,662	---	---	(131,432)	---	(131,432)	---
Total Governmental Activities	<u>22,950,832</u>	<u>1,621,996</u>	<u>9,651,532</u>	<u>933,996</u>	<u>(10,743,308)</u>	<u>---</u>	<u>(10,743,308)</u>	<u>---</u>
Business-Type Activities:								
State Lottery	894,146	1,171,580	---	---	---	277,434	277,434	---
Unemployment Compensation	568,787	---	935,078	---	---	366,291	366,291	---
Petroleum Storage Tank Insurance	13,244	13,898	---	---	---	654	654	---
State Fair Fees	4,207	4,231	155	---	---	179	179	---
State Parks and DNR	9,063	8,091	2,986	---	---	2,014	2,014	---
Historic Preservation	333	---	---	---	---	(333)	(333)	---
Missouri Veterans' Homes	97,647	27,694	61,237	---	---	(8,716)	(8,716)	---
Surplus Property	2,502	2,542	---	---	---	40	40	---
Revenue Information	---	1,378	---	---	---	1,378	1,378	---
Total Business-Type Activities	<u>1,589,929</u>	<u>1,229,414</u>	<u>999,456</u>	<u>---</u>	<u>---</u>	<u>638,941</u>	<u>638,941</u>	<u>---</u>
Total Primary Government	<u>\$ 24,540,761</u>	<u>\$ 2,851,410</u>	<u>\$ 10,650,988</u>	<u>\$ 933,996</u>	<u>(10,743,308)</u>	<u>638,941</u>	<u>(10,104,367)</u>	<u>---</u>
Component Units:								
College and Universities	\$ 3,958,213	\$ 2,591,075	\$ 1,427,038	\$ 25,345	---	---	---	85,245
Non-Major Component Units	9,143	8,866	---	---	---	---	---	(277)
Total Component Units	<u>\$ 3,967,356</u>	<u>\$ 2,599,941</u>	<u>\$ 1,427,038</u>	<u>\$ 25,345</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>84,968</u>
General Revenues:								
Taxes:								
Sales and Use					2,925,867	---	2,925,867	---
Individual Income					5,718,800	---	5,718,800	---
Corporate Income					427,320	---	427,320	---
County Foreign Insurance					180,779	---	180,779	---
Alcoholic Beverage					30,370	---	30,370	---
Corporate Franchise					54,670	---	54,670	---
Fuel					629,105	---	629,105	---
Miscellaneous Taxes					605,247	---	605,247	---
Grants and Contributions not Restricted to Specific Programs					73,651	---	73,651	3,322
Unrestricted Investment Earnings					35,038	2,029	37,067	295,879
Adjustments to Claims Reserve					---	17,223	17,223	---
Extraordinary Item					(132)	---	(132)	---
Transfers					291,421	(291,421)	---	---
Total General Revenues and Transfers					<u>10,972,136</u>	<u>(272,169)</u>	<u>10,699,967</u>	<u>299,201</u>
Change in Net Position					228,828	366,772	595,600	384,169
Net Position - Beginning					30,738,541	(60,044)	30,678,497	5,642,687
Net Position - Ending					<u>\$ 30,967,369</u>	<u>\$ 306,728</u>	<u>\$ 31,274,097</u>	<u>\$ 6,026,856</u>

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

*The Governmental Funds focus on current financial resources.*

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

### **Major Funds**

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

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

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

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

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

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

### **Non-Major Funds**

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

**STATE OF MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Totals June 30, 2014
<b>ASSETS</b>						
Cash and Cash Equivalents (Note 3)	\$ 280,490	\$ 39,541	\$ 157,997	\$ 390,763	\$ 143,377	\$ 1,012,168
Investments (Note 3)	1,045,033	131,517	361,538	475,696	400,157	2,413,941
Invested Securities Lending Collateral (Note 3)	69,096	8,758	31,767	12,764	23,247	145,632
Accounts Receivable, Net	1,763,863	135,674	46,709	131,881	169,376	2,247,503
Interest Receivable	2,266	267	9,438	1,093	555	13,619
Due from Other Funds (Note 15)	---	13,730	76	---	3,552	17,358
Due from Component Units (Note 15)	---	---	675	---	---	675
Inventories	19,302	115	412	29,135	4,985	53,949
Advance to Component Units (Note 15)	---	---	2,418	---	---	2,418
Loans Receivable	31,202	---	1,085,320	---	2,549	1,119,071
Restricted Assets:						
Cash and Cash Equivalents (Note 3)	---	---	---	32,449	---	32,449
Investments (Note 3)	---	---	---	39,501	---	39,501
Total Assets	<u>\$ 3,211,252</u>	<u>\$ 329,602</u>	<u>\$ 1,696,350</u>	<u>\$ 1,113,282</u>	<u>\$ 747,798</u>	<u>\$ 7,098,284</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 1,036,507	\$ 2,053	\$ 4,144	\$ 99,265	\$ 109,858	\$ 1,251,827
Accrued Payroll	58,882	190	4,933	16,065	11,062	91,132
Due to Other Funds (Note 15)	9,071	43	465	273	1,499	11,351
Due to Component Units (Note 15)	---	---	---	6,982	---	6,982
Securities Lending Obligation (Note 3)	69,096	8,758	31,767	12,764	23,247	145,632
Unearned Revenue (Note 1)	21,058	---	117	10,625	---	31,800
Escheat/Unclaimed Property	121,825	---	---	---	---	121,825
Total Liabilities	<u>1,316,439</u>	<u>11,044</u>	<u>41,426</u>	<u>145,974</u>	<u>145,666</u>	<u>1,660,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue (Note 1)	685,325	33,252	17,738	22,213	7,731	766,259
Advance From Other Funds	15	---	---	---	---	15
Total Deferred Inflows of Resources	<u>685,340</u>	<u>33,252</u>	<u>17,738</u>	<u>22,213</u>	<u>7,731</u>	<u>766,274</u>
<b>FUND BALANCES (Note 4)</b>						
Nonspendable	50,504	115	1,085,732	29,135	55,072	1,220,558
Restricted	286,717	208,861	141,406	915,960	280,378	1,833,322
Committed	560,138	4,450	312,953	---	28,630	906,171
Assigned	70,694	71,880	97,095	---	230,321	469,990
Unassigned	241,420	---	---	---	---	241,420
Total Fund Balances	<u>1,209,473</u>	<u>285,306</u>	<u>1,637,186</u>	<u>945,095</u>	<u>594,401</u>	<u>4,671,461</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,211,252</u>	<u>\$ 329,602</u>	<u>\$ 1,696,350</u>	<u>\$ 1,113,282</u>	<u>\$ 747,798</u>	<u>\$ 7,098,284</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 POSITION  
June 30, 2014  
(In Thousands of Dollars)**

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Total Fund Balances – Governmental Funds \$ 4,671,461

Amounts reported for governmental activities in the Statement of Net Position 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	299,266	
Software in Progress	24,850	
Infrastructure in Progress	2,252,353	
Land	2,921,542	
Permanent Easements	2,767	
Land Improvements	189,114	
Temporary Easements	2,161	
Buildings and Improvements	2,764,987	
Equipment	1,125,094	
Software	126,957	
Trademarks	17	
Infrastructure	47,728,369	
Accumulated Depreciation/Amortization	<u>(25,745,921)</u>	
		31,691,556

Deferred inflows of resources related to the State's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures are deferred in the funds. 766,259

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 Position. 120,767

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

Due to Other Entities	(23,353)	
General Obligation and Other Bonds Payable	(3,627,095)	
Unamortized Bond Premium	(299,287)	
Accrued Interest on Bonds	(33,610)	
Obligation under Lease Purchases	(110,883)	
Pollution Remediation	(20,318)	
Compensated Absences	(157,359)	
Claims Liability	(11,885)	
Contingent Liabilities	(1,672,938)	
Net Other Postemployment Benefit Obligation	(822,450)	
Net Pension Obligation	<u>(123,089)</u>	
		(6,902,267)

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 Position. 619,593

Net Position of Governmental Activities \$ 30,967,369

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, 2014**  
**(In Thousands of Dollars)**

	General Fund	Public Education	Conservation and Environmental Protection	Missouri Road Fund	Non-Major Funds	Eliminations	Totals June 30, 2014
<b>Revenues:</b>							
Taxes	\$ 8,012,838	\$ 1,189,639	\$ 192,525	\$ 147,904	\$ 1,006,140	\$ ---	\$ 10,549,046
Licenses, Fees, and Permits	89,537	1,400	79,756	100,109	383,636	---	654,438
Sales	801	---	10,138	---	1,369	---	12,308
Leases and Rentals	34	---	117	---	329	---	480
Services	110,526	---	---	---	754	---	111,280
Contributions and Intergovernmental	9,333,214	86,910	69,642	852,966	312,172	---	10,654,904
Investment Earnings:							
Net Increase (Decrease) in the Fair Value of Investments	9,282	882	2,311	(7,595)	1,857	---	6,737
Interest	12,885	1,088	14,655	18,380	3,243	---	50,251
Penalties and Unclaimed Properties	63,661	2,249	1,444	---	7,623	---	74,977
Cost Reimbursement/ Miscellaneous	271,134	102,839	4,088	85,911	43,953	---	507,925
Total Revenues	<u>17,903,912</u>	<u>1,385,007</u>	<u>374,676</u>	<u>1,197,675</u>	<u>1,761,076</u>	<u>---</u>	<u>22,622,346</u>
<b>Expenditures:</b>							
Current:							
General Government	611,082	204	2,082	---	224,243	---	837,611
Education	1,959,138	4,457,353	---	---	2,795	---	6,419,286
Natural and Economic Resources	298,605	6,353	299,799	---	226,709	---	831,466
Transportation and Law Enforcement	306,060	149	799	743,639	299,829	---	1,350,476
Human Services	11,811,609	11,298	739	---	624,386	---	12,448,032
Capital Outlay:							
General Government	---	---	---	---	26	---	26
Transportation and Law Enforcement	---	---	---	851,870	963	---	852,833
Debt Service:							
Principal	38,151	---	---	97,798	120,272	---	256,221
Interest	27,349	---	---	65,038	94,736	---	187,123
Bond Issuance Costs	429	---	---	887	229	---	1,545
Underwriter's Discount	518	---	---	3,557	---	---	4,075
Total Expenditures	<u>15,052,941</u>	<u>4,475,357</u>	<u>303,419</u>	<u>1,762,789</u>	<u>1,594,188</u>	<u>---</u>	<u>23,188,694</u>
Excess Revenues (Expenditures)	<u>2,850,971</u>	<u>(3,090,350)</u>	<u>71,257</u>	<u>(565,114)</u>	<u>166,888</u>	<u>---</u>	<u>(566,348)</u>
<b>Other Financing Sources (Uses):</b>							
Proceeds from Notes/Capital Leases	1,045	---	---	13	342	---	1,400
Issuance of Refunding Bonds	94,565	---	---	900,990	---	---	995,555
Payments to Escrow Agent	(95,663)	---	---	(1,082,245)	---	---	(1,177,908)
Bond Premium (Note 11)	9,945	---	---	185,693	---	---	195,638
Proceeds from Sale of Capital Assets	378	---	22	7,443	6,024	---	13,867
Transfers In (Note 16)	48,836	3,114,056	2,663	473,515	341,828	(3,676,210)	304,688
Transfers Out (Note 16)	(3,145,764)	(27,511)	(2,676)	---	(513,022)	3,676,210	(12,763)
Total Other Financing Sources (Uses)	<u>(3,086,658)</u>	<u>3,086,545</u>	<u>9</u>	<u>485,409</u>	<u>(164,828)</u>	<u>---</u>	<u>320,477</u>
Net Change in Fund Balances	(235,687)	(3,805)	71,266	(79,705)	2,060	---	(245,871)
Fund Balances – Beginning (Note 17)	1,446,412	289,070	1,566,008	1,024,800	590,889	---	4,917,179
Increase (Decrease) in Reserve for Inventory	(1,252)	41	(88)	---	1,452	---	153
Fund Balances – Ending	<u>\$ 1,209,473</u>	<u>\$ 285,306</u>	<u>\$ 1,637,186</u>	<u>\$ 945,095</u>	<u>\$ 594,401</u>	<u>\$ ---</u>	<u>\$ 4,671,461</u>

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

**STATE OF MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES IN  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2014  
(In Thousands of Dollars)**

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Net Change in Fund Balances – Total Governmental Funds \$ (245,871)

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. 153

Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount that capital outlays of \$919,950 exceeds depreciation/amortization of \$582,922 in the current period. 337,028

The net effect of the donation of capital assets increased net position. 6,623

Deferred inflows do not provide current financial resources and are not recognized as revenues until available in governmental funds. (37,888)

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

Bonds Issued	(995,555)	
Bond Premiums and Refunding Costs	(120,281)	
Bonds Retired	1,309,385	
Capital Leases Issued	(1,058)	
Capital Lease Payments	21,243	
		213,734

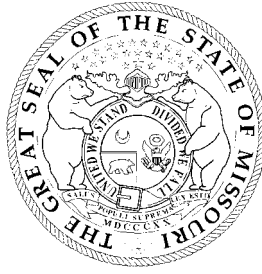
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds (Note 11):

Amortization of Bond Premium and Refunding Costs	48,070	
Decrease in Accrued Interest	11,228	
Decrease in Due to Other Entities	3,140	
Increase in Pollution Remediation	(9,106)	
Increase in Compensated Absences	(5,623)	
Increase in Contingent Liabilities	(9,866)	
Decrease in Claims Liability	6,429	
Increase in Net Other Postemployment Benefit Obligation	(101,058)	
Increase in Net Pension Obligation	(2,011)	
		(58,797)

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. 13,846

Change in Net Position of Governmental Activities \$ 228,828

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



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*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 POSITION  
PROPRIETARY FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals June 30, 2014	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents (Note 3)	\$ 10,236	\$ 47,023	\$ 13,645	\$ 9,151	\$ 80,055	\$ 210,549
Investments (Note 3)	15,910	---	53,532	36,610	106,052	70,337
Restricted:						
Investments (Note 3)	5,250	---	---	---	5,250	300
Invested Securities Lending Collateral (Note 3)	1,070	---	3,600	2,461	7,131	1,416
Accounts Receivable, Net	46,673	196,018	1,392	6,473	250,556	77,481
Interest Receivable	15	---	83	49	147	279
Due from Other Funds (Note 15)	---	---	---	192	192	11,822
Due from Component Units (Note 15)	---	---	---	---	---	1
Inventories	---	---	---	1,545	1,545	18,283
Prepaid Items	53	---	---	---	53	109
Loans Receivable	---	---	---	576	576	---
Total Current Assets	<u>79,207</u>	<u>243,041</u>	<u>72,252</u>	<u>57,057</u>	<u>451,557</u>	<u>390,577</u>
Non-Current Assets:						
Investments	---	---	---	---	---	108,418
Restricted:						
Cash and Cash Equivalents (Note 3)	---	---	---	---	---	1,697
Investments (Note 3)	37,568	---	---	---	37,568	---
Capital Assets (Note 5):						
Construction in Progress	---	---	---	7,824	7,824	291
Software in Progress	---	---	---	---	---	290
Land	353	---	---	10,519	10,872	7,721
Land Improvements	---	---	---	12,305	12,305	3,114
Temporary Easements	---	---	---	50	50	---
Buildings	5,221	---	---	25,983	31,204	496,938
Equipment	8,399	---	190	43,969	52,558	119,044
Software	1,879	---	---	15	1,894	17,258
Less Accumulated Depreciation/Amortization	(12,993)	---	(173)	(49,569)	(62,735)	(282,649)
Total Non-Current Assets	<u>40,427</u>	<u>---</u>	<u>17</u>	<u>51,096</u>	<u>91,540</u>	<u>472,122</u>
Total Assets	<u>119,634</u>	<u>243,041</u>	<u>72,269</u>	<u>108,153</u>	<u>543,097</u>	<u>862,699</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Bank Overdraft (Note 3 and 10)	---	---	---	---	---	2
Accounts Payable	3,309	10,679	193	2,240	16,421	32,699
Accrued Payroll	287	---	54	2,294	2,635	1,806
Due to Other Funds (Note 15)	13,772	3,552	1	115	17,440	581
Securities Lending Obligation (Note 3)	1,070	---	3,600	2,461	7,131	1,416
Unearned Revenue (Note 1)	442	---	551	---	993	25,258
Claims Liability (Note 11)	---	---	14,750	---	14,750	69,564
Grand Prize Winner Liability (Note 11)	59,956	---	---	---	59,956	---
Obligations under Lease Purchase (Note 11)	---	---	---	65	65	6,992
Compensated Absences (Note 11)	534	---	51	3,550	4,135	3,884
Total Current Liabilities	<u>79,370</u>	<u>14,231</u>	<u>19,200</u>	<u>10,725</u>	<u>123,526</u>	<u>142,202</u>
Non-Current Liabilities:						
Claims Liability (Note 11)	---	---	77,103	---	77,103	60,627
Grand Prize Winner Liability (Note 11)	32,676	---	---	---	32,676	---
Obligations under Lease Purchase (Note 11)	---	---	---	150	150	42,330
Compensated Absences (Note 11)	140	---	54	77	271	590
Total Non-Current Liabilities	<u>32,816</u>	<u>---</u>	<u>77,157</u>	<u>227</u>	<u>110,200</u>	<u>103,547</u>
Total Liabilities	<u>112,186</u>	<u>14,231</u>	<u>96,357</u>	<u>10,952</u>	<u>233,726</u>	<u>245,749</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	2,859	---	17	50,881	53,757	312,685
Restricted for:						
Capital	---	---	---	---	---	1,012
Other Purposes	4,889	---	---	---	4,889	985
Unrestricted	(300)	228,810	(24,105)	46,320	250,725	302,268
Total Net Position	<u>\$ 7,448</u>	<u>\$ 228,810</u>	<u>\$ (24,088)</u>	<u>\$ 97,201</u>	<u>\$ 309,371</u>	<u>\$ 616,950</u>
Total Net Position Reported Above					\$ 309,371	
Consolidation Adjustment of Internal Service Activities Related to Enterprise Funds					(2,643)	
Net Position of Business-Type Activities					<u>\$ 306,728</u>	

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

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

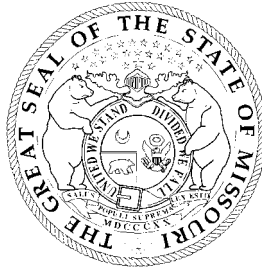
	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals June 30, 2014	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
<b>Operating Revenues:</b>						
Employer Contributions	\$ ---	\$ 770,491	\$ ---	\$ ---	\$ 770,491	\$ 438,116
Employee Contributions	---	---	---	---	---	163,638
Federal Contracts	---	164,587	---	---	164,587	---
Medicare Part D Subsidy	---	---	---	---	---	4,463
Licenses, Fees, and Permits	---	---	12,420	8,440	20,860	19,708
Sales	1,171,488	---	---	4,929	1,176,417	26,312
Leases and Rentals	---	---	---	3,264	3,264	98,654
Charges for Services	---	---	---	27,435	27,435	124,919
Cost Reimbursement/Miscellaneous	92	---	1,478	288	1,858	4,137
Total Operating Revenues	<u>1,171,580</u>	<u>935,078</u>	<u>13,898</u>	<u>44,356</u>	<u>2,164,912</u>	<u>879,947</u>
<b>Operating Expenses:</b>						
Cost of Goods Sold	17,911	---	---	1,920	19,831	23,605
Personal Service	9,770	---	1,587	80,379	91,736	79,166
Operations	86,586	---	3,568	26,458	116,612	161,476
Prizes Expense	766,227	---	---	---	766,227	---
Specific Programs	---	---	8,085	916	9,001	13,863
Insurance Benefits	---	---	---	---	---	561,198
Unemployment Benefits	---	567,272	---	---	567,272	---
Depreciation/Amortization	1,137	---	7	3,987	5,131	26,112
Other Charges	12,559	---	---	354	12,913	1,880
Total Operating Expenses	<u>894,190</u>	<u>567,272</u>	<u>13,247</u>	<u>114,014</u>	<u>1,588,723</u>	<u>867,300</u>
Operating Income (Loss)	<u>277,390</u>	<u>367,806</u>	<u>651</u>	<u>(69,658)</u>	<u>576,189</u>	<u>12,647</u>
<b>Non-Operating Revenues (Expenses):</b>						
Contributions and Intergovernmental	(40)	---	---	64,378	64,338	32
Interest Expense	---	(1,515)	---	(2)	(1,517)	(1,143)
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	(687)	---	325	220	(142)	(51)
Interest	75	1,550	349	197	2,171	3,328
Adjustments to Claims Reserve	---	---	17,223	---	17,223	---
Penalties and Unclaimed Properties	---	---	---	1	1	---
Disposal of Capital Assets	65	---	---	247	312	(68)
Total Non-Operating Revenues (Expenses)	<u>(587)</u>	<u>35</u>	<u>17,897</u>	<u>65,041</u>	<u>82,386</u>	<u>2,098</u>
Income (Loss) Before Transfers	276,803	367,841	18,548	(4,617)	658,575	14,745
Capital Contributions (Note 16)	---	---	---	---	---	12
Transfers In (Note 16)	41	4,299	---	8,326	12,666	207
Transfers Out (Note 16)	(277,851)	(25,009)	---	(1,227)	(304,087)	(1,500)
Change in Net Position	(1,007)	347,131	18,548	2,482	367,154	13,464
Total Net Position – Beginning (Note 17)	8,455	(118,321)	(42,636)	94,719	(57,783)	603,486
Total Net Position – Ending (Note 18)	<u>\$ 7,448</u>	<u>\$ 228,810</u>	<u>\$ (24,088)</u>	<u>\$ 97,201</u>	<u>\$ 309,371</u>	<u>\$ 616,950</u>
Total Net Change in Net Assets Reported Above					\$ 367,154	
Consolidation Adjustment of Internal Services Activities Related to Enterprise Funds					(382)	
Change in Net Assets of Business-Type Activities					<u>\$ 366,772</u>	

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

**STATE OF MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Business-Type Activities – Enterprise Funds					
	Major Funds				Totals	Governmental Activities – Internal Service Funds
	State Lottery	Unemployment Compensation	Petroleum Storage Tank Insurance	Non-Major Funds		
<b>Cash Flows from Operating Activities:</b>						
Receipts from Internal Customers and Users	\$ ---	\$ 4,348	\$ ---	\$ 725	\$ 5,073	\$ 665,157
Receipts from External Customers and Users	1,168,675	922,612	12,553	42,949	2,146,789	194,948
Payments to Suppliers	(104,289)	---	(3,396)	(28,376)	(136,061)	(182,883)
Payments to Employees	(9,712)	---	(1,565)	(80,075)	(91,352)	(80,351)
Payments Made for Program Expense	(770,507)	(877,321)	(9,403)	(916)	(1,658,147)	(575,756)
Other Receipts (Payments)	(12,467)	---	1,478	(66)	(11,055)	2,257
Net Cash Provided (Used) by Operating Activities	<u>271,700</u>	<u>49,639</u>	<u>(333)</u>	<u>(65,759)</u>	<u>255,247</u>	<u>23,372</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Loans Made to Outside Entities	---	---	---	15	15	---
Due to/from Other Funds	10,510	2,288	---	13	12,811	7,069
Contributions and Intergovernmental	(40)	---	---	64,378	64,338	32
Transfers to/from Other Funds	(277,810)	(20,710)	---	7,071	(291,449)	(1,540)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(267,340)</u>	<u>(18,422)</u>	<u>---</u>	<u>71,477</u>	<u>(214,285)</u>	<u>5,561</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Interest Expense	---	(1,515)	---	(2)	(1,517)	(1,143)
Purchases and Construction of Capital Assets	(872)	---	(3)	(5,563)	(6,438)	(6,377)
Capital Lease Downpayment/Obligations	---	---	---	(69)	(69)	(6,830)
Disposal of Capital Assets	65	---	---	111	176	3
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(807)</u>	<u>(1,515)</u>	<u>(3)</u>	<u>(5,523)</u>	<u>(7,848)</u>	<u>(14,347)</u>
<b>Cash Flows from Investing Activities:</b>						
Proceeds from Sales and Investment Maturities	---	---	---	1,006	1,006	1,050,487
Purchase of Investments	(2,627)	---	(1,079)	(2,097)	(5,803)	(1,046,739)
Interest and Dividends Received	83	1,550	378	163	2,174	3,337
Investment Fees	---	---	---	---	---	(45)
Penalties and Other Receipts	---	---	---	1	1	---
Net Cash Provided (Used) by Investing Activities	<u>(2,544)</u>	<u>1,550</u>	<u>(701)</u>	<u>(927)</u>	<u>(2,622)</u>	<u>7,040</u>
Net Increase (Decrease) in Cash	1,009	31,252	(1,037)	(732)	30,492	21,626
Cash and Cash Equivalents, Beginning of Year	9,227	15,771	14,682	9,883	49,563	190,618
Cash and Cash Equivalents, End of Year	<u>\$ 10,236</u>	<u>\$ 47,023</u>	<u>\$ 13,645</u>	<u>\$ 9,151</u>	<u>\$ 80,055</u>	<u>\$ 212,244</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 277,390	\$ 367,806	\$ 651	\$ (69,658)	\$ 576,189	\$ 12,647
Depreciation/Amortization Expense	1,137	---	7	3,987	5,131	26,112
Changes in Assets and Liabilities:						
Accounts Receivable	(2,739)	(8,118)	132	(367)	(11,092)	(11,951)
Inventories	---	---	---	93	93	(595)
Prepaid Items	85	---	---	---	85	(3)
Accounts Payable	123	(1,504)	172	(91)	(1,300)	3,056
Accrued Payroll	11	---	5	24	40	(364)
Loans Payable	---	(308,545)	---	---	(308,545)	---
Unearned Revenue	(74)	---	1	(27)	(100)	(3,754)
Grand Prize Winner Liability	(4,280)	---	---	---	(4,280)	---
Claims Liability	---	---	(1,318)	---	(1,318)	(955)
Compensated Absences	47	---	17	280	344	(821)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 271,700</u>	<u>\$ 49,639</u>	<u>\$ (333)</u>	<u>\$ (65,759)</u>	<u>\$ 255,247</u>	<u>\$ 23,372</u>
<b>Non-Cash Financing and Investing Activities:</b>						
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,780
Capital Asset Donations	41	---	---	449	490	271
Increase (Decrease) in Fair Value of Investments	(687)	---	325	220	(142)	(51)
Adjustments to Claims Reserve	---	---	9,138	---	9,138	---
Net Non-Cash Financing and Investing Activities	<u>\$ (646)</u>	<u>\$ ---</u>	<u>\$ 9,463</u>	<u>\$ 669</u>	<u>\$ 9,486</u>	<u>\$ 2,000</u>

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 POSITION**  
**June 30, 2014**  
**(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)	\$ 2,788,486	\$ 5,558	\$ 110,656
Investments at Fair Value (Note 3):			
U.S. Government Securities	2,807,977	1,976	497,888
U.S. Agency Sponsored Securities	77,294	14,561	3,649
Repurchase Agreements	---	---	538
Stocks	1,041,703	74	17
Bonds	109,798	---	---
International Equities	857,715	---	---
Mutual and Index Funds	1,849,515	---	---
Venture Capital Limited Partnership	5,722,049	---	---
Other Investments	588,007	5,686	1,425
Invested Securities Lending Collateral (Note 3)	122,388	1,494	375
Receivables:			
Accounts Receivable	118,238	---	382,554
Interest Receivable	7,241	10	97
Inventories	---	2	---
Prepaid Expenses	54	---	---
Capital Assets:			
Land	351	---	---
Buildings	5,118	---	---
Equipment	1,517	55	---
Software	3,554	9	---
Accumulated Depreciation/Amortization	(4,502)	(58)	---
Total Capital Assets, Net	<u>6,038</u>	<u>6</u>	<u>---</u>
Total Assets	<u>16,096,503</u>	<u>29,367</u>	<u>\$ 997,199</u>
<b>LIABILITIES</b>			
Accounts Payable	484,426	942	32
Obligations under Repurchase Agreements	2,339,233	---	---
Accrued Payroll	---	22	---
Due to Other Entities	---	---	967,643
Due to Individuals	---	---	29,149
Securities Lending Obligation (Note 3)	112,804	1,494	375
Unearned Revenue (Note 1)	3,717	---	---
Claims Liability	8,108	---	---
Compensated Absences	1,274	39	---
Total Liabilities	<u>2,949,562</u>	<u>2,497</u>	<u>\$ 997,199</u>
Net Position Restricted for Pension Benefits, OPEB, Deferred Compensation, and Other Purposes	<u>\$ 13,146,941</u>	<u>\$ 26,870</u>	

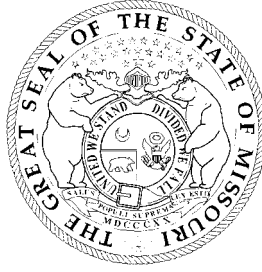
The notes to the financial statements are an integral part of this statement.



**STATE OF MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Pension (and Other Employee Benefit) Trust Funds	Private- Purpose Trust Funds
<b>Additions:</b>		
Contributions:		
Employer	\$ 602,153	\$ ---
Plan Member	119,719	---
Other	50,952	---
Total Contributions	<u>772,824</u>	<u>---</u>
Investment Earnings:		
Increase (Decrease) in Appreciation of Assets	1,762,760	228
Interest and Dividends	434,932	42
Securities Lending Income	994	---
Total Investment Earnings	<u>2,198,686</u>	<u>270</u>
Less Investment Expenses:		
Investment Activity Expense	(177,937)	---
Securities Lending Expense	(198)	---
Total Investment Expense	<u>(178,135)</u>	<u>---</u>
Net Investment Earnings	<u>2,020,551</u>	<u>270</u>
Unclaimed Property	---	25,115
Cost Reimbursement/Miscellaneous	2,362	14,804
Total Additions	<u>2,795,737</u>	<u>40,189</u>
<b>Deductions:</b>		
Benefits	1,079,222	---
Administrative Expenses	20,541	2,049
Program Distributions	72,208	51,633
Service Transfer Payments	1,917	---
Depreciation/Amortization	630	5
Total Deductions	<u>1,174,518</u>	<u>53,687</u>
Change in Net Position	1,621,219	(13,498)
Net Position – Beginning of Year (Note 17)	<u>11,525,722</u>	<u>40,368</u>
Net Position – End of Year	<u>\$ 13,146,941</u>	<u>\$ 26,870</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 POSITION  
COMPONENT UNITS  
June 30, 2014  
(In Thousands of Dollars)**

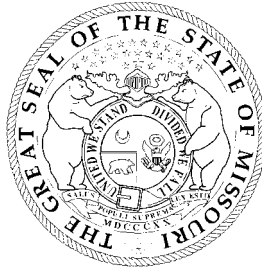
	College and Universities	Non-Major	Totals June 30, 2014
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 217,013	\$ 32,283	\$ 249,296
Investments	296,958	11,408	308,366
Invested Securities Lending Collateral	113,477	41	113,518
Receivables, Net	574,777	1,897	576,674
Inventories	53,133	1	53,134
Restricted Assets:			
Cash and Cash Equivalents	148,487	2,045	150,532
Investments	38,613	4,680	43,293
Receivables, Net	13,253	11,455	24,708
Due From Primary Government (Note 15)	---	6,982	6,982
Deposits and Prepaid Expenses	33,208	1,193	34,401
Other Assets	257	---	257
Total Current Assets	<u>1,489,176</u>	<u>71,985</u>	<u>1,561,161</u>
Non-Current Assets:			
Investments	1,844,072	27,877	1,871,949
Receivables, Net	142,769	42,141	184,910
Restricted Assets:			
Cash and Cash Equivalents	9,564	14,258	23,822
Investments	1,318,487	29,119	1,347,606
Receivables, Net	1,655	35,858	37,513
Other Assets	3,144	34	3,178
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	4,959,940	69,881	5,029,821
Total Non-Current Assets	<u>8,279,631</u>	<u>219,168</u>	<u>8,498,799</u>
Total Assets	<u>9,768,807</u>	<u>291,153</u>	<u>10,059,960</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred for Refunding	43,435	---	43,435
Cash Flow Hedge	20,869	---	20,869
Accumulated Decrease in Fair Value of Hedging Derivatives	---	353	353
Total Deferred Outflows of Revenues	<u>64,304</u>	<u>353</u>	<u>64,657</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	482,994	294	483,288
Due to Primary Government (Note 15)	---	676	676
Securities Lending Obligation	113,477	41	113,518
Unearned Revenue (Note 1)	124,337	---	124,337
Deposits	80,628	---	80,628
Claims Liability (Note 20)	37,976	---	37,976
Compensated Absences	68,135	47	68,182
Other Postemployment Obligations, Net	268	---	268
Capital Lease Obligations (Note 6)	3,964	---	3,964
Bonds and Notes Payable (Note 12)	221,138	189	221,327
Total Current Liabilities	<u>1,132,917</u>	<u>1,247</u>	<u>1,134,164</u>
Non-Current Liabilities:			
Accounts Payable and Accrued Liabilities	480,464	---	480,464
Advance from Primary Government (Note 15)	---	2,418	2,418
Unearned Revenue (Note 1)	14,991	1,899	16,890
Deposits and Reserves	383	37,555	37,938
Claims Liability (Note 20)	41,258	---	41,258
Compensated Absences	28,733	53	28,786
Other Postemployment Obligations, Net	5,686	---	5,686
Capital Lease Obligations (Note 6)	38,212	---	38,212
Bonds and Notes Payable (Note 12)	2,074,149	51,936	2,126,085
Total Non-Current Liabilities	<u>2,683,876</u>	<u>93,861</u>	<u>2,777,737</u>
Total Liabilities	<u>3,816,793</u>	<u>95,108</u>	<u>3,911,901</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Differences between Projected and Actual Earnings on Pension Plan Investments	185,860	---	185,860
Total Deferred Inflows of Revenues	<u>185,860</u>	<u>---</u>	<u>185,860</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,804,153	17,756	2,821,909
Restricted for:			
Expendable	546,343	---	546,343
Non-Expendable	1,039,908	---	1,039,908
Other Purposes	---	90,953	90,953
Unrestricted	1,440,054	87,689	1,527,743
Total Net Position	<u>\$ 5,830,458</u>	<u>\$ 196,398</u>	<u>\$ 6,026,856</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 POSITION/STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	College and Universities	Non-Major	Totals June 30, 2014	Adjustments	Statement of Activities
<b>Revenues:</b>					
Operating Revenues:					
Licenses, Fees, and Permits	\$ ---	\$ 3,231	\$ 3,231	\$ ---	\$ 3,231
Student Tuition and Fees (Net of Scholarship Allow.)	1,006,555	---	1,006,555	---	1,006,555
Sales and Services of Educational Departments	45,362	---	45,362	---	45,362
Auxiliary Enterprises	1,448,714	---	1,448,714	---	1,448,714
Leases and Rentals	---	5,206	5,206	---	5,206
Cost Reimbursement/Miscellaneous	87,164	429	87,593	3,280	90,873
Total Charges for Services					<u>2,599,941</u>
Federal Appropriations, Grants, and Contracts	190,358	---	190,358	197,409	387,767
State Grants and Contracts	69,693	---	69,693	743,790	813,483
Private Gifts, Grants, and Contracts	87,720	---	87,720	86,858	174,578
Additions to Endowments	1,176	---	1,176	50,034	51,210
Total Operating Grants and Contributions					<u>1,427,038</u>
Interest Revenue	---	2,577	2,577	(2,577)	---
Total Operating Revenues	<u>2,936,742</u>	<u>11,443</u>	<u>2,948,185</u>	<u>1,078,794</u>	
<b>Expenses:</b>					
Operating Expenses:					
Personal Service	2,340,083	1,457	2,341,540	---	2,341,540
Operations	---	3,639	3,639	---	3,639
Specific Programs	---	1,198	1,198	---	1,198
Scholarships and Fellowships	139,337	---	139,337	---	139,337
Utilities	35,314	---	35,314	---	35,314
Supplies and Other Services	1,019,067	---	1,019,067	---	1,019,067
Contracted Services	25,789	---	25,789	---	25,789
Interest Expense	---	---	---	86,946	86,946
Depreciation/Amortization	277,791	1,938	279,729	---	279,729
Bad Debt Expense	---	49	49	---	49
Miscellaneous	32,822	65	32,887	1,861	34,748
Total Operating Expenses	<u>3,870,203</u>	<u>8,346</u>	<u>3,878,549</u>	<u>88,807</u>	<u>3,967,356</u>
Operating Income (Loss)	<u>(933,461)</u>	<u>3,097</u>	<u>(930,364)</u>	<u>989,987</u>	
<b>Non-Operating Revenues (Expenses):</b>					
Federal Appropriations, Grants, and Contracts	197,409	---	197,409	(197,409)	---
State Appropriations, Grants, and Contracts	743,790	---	743,790	(743,790)	---
Private Gifts, Grants, and Contracts	86,858	---	86,858	(86,858)	---
Contributions and Intergovernmental	---	3,322	3,322	---	3,322
Total Unrestricted Grants and Contributions					<u>3,322</u>
Investment Earnings:					
Increase (Decrease) in the Fair Value of Investments	---	130	130	---	130
Investment and Endowment Income (Loss)	292,602	---	292,602	---	292,602
Interest	---	570	570	2,577	3,147
Interest and Bond Related Expenses	(86,173)	(773)	(86,946)	86,946	---
Gain (Loss) on Sale of Capital Assets	(1,837)	---	(1,837)	1,837	---
Miscellaneous Revenues (Expenses)	3,280	(24)	3,256	(3,256)	---
Total Unrestricted Investment Earnings					<u>295,879</u>
Total Non-Operating Revenues (Expenses)	<u>1,235,929</u>	<u>3,225</u>	<u>1,239,154</u>	<u>(939,953)</u>	
Income Before Other Revenues (Expenses) Or Gains (Losses)	302,468	6,322	308,790	50,034	
State Capital Appropriations	25,345	---	25,345	---	25,345
Total Capital Grants and Contributions					<u>25,345</u>
Additions to Endowments	50,034	---	50,034	(50,034)	---
Change in Net Position	<u>377,847</u>	<u>6,322</u>	<u>384,169</u>	<u>---</u>	<u>384,169</u>
Net Position - Beginning of Year (Note 17)	5,452,611	190,076	5,642,687	---	5,642,687
Net Position - End of Year	<u>\$ 5,830,458</u>	<u>\$ 196,398</u>	<u>\$ 6,026,856</u>	<u>\$ ---</u>	<u>\$ 6,026,856</u>

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



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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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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 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. Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, improves financial reporting by amending GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in blending component units: 1) if there is a financial benefit or burden relationship with the primary government; 2) management of the primary government has operational responsibility for the component unit's activities; and 3) if the total outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government.

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:

Governmental Funds:

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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.

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

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

Capital Projects Funds:

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

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

Internal Service Funds:

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



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

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

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

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

Pension (and other employee benefit) trust funds:

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

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

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

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

Component Units (Discretely Presented):

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

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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

Major

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

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

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

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

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

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

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

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

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

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

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

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

Non-Major

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

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

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

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

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

**Related Organizations**

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

Missouri Housing Development Commission – finances the purchase, development or rehabilitation of affordable housing and funds housing assistance.

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

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

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

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

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

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

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

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

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

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

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

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

Board of Trustees of the Missouri Mesothelioma Risk Management Fund – provides coverage of liabilities for participating employers relating to mesothelioma awards.

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

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

Government-Wide Financial Statements:

The government-wide financial statements focus on the government as a whole. The Statement of Net Position 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 Position presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position.

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

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

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

Fund Financial Statements:

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

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

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

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

The State reports the following major funds categories:

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

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

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

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



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

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

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

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

**C. Basis of Presentation**

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

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

Primary Government:

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

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

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

Discretely Presented Component Units:

Major

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

Non-Major

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**D. Cash and Cash Equivalents**

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

**E. Investments**

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

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

**F. Interfund Receivables/Payables**

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**H. Inventories**

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

**I. Capital Assets**

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

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

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

Capital assets are depreciated/amortized using the straight-line method of depreciation/amortization over the following useful lives: buildings – 40 to 50 years, land improvements and building improvements – 15 to 20 years, temporary easements – term of easement, equipment – 2 to 5 years, software – 3 to 5 years, trademarks – 10 years, and infrastructure – 12 to 50 years. Construction in progress, software in progress, infrastructure in progress, land, and permanent easements are not depreciated/amortized.

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**J. Deferred Outflow of Resources and Deferred Inflow of Resources**

In addition to assets, the Statement of Net Position may report a separate section for deferred outflows of resources. Deferred outflows of resources consist of the decrease of net position by the State that is applicable to a future reporting period and will not be recognized as outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position may report a separate section for deferred inflows of resources. Deferred inflows of resources consist of the increase of net position by the State that is applicable to a future reporting period and will not be recognized as inflow of resources (revenue) until then.

Deferred inflows for unavailable revenue 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 inflow account. These amounts include \$685,325,000 within the General Fund, \$50,990,000 within the major special revenue funds, \$22,213,000 within the Missouri Road Fund, \$7,645,000 within the non-major special revenue funds, and \$86,000 within all other non-major governmental funds which totals \$766,259,000 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.

**K. Unearned Revenues**

Governmental Funds

Unearned revenues also include amounts collected in advance of the year in which earned. The State has reported as such unearned revenues the amount of \$21,058,000 within the General Fund, \$117,000 within major special revenue funds, and \$10,625,000 within the Missouri Road Fund which totals \$31,800,000 for governmental funds.

Proprietary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$25,258,000 within the internal service funds included in governmental activities. Total unearned revenue for enterprise funds is \$993,000 which includes \$442,000 from the State Lottery Fund and \$551,000 from the Petroleum Storage Tank Insurance Fund. These amounts are included in the business-type activities.

Fiduciary Funds

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$3,717,000 within the pension (and other employee benefits) trust funds.

Component Units

Unearned revenue amounts collected in advance of the year in which earned are reported in the amount of \$139,328,000 within the college and universities and \$1,899,000 in non-major component units which is a total of \$141,227,000 of unearned revenue for component units.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**L. Long-Term Debt**

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

1. Due to Other Entities includes outstanding principal on advances from other governments 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, bonds issued by the Health and Educational Facilities Authority, the Regional Convention and Sports Complex Authority, and the State Road Bonds issued by the Missouri Highways and Transportation Commission. The expenditure for payment of principal and interest for these bonds is recorded in the appropriate governmental funds when paid (see *Note 12*).
4. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium.

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

5. Obligations under lease/purchases reported include the present value of net minimum future lease payments, which will be paid from the General Fund, various special revenue funds, proprietary funds, and the Missouri Road Fund (see *Notes 6 and 11*).
6. Pollution remediation liabilities are measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. These liabilities include all remediation work that the State expects to perform, including work expected to be performed for other responsible parties or potentially responsible parties, whether or not the State is required to do that work. For goods or services used for pollution remediation activities, amounts that are normally expected to be liquidated with expendable available financial resources are recognized as liabilities upon receipt of those goods and services (see *Note 11 and 21*).
7. Compensated absences include accumulated unpaid vacation and compensatory time accruals and related employer payroll taxes. These amounts are not accrued in the governmental funds, but are recorded as expenditures when paid (see *Note 11*).

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

8. Claims and contingent liabilities include estimates of the risk of loss related to tort liability, general liability, motor vehicle liability, contractor liability, and injuries to employees. These liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred, but not reported. Expenditures are recorded in the fund from which the liability is paid (see *Notes 11, 20, and 22*).
9. The State provides postemployment health care and life insurance benefits to the majority of employees who either retire from the State or receive long-term disability benefits. These benefits are administered by the Missouri Consolidated Health Care Plan (MCHCP), the Missouri State Employees' Retirement System (MOSERS), the MoDOT/MSHP Medical and Life Insurance Plan (MHPML), and the Conservation Employees' Insurance Plan (CEIP). Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer (see *Note 8*).
10. The State has two major retirement systems which cover substantially all State employees. These systems are Missouri State Employees' Retirement System (MOSERS) and Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The Missouri State Employees' Plan (MSEP) and the Judicial Plan are single-employer defined benefit public employees' retirement plans administered by MOSERS. The annual required contribution (ARC) was determined as a part of an actuarial valuation of the Systems using the entry age normal actuarial cost method (see *Note 7*).

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

**M. Net Position**

Net Position is reported in three categories:

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

Restricted Net Position – An account used to segregate the portion of net position 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, 2014, net position restricted by enabling legislation equaled \$467,856,000 for governmental activities.

Unrestricted Net Position – An account used to segregate the portion of net position 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.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**N. Interfund Transactions**

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

1. Transactions that would be treated as revenues or expenditures/expenses, if they involved organizations external to the State, are similarly treated when involving other funds of the State. Major transactions that fall into this category include payments to internal service funds from other funds for services rendered and to agency funds for contributions for employee benefits.
2. Transactions that reimburse another fund for an expense reduce the expenses of the fund that is being reimbursed and increase the expenses for the fund doing the reimbursement. Therefore, they are not shown on the face of the statements.
3. Operating subsidies and transfers from funds receiving revenues to funds through which the resources are to be expended are classified as transfers (see *Note 16*). These transactions are eliminated on the face of the financial statements if the transfer in and transfer out are either both in governmental funds or both in enterprise funds. Of the remaining transfers, any transfers in and transfers out that are within the same activity (Governmental) are eliminated at the Government-Wide Statement of Activities.

**O. Property Taxes**

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

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

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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**Note 2 – Reporting Changes and Classifications**

The State of Missouri implemented the following new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ending June 30, 2014:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities or recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities. The implementation of this statement is reflected in the financial statements.
- GASB Statement No. 66, *Technical Corrections – 2012*, which amends accounting and financial reporting by state and local governmental entities, including public entity risk pools, by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this statement did not have an impact on the financial statements.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, which establishes financial reporting standards for defined benefit and defined contribution pension plans that are administered through trusts or equivalent arrangements. The implementation of this statement did not have an impact on the State's Comprehensive Annual Financial Report, however, the Missouri State Employees' Retirement System and Missouri Department of Transportation and Highway Patrol Employees' Retirement System implemented this statement in their separately issued financial statements.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which establishes standards for state and local governments that provide pensions through pension plans administered through trusts or equivalent arrangements for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures, as well as amending required note disclosures. This statement is not required to be implemented until fiscal year 2015, but was implemented early by the University of Missouri which is included as a major component unit under College and Universities.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which provides accounting and financial reporting guidance to state and local governments that either extend or receive nonexchange financial guarantees. This statement affects disclosures found in *Note 23 – Nonexchange Financial Guarantees* in the State's CAFR.

**Note 3 – Deposits and Investments**

The State Treasurer maintains a cash and short-term investment pool that is used by substantially all state funds of the primary government. These funds do not include accrued interest. Certain organizational units are authorized to administer assets designated to their organization in a manner similar to the deposit and investment activities of the State as a whole. Summarized on the following page is the portfolio that represents the "Cash and Cash Equivalents," "Investments," "Restricted Assets – Cash and Cash Equivalents," and "Restricted Assets – Investments" as reported at June 30, 2014.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**A. Deposits**

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

Primary Government

At June 30, 2014, the bank balance of the primary government's deposits was \$903,800,000. Of the bank amount, \$10,305,000 was exposed to custodial credit risk by being uninsured and collateralized with securities held by the pledging financial institutions, \$45,633,000 was held by the U.S. Treasury, and the remainder was not exposed to custodial risk.

Fiduciary

At June 30, 2014, the bank balance of the deposits of the fiduciary funds was \$651,920,000. None of these deposits were exposed to custodial credit risk.

Component Units

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

**B. Investments**

Statutes authorize the State Treasurer to invest in U.S. Treasury or Agency securities maturing within five years, commercial paper and banker's acceptances maturing within 180 days, or in repurchase agreements maturing within 90 days secured by U.S. Treasury or Agency securities of any maturity. There have been no violations of these investment restrictions during fiscal year 2014.

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, Wells Fargo Bank, National Association, or at one of the State Treasurer approved collateral custodians.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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

Primary Government

At June 30, 2014, the reported amount of the primary government's investments was \$3,195,538,000. Of this amount, \$147,988,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Fiduciary

At June 30, 2014, the reported amount of the fiduciary funds investments was \$15,837,354,000. Of this amount, \$30,027,000 was exposed to custodial credit risk because it was uninsured and unregistered with securities held by the State's counterparty.

Component Units

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

The following table (in thousands of dollars) provides information about the interest rate risks associated with the State's investments. Statutes also authorize investment of funds not held by the State Treasurer. The externally-held 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, fixed income securities, mutual funds, and investments in limited partnerships. The investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity, or in certain instances, a weighted average maturity in years. The State Treasurer minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 2.5 years, and holding at least 25% of the portfolio's total market value in securities with a maturity of 12 months or less.

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
All Fund Types except Fiduciary Funds and Component Units:						
U.S. Treasury Securities	\$ 101,155	\$ 228,440	\$ 12,926	\$ 9,927	---	\$ 352,448
U.S. Agency Securities	6,068	20,536	---	---	---	26,604
U.S. Government Guaranteed Mortgages	---	821	---	---	---	821
U.S. Government Mortgage- Backed Securities	152,915	1,661,172	---	---	---	1,814,087
U.S. Agency- Sponsored Securities	3,860	97,407	13,688	2,142	---	117,097
Repurchase Agreements	872,158	---	---	---	---	872,158
Stocks	---	---	---	---	6,337	6,337
Bonds	---	227	225	---	---	452
Mutual Funds	---	---	---	---	3,096	3,096
Other	---	727	640	1,071	---	2,438
Subtotal	1,136,156	2,009,330	27,479	13,140	9,433	3,195,538

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

	Maturities in Years					Total Fair Value
	Less than 1	1-5	6-10	More than 10	No Maturity	
Fiduciary Funds:						
U.S. Government Securities	48,204	---	16,433	12,674	---	77,311
U.S. Treasury Securities	587,302	2,499,763	4,411	---	---	3,091,476
U.S. Agency Securities	---	1,910	21,845	38,866	---	62,621
U.S. Government Mortgage-Backed Securities	807	30,843	219	63,636	---	95,505
U.S. Agency-Sponsored Securities	25,267	51,164	---	---	---	76,431
Repurchase Agreements	18,116	---	---	---	---	18,116
Stocks	---	---	---	---	1,041,795	1,041,795
Bonds	5,992	7,195	24,212	72,400	---	109,799
International Equities	---	53,203	---	---	804,512	857,715
Mortgages/Real Estate	---	22,956	---	82,136	203,410	308,502
Asset-Backed Securities	---	2,502	6,348	5,779	---	14,629
Short-Term Securities	2,286,780	---	---	---	---	2,286,780
Foreign Currencies	60	---	---	---	---	60
Mutual Funds	---	762,897	4,850	---	1,081,768	1,849,515
Venture Capital Limited Partnership	---	---	---	---	5,722,049	5,722,049
Absolute Return	---	---	---	---	204,258	204,258
Other	---	---	---	---	20,792	20,792
Subtotal	<u>2,972,528</u>	<u>3,432,433</u>	<u>78,318</u>	<u>275,491</u>	<u>9,078,584</u>	<u>15,837,354</u>
Total Investments	<u>\$ 4,108,684</u>	<u>\$ 5,441,763</u>	<u>\$ 105,797</u>	<u>\$ 288,631</u>	<u>\$ 9,088,017</u>	<u>\$ 19,032,892</u>

The State minimizes concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. State statute prohibits the State Treasurer from investing more than 10% of the total time deposits with any single financial institution. State investment policy limits investment in commercial paper to 5% of the total portfolio per issuer and no more than 15% of the total portfolio may be invested in repurchase agreements with a single counterparty. There are no restrictions in the amount that can be invested in U.S. securities. During fiscal year 2014, the State did not have any instances of noncompliance with these requirements and policies.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

The State Treasurer requires investments in commercial paper and bankers' acceptances to have the highest letter and numerical ranking (such as A1/P1) as rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). The Treasurer does not have any additional policies regarding credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the State's investments in debt securities.

	<u>Moody's</u>	<u>S &amp; P</u>	<u>Fair Value</u>
Primary Government/Fiduciary:			
U.S. Government Securities	NR	Agency	\$ 29,107
	NR	NR	42,818
U.S. Treasury	Aaa	AA+	250,689
	Aaa	NR	420,960
	NR	NR	14,836
U.S. Agencies	Aaa	AA+	33,223
	NR	AA	47,460
	NR	Agency	458,684
U.S. Government Mortgage- Backed Securities	Aaa	AA+	7,942
	NR	Agency	69,228
	NR	NR	8,067
Bonds	Aaa	NR	225
	Aa3	NR	114
	A1	NR	113
	A2	A	15,026
	NR	AAA	16,927
	NR	AA	47,366
	NR	A	11,106
	NR	BBB	1,891
	NR	B	627
	NR	Agency	50,769
	NR	NR	22,682
Repurchase Agreements	NR	NR	864,952
U.S. Agency-Sponsored Securities	Aaa	AA+	1,829,308
	Aaa	AAA	44,423
	Aaa	AA	24,786
	Aaa	NR	2,330
	NR	NR	124,979

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

	<u>Moody's</u>	<u>S &amp; P</u>	<u>Fair Value</u>
Asset-Backed Securities	NR	AAA	3,749
	NR	AA	9,590
	NR	CC	1,893
	NR	Agency	10,573
	NR	NR	147
Mutual Funds	NR	AAA	7,044
	NR	AA1	756,110
	NR	A	3,966
	NR	BBB	628
	NR	NR	22,769
Pooled Investments	NR	NR	11,483
Other	Aaa	AA+	20,337
	Aaa	NR	340
	Aa1	NR	479
	Aa2	NR	110
	A1	NR	548
	A2	A+	2,428
	A3	NR	145
	NR	AAA	3,675
	NR	AA	1,569
	NR	A	45,219
	NR	BBB	38,012
	NR	BB	1,156
	NR	B	15,932
	NR	CCC	11,538
	NR	CC	90
	NR	D	4,779
	NR	Agency	1,117
	NR	NR	35,383
Total Rated Investments			<u>\$ 5,451,447</u>

NR = Not Rated.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

Currency	Investment Type					Total
	Cash	Equities	Fixed Income	Alternatives	Real Estate	
Australian Dollar	\$ ---	\$ 1,560	\$ ---	\$ ---	\$ ---	\$ 1,560
Brazilian Real	(5)	25,768	4,771	---	---	30,534
Chilean Peso	42	2,927	52	---	---	3,021
Colombian Peso	68	1,858	3,942	---	---	5,868
Czech Koruna	10	623	---	---	---	633
Danish Krone	---	6,347	---	---	---	6,347
Egyptian Pound	---	516	---	---	---	516
Euro	2,220	213,144	---	100,755	19,236	335,355
Hong Kong Dollar	143	99,399	---	---	---	99,542
Hungarian Forint	17	541	501	---	---	1,059
Indian Rupee	215	16,946	---	---	---	17,161
Indonesia Rupiah	105	6,806	5,838	---	---	12,749
Japanese Yen	---	232,883	---	---	---	232,883
Malaysian Ringgit	141	11,235	5,815	---	---	17,191
Mexican Peso	(34)	15,447	7,736	---	---	23,149
Moroccan Dirham	1	---	---	---	---	1
Norwegian Krone	---	6,355	---	---	---	6,355
Philippine Peso	23	2,442	---	---	---	2,465
Polish Zloty	---	4,292	7,029	---	---	11,321
Qatari Riyal	9	953	---	---	---	962
Romanian New Leu	---	---	1,196	---	---	1,196
Russian Ruble	---	460	4,687	---	---	5,147
Singapore Dollar	---	27,856	---	---	---	27,856
South African Rand	96	19,556	4,508	---	---	24,160
South Korean Won	415	52,469	2,070	---	---	54,954
Swedish Krona	---	7,633	---	---	---	7,633
Swiss Franc	24	97,666	---	---	---	97,690
Taiwan Dollar	52	39,840	---	---	---	39,892
Thai Baht	---	15,742	1,329	---	---	17,071
Turkish Lira	4	4,467	6,247	---	---	10,718
United Arab Emirates Dirham	13	1,016	---	---	---	1,029
United Kingdom Pound Sterling	---	140,456	---	---	4,379	144,835
Venezuelan Bolivar	22	---	---	---	---	22
<b>Total</b>	<b>\$ 3,581</b>	<b>\$ 1,057,203</b>	<b>\$ 55,721</b>	<b>\$ 100,755</b>	<b>\$ 23,615</b>	<b>\$ 1,240,875</b>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**C. Securities Lending Program**

State Treasurer's Office:

The Missouri State Treasurer's Office participates in a securities lending program to augment investment income. Authority to participate rests in Section 30.260.5, RSMo. Citibank, National Association, acts as securities lending agent and Wells Fargo acts as the State Treasurer's custodial bank.

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 maximum duration gap between loans and investments shall be 15 days. The maximum life of term loans shall be 90 days. 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, 2014, the State Treasurer's Office had an aggregate fair value of securities lent of \$156,089,000 and an aggregate fair value of collateral received of \$156,089,000.

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, 2014, MOSERS had no credit risk exposure to borrowers because the collateral amounts received exceeded amounts out on loan.

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

Daily monitoring of securities that are on loan ensure proper collateralization levels and mitigate counterparty risk. The majority of the security loans are open loans and can be terminated on demand by either MOSERS or the borrower. Cash collateral is invested in short-term investment funds, managed by Deutsche Bank. On June 30, 2014, the cash collateral fund had a market value of \$37,195,000 and a weighted average maturity of 1 day. At June 30, 2014 and June 30, 2013, MOSERS had earned \$531,000 and \$1,021,000, respectively, on the securities lending program.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

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

The System may lend securities and receive 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, 2014, the cash collateral fund had a market value of \$86,192,000.

At June 30, 2014 and June 30, 2013, the System had earned \$265,000 and \$175,000, respectively, on the securities lending program.

Component Units:

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

**D. Derivatives**

Missouri State Employees' Retirement System (MOSERS), through its external investment managers, has an investment policy which holds investments in futures contracts, swap contracts, and forward foreign currency exchange contracts. MOSERS does not anticipate additional significant market risk from the swap arrangements. The forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign equities. For the year ended June 30, 2014, the change in fair value of the foreign exchange contracts resulted in a loss of \$5.3 million of investment income. 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, 2014, MOSERS Foreign Currency Forward Contracts had a pending receivable of \$139,962,000 and a pending payable of \$140,881,000 resulting in a final liability of \$919,000.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

The following table (in thousands of dollars) summarizes the various contracts in MOSERS portfolio as of June 30, 2014. The investments are reported at fair value and are included on the Statement of Fiduciary Net Position of the pension (and other employee benefit) trust funds.

Futures Contracts:

<u>Notional Amount</u>	<u>Exposure</u>
\$ 2,881,335	\$ 9,109

Swaps:

<u>Notional Amount</u>	<u>Counterparty Exposure</u>
\$ 3,471,158	\$ 45,389

Component Units:

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

**Note 4 – Governmental Fund Balance**

**A. Governmental Fund Balance Classifications**

The State's fund balances are classified as:

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

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

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

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

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

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

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

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund</b>				
Inventories	\$ 19,302	\$ ---	\$ ---	\$ ---
Loans Receivable	31,202	---	---	---
General Government	---	26,218	---	21,291
Education	---	10,820	81	21,012
Natural and Economic Resources	---	26,200	3,756	22,721
Transportation and Law Enforcement	---	22,736	14	89
Human Services	---	200,743	3	---
Budget Reserve	---	---	556,284	---
Forfeited Financial Instruments	---	---	---	1,585
Taxes	---	---	---	3,996
Total	<u>\$ 50,504</u>	<u>\$ 286,717</u>	<u>\$ 560,138</u>	<u>\$ 70,694</u>
<b>Public Education</b>				
Inventories	\$ 115	\$ ---	\$ ---	\$ ---
Education	---	208,861	4,450	63,271
Human Services	---	---	---	8,609
Total	<u>\$ 115</u>	<u>\$ 208,861</u>	<u>\$ 4,450</u>	<u>\$ 71,880</u>
<b>Conservation and Environmental Protection</b>				
Inventories	\$ 412	\$ ---	\$ ---	\$ ---
Loans Receivable	1,085,320	---	---	---
Natural and Economic Resources	---	141,406	312,953	95,016
Transportation and Law Enforcement	---	---	---	801
Forfeited Financial Instruments	---	---	---	1,278
Total	<u>\$ 1,085,732</u>	<u>\$ 141,406</u>	<u>\$ 312,953</u>	<u>\$ 97,095</u>
<b>Missouri Road Fund</b>				
Inventories	\$ 29,135	\$ ---	\$ ---	\$ ---
Transportation and Law Enforcement	---	915,960	---	---
Total	<u>\$ 29,135</u>	<u>\$ 915,960</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Special Revenue Funds</b>				
Inventories	\$ 4,985	\$ ---	\$ ---	\$ ---
Loans Receivable	2,549	---	---	---
General Government	---	2,111	232	7,143
Natural and Economic Resources	---	65,632	19,937	48,986
Transportation and Law Enforcement	---	61,855	2,534	172,014
Human Services	---	332	5,927	2,071
Total	<u>\$ 7,534</u>	<u>\$ 129,930</u>	<u>\$ 28,630</u>	<u>\$ 230,214</u>

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>Non-Major Debt Service Funds</b>				
General Government	\$ ---	\$ 70,443	\$ ---	\$ ---
Transportation and Law Enforcement	---	50,064	---	---
Total	<u>\$ ---</u>	<u>\$ 120,507</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Capital Projects Funds</b>				
Transportation and Law Enforcement	\$ ---	\$ 29,941	\$ ---	\$ ---
Total	<u>\$ ---</u>	<u>\$ 29,941</u>	<u>\$ ---</u>	<u>\$ ---</u>
<b>Non-Major Permanent Funds</b>				
Trust Principal	\$ 47,538	\$ ---	\$ ---	\$ ---
Natural and Economic Resources	---	---	---	101
Human Services	---	---	---	6
Total	<u>\$ 47,538</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 107</u>

**B. Negative Fund Balance**

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

**C. Budget Reserve Fund**

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

Budget stabilization expenditures may occur in a fiscal year in which the Governor reduces the expenditures of the State or any of its agencies below their appropriation or in which there is a budget need due to a natural disaster as proclaimed by the Governor to be an emergency. An appropriation from the Budget Reserve Fund may be granted by a two-thirds vote of the members elected to each house. The maximum amount which may be appropriated at any one time for budget stabilization purposes is one-half the sum of the balance of the Budget Reserve Fund and any amounts appropriated or otherwise owed to the fund, less all amounts owed to the fund for budget stabilization purposes but not yet appropriated for repayment to the fund. One-third of the amount expended or transferred from the Budget Reserve Fund for budget stabilization purposes plus interest shall stand appropriated to the Budget Reserve Fund during each of the next three fiscal years from the fund which received the budget stabilization appropriation. The balance of the Budget Reserve Fund at June 30, 2014, was \$556,284,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows (in thousands of dollars):

	*Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 304,667	\$ 57,452	\$ (62,562)	\$ 299,557
Software in Progress .....	29,645	15,997	(20,502)	25,140
Infrastructure in Progress .....	2,812,516	796,022	(1,356,185)	2,252,353
Land .....	2,928,660	12,427	(11,824)	2,929,263
Permanent Easements .....	2,493	274	---	2,767
<b>Total Capital Assets not being</b>				
<b>Depreciated/Amortized.....</b>	<b>6,077,981</b>	<b>882,172</b>	<b>(1,451,073)</b>	<b>5,509,080</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements .....	192,499	1,333	(1,604)	192,228
Temporary Easements.....	1,937	519	(295)	2,161
Buildings and Improvements.....	3,241,577	81,239	(60,891)	3,261,925
Equipment.....	1,208,847	103,167	(67,876)	1,244,138
Software .....	128,961	15,269	(15)	144,215
Trademarks .....	17	---	---	17
Infrastructure .....	46,420,050	1,356,085	(47,766)	47,728,369
<b>Total Capital Assets being</b>				
<b>Depreciated/Amortized.....</b>	<b>51,193,888</b>	<b>1,557,612</b>	<b>(178,447)</b>	<b>52,573,053</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements .....	(99,500)	(4,737)	108	(104,129)
Temporary Easements.....	(479)	(646)	295	(830)
Buildings and Improvements.....	(1,434,775)	(98,562)	17,994	(1,515,343)
Equipment.....	(879,621)	(82,576)	61,985	(900,212)
Software .....	(57,479)	(21,079)	5	(78,553)
Trademarks .....	(5)	(2)	---	(7)
Infrastructure .....	(23,072,331)	(401,432)	44,267	(23,429,496)
<b>Total Accumulated Depreciation/Amortization ...</b>	<b>(25,544,190)</b>	<b>(609,034)</b>	<b>124,654</b>	<b>(26,028,570)</b>
<b>Total Capital Assets being</b>				
<b>Depreciated/Amortized, Net .....</b>	<b>25,649,698</b>	<b>948,578</b>	<b>(53,793)</b>	<b>26,544,483</b>
<b>Governmental Activities Capital Assets, Net.....</b>	<b>\$ 31,727,679</b>	<b>\$ 1,830,750</b>	<b>\$ (1,504,866)</b>	<b>\$ 32,053,563</b>
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated/Amortized:				
Construction in Progress.....	\$ 5,894	\$ 1,970	\$ (40)	\$ 7,824
Land .....	9,489	1,383	---	10,872
<b>Total Capital Assets not being</b>				
<b>Depreciated/Amortized.....</b>	<b>15,383</b>	<b>3,353</b>	<b>(40)</b>	<b>18,696</b>
Capital Assets being Depreciated/Amortized:				
Land Improvements .....	12,249	56	---	12,305
Temporary Easements.....	50	---	---	50
Buildings and Improvements.....	31,133	71	---	31,204
Equipment.....	51,344	3,207	(1,993)	52,558
Software .....	1,797	111	(14)	1,894
<b>Total Capital Assets being Depreciated/Amortized</b>	<b>96,573</b>	<b>3,445</b>	<b>(2,007)</b>	<b>98,011</b>
Less Accumulated Depreciation/Amortization for:				
Land Improvements .....	(5,527)	(458)	---	(5,985)
Temporary Easements.....	(16)	(2)	---	(18)
Buildings and Improvements.....	(17,838)	(808)	---	(18,646)
Equipment.....	(34,402)	(3,770)	1,837	(36,335)
Software .....	(1,672)	(93)	14	(1,751)
<b>Total Accumulated Depreciation/Amortization ...</b>	<b>(59,455)</b>	<b>(5,131)</b>	<b>1,851</b>	<b>(62,735)</b>
<b>Total Capital Assets being</b>				
<b>Depreciated/Amortized, Net .....</b>	<b>37,118</b>	<b>(1,686)</b>	<b>(156)</b>	<b>35,276</b>
<b>Business-Type Activities Capital Assets, Net.....</b>	<b>\$ 52,501</b>	<b>\$ 1,667</b>	<b>\$ (196)</b>	<b>\$ 53,972</b>

\*Beginning balances as of July 1, 2013 have been restated (see Note 17).

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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**Note 5 – Capital Assets (cont.)**

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

General Government.....	\$ 47,558
Education .....	3,708
Natural and Economic Resources .....	21,399
Transportation and Law Enforcement .....	474,171
Human Services .....	<u>62,198</u>
Total .....	<u>\$ 609,034</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
<b>Capital Assets not being Depreciated/Amortized:</b>			
Construction in Progress.....	\$ 324,304	\$ ---	\$ 324,304
Land.....	158,061	7,220	165,281
Other Non-Depreciable/Amortizable Assets.....	<u>23,249</u>	<u>---</u>	<u>23,249</u>
Total Capital Assets not being Depreciated/Amortized....	<u>505,614</u>	<u>7,220</u>	<u>512,834</u>
<b>Capital Assets being Depreciated/Amortized:</b>			
Land Improvements .....	31,610	---	31,610
Buildings and Improvements .....	5,809,224	75,687	5,884,911
Equipment, Fixtures, and Books .....	1,358,591	343	1,358,934
Software .....	126,555	23	126,578
Infrastructure .....	<u>617,689</u>	<u>---</u>	<u>617,689</u>
Total Capital Assets being Depreciated/Amortized.....	<u>7,943,669</u>	<u>76,053</u>	<u>8,019,722</u>
Less Total Accumulated Depreciation/Amortization .....	<u>(3,489,343)</u>	<u>(13,392)</u>	<u>(3,502,735)</u>
Total Capital Assets being Depreciated/Amortized, Net...	<u>4,454,326</u>	<u>62,661</u>	<u>4,516,987</u>
<b>Discretely Presented Component Units –</b>			
Capital Assets, Net .....	<u>\$ 4,959,940</u>	<u>\$ 69,881</u>	<u>\$ 5,029,821</u>

**Capital Asset Impairment**

Due to a fire on April 8, 2014, the vehicle maintenance facility for the Missouri Highway Patrol was significantly damaged. The impairment amount of \$132,000 is reported as an extraordinary item in the government-wide Statement of Activities.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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**Note 6 – Leases**

**Capital**

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

Capital leases for the internal service funds, enterprise funds, 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>
2015	\$ 8,305	\$ 5,829	\$ 67	\$ 5,908
2016	7,379	5,575	67	5,902
2017	6,895	4,694	67	5,821
2018	6,213	1,887	17	5,814
2019	6,084	198	---	5,814
2020-2024	15,292	---	---	18,178
2025-2027	---	---	---	4,693
Total Minimum Lease Payments	<u>50,168</u>	<u>18,183</u>	<u>218</u>	<u>52,130</u>
Less Amount Representing Interest	<u>(4,445)</u>	<u>(376)</u>	<u>(3)</u>	<u>(9,954)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 45,723</u>	<u>\$ 17,807</u>	<u>\$ 215</u>	<u>\$ 42,176</u>

The State has entered into a lease with the Missouri Development Finance Board. The State's obligation under the lease does not constitute a general obligation or other indebtedness of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the Leasehold Revenue Bonds issued by the Board. In November 2005, the Board issued \$28,995,000 of Leasehold Revenue Bonds Series 2005 for the purpose of purchasing buildings in Florissant, St. Louis, and Jennings. In May 2006, the Board issued \$9,865,000 of Leasehold Revenue Bonds Series 2006 for the purpose of purchasing one building in St. Louis. In June 2013, the Board issued \$21,820,000 of Leasehold Revenue Refunding Bonds Series A 2013 and \$7,450,000 of Leasehold Revenue Refunding Bonds Series B 2013 for the purpose of refunding \$20,805,000 of Leasehold Revenue Bonds Series 2005 and \$7,100,000 of Leasehold Revenue Bonds Series 2006, respectively. The payments on these leases are subject to annual appropriation by the State legislature.

**STATE OF MISSOURI**  
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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</u> <u>Ending June 30</u>	<u>Internal Service</u> <u>Funds</u>
2015	\$ 2,434
2016	2,427
2017	2,418
2018	2,418
2019	2,417
2020–2024	12,055
2025–2029	12,037
2030–2031	4,810
Total Minimum Lease Payments	<u>41,016</u>
Less Amount Representing Interest	<u>(9,501)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 31,515</u>

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

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

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Funds</u>
2015	\$ 13,666
2016	13,666
2017	13,666
2018	13,665
2019	13,669
Total Minimum Lease Payments	<u>68,332</u>
Less Amount Representing Interest	<u>(3,172)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 65,160</u>

**STATE OF MISSOURI  
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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, 2014 (in thousands of dollars):

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Enterprise Funds</u>	<u>College and Universities</u>
Buildings	\$ 217,312	\$ 38,809	\$ ---	\$ 49,481
Equipment	<u>5,129</u>	<u>26,533</u>	<u>416</u>	<u>12,123</u>
	<u>\$ 222,441</u>	<u>\$ 65,342</u>	<u>\$ 416</u>	<u>\$ 61,604</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, 2014, 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>
2015	\$ 27,270	\$ 3,840	\$ 10,417
2016	38	245	8,792
2017	13	193	7,078
2018	1	193	4,153
2019	1	186	2,591
2020-2024	<u>---</u>	<u>---</u>	<u>5,748</u>
Total Minimum Commitments	<u>\$ 27,323</u>	<u>\$ 4,657</u>	<u>\$ 38,779</u>

Expenditures for rent under operating leases for the years ended June 30, 2014 and June 30, 2013 were \$38,848,000 and \$26,529,000, respectively.



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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 \$111.8 million for component units. The Department of Natural Resources (DNR) has \$14,500 in income from easements on DNR property. This income will be received in perpetuity. The contract conditions and amount for each individual easement can change with the sale of the property requiring the easement. New contracts will be negotiated with new property owners. Future minimum receivables, payable from lessor arrangements as of June 30, 2014, were as follows (in thousands of dollars):

<u>Fiscal Year Ending June 30</u>	<u>Component Units</u>
2015	\$ 5,233
2016	4,156
2017	4,013
2018	3,995
2019	3,780
2020-2024	16,815
2025-2029	16,705
2030-2034	16,741
2035-2039	16,876
2040-2044	11,594
2045-2049	5,620
2050-2054	1,787
2055-2059	1,787
2060-2064	1,196
2065-2069	500
2070-2074	500
2075-2079	500
2080-2084	500
2085-2089	500
2090-2094	<u>350</u>
Total Minimum Receivables	<u>\$ 113,148</u>

**Note 7 – Retirement Systems**

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

**Plan Descriptions**

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

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

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

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

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

**MSEP**

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

**MSEP 2000**

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

**MSEP 2011**

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

**Judicial Plan**

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

**Judicial Plan 2011**

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

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

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

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

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

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

The retirement eligibility requirements are as follows:

**Closed Plan**

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

Age 65 and active with 4 or more years of service

Age 65 with 5 or more years of service

Age 60 with 15 or more years of service

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

**Uniformed patrol members:**

Age 55 and active with 4 or more years of service

Age 55 with 5 or more years of service

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

Mandatory retirement at age 60

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

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

**Year 2000 Plan**

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

Age 62 with 5 or more years of service

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

**Uniformed patrol members:**

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

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

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

**Year 2000 Plan–2011 Tier**

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

Age 67 with 10 or more years of service

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

**Uniformed patrol members:**

Age 55 and active with 10 or more years of service

Mandatory retirement at age 60 with no minimum service amount

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

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

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

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

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

Funding Policy

MOSERS administers plans which cover substantially all State of Missouri employees. The State of Missouri is obligated by state law to make all required contributions to the MSEP (closed plan), MSEP 2000, MSEP 2011, and Judicial Plans. Beginning January 1, 2011, employee contributions of 4% of gross pay are required for those covered by the MSEP 2011 and Judicial Plan 2011. The actuarially determined contributions are expressed as a level percentage of covered payroll. Until the actuarial funding ratio of the MOSERS Plan and Judges Plan is at least 80%, the annual actuarial required contribution rate shall not be reduced below the contribution rate determined by the June 30, 2013, actuarial valuation, which was 16.97% and 58.45% of covered payroll for the MOSERS Plan and Judges Plan, respectively. All amounts contributed pursuant to this policy that exceed the computed employer normal cost shall be applied to the unfunded accrued liability.

The State of Missouri makes required contributions to MPERS. Beginning January 1, 2011, employee contributions of 4% of gross pay are required for those covered by the Year 2000 Plan-2011 Tier. Current year calculated contribution rates are 55.23% for uniformed members of the Highway Patrol and 54.25% for non-uniformed members of the Highway Patrol and employees of the Missouri Department of Transportation. Actual contribution rates are the same as the actuarially determined rates.

Annual Pension Cost and Net Pension Obligation

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

	MSEP	Judicial Plan	MPERS
Annual required contribution	\$ 326,370	\$ 29,265	\$ 183,354
Interest on net pension obligation	5,736	3,950	---
Actuarial adjustment to annual required contribution	(4,545)	(3,130)	---
Annual pension cost	327,561	30,085	183,354
Contributions made	(326,370)	(29,265)	(183,354)
Increase in net pension obligation	1,191	820	---
Net pension obligation, beginning of year	71,698	49,380	---
Net pension obligation, end of year	\$ 72,889	\$ 50,200	\$ ---

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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

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

	<u>MSEP</u>			<u>Judicial Plan</u>		
	<u>Fiscal Year Ending</u>			<u>Fiscal Year Ending</u>		
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Annual Pension Cost (APC)	\$ 327,561	\$ 275,826	\$ 264,526	\$ 30,085	\$ 29,138	\$ 27,118
Percentage of APC Contributed	99.64%	99.58%	99.56%	97.27%	97.23%	97.08%
Net Pension Obligation	\$ 72,889	\$ 71,698	\$ 70,527	\$ 50,200	\$ 49,380	\$ 48,573

	<u>MPERS</u>		
	<u>Fiscal Year Ending</u>		
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Annual Pension Cost (APC)	\$ 183,354	\$ 170,836	\$ 164,880
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, 2014, are as follows (in thousands of dollars):

	<u>MSEP</u>	<u>Judicial Plan</u>	<u>MPERS</u>
Actuarial Value of Assets	\$ 8,637,759	\$ 124,269	\$ 1,795,264
Actuarial Accrued Liability (AAL) Entry Age	\$ 11,494,572	\$ 462,336	\$ 3,650,242
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,856,813	\$ 338,067	\$ 1,854,978
Funded Ratio	75.1%	26.9%	49.2%
Covered Payroll	\$ 1,902,720	\$ 49,588	\$ 336,591
UAAL as a Percentage of Covered Payroll	150.1%	681.8%	551.1%

**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, 2012, 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 8.0% per year compounded annually, b) projected salary increases of 3.0% per year annually, attributable to inflation, c) additional projected salary increases ranging from 0.2% to 2.9% per year for MSEP and 0% to 2.2% for the Judicial Plan, depending on age, attributable to seniority and/or merit, and d) the assumption that benefits will increase 3.0% per year after retirement.

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

The actuarial valuation of the System dated June 30, 2014, will set the required contribution rates for the fiscal year ending June 30, 2016. The actuarial value of assets for MSEP and Judicial Plan recognize assumed investment return fully each year. Differences between actual and assumed investment return are phased-in over an open 3-year period. Valuation assets are not permitted to deviate from the market value by less than 80% or more than 125%. The unfunded actuarial accrued liability is based on a closed 30-year amortization period, level percent of payroll amortization.

The annual required contribution for MPERS for the current fiscal year was determined as part of an actuarial valuation as of June 30, 2012, 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, 2014, will be used to determine the contribution rate for the Plan year ending June 30, 2016. The actuarial value of assets is based on a 3-year smoothed market value method. The total contribution is based on a closed 15-year amortization period for unfunded retiree liabilities and a closed 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 elected to remain with the Public School Retirement System under Section 104.342, RSMo, are covered by the System.

Employees of the State are not required to contribute. The State, as employer, contributed \$178,000, \$4,933,000, and \$3,013,000 for the years ending June 30, 2014, 2013, and 2012, respectively, to the System, equal to the required contributions for each year.

Copies of the System's June 30, 2014, Comprehensive Annual Financial Report may be requested from:

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

**College and Universities:**

University of Missouri Retirement System

Plan Description

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

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

Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average consumption for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Vested employees who are at least age 55 and have ten years or more of credited service, or age 60 with at least five years of credited service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. At retirement, up to 30% of the retirement annuity can be taken in a lump sum payment; also the standard annuity can be exchanged for an actuarially-equivalent annuity.

Separate financial statements are not prepared for the Plan.

Detailed information concerning the Plan is presented in the University's 2014 financial report, which is publicly available. Copies of this report may be requested from:

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

Funding Policy

The University's contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement (ARC). The ARC for those employees hired before October 1, 2012, averaged 10.8% of covered payroll for the year ending June 30, 2014. The ARC for those employees hired after September 30, 2012, averaged 6.8% of covered payroll for the year ended June 30, 2014. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated on July 1 at the beginning of the University's fiscal year, to the actuarially determined amount from the most recent valuation as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Annual Pension Cost and Net Pension Obligation

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

	<u>University of Missouri System</u>
Annual required contribution	\$ 113,688
Interest on net pension obligation	---
Actuarial adjustment to annual required contribution	---
Annual pension cost	<u>113,688</u>
Contributions made	<u>(113,688)</u>
Change in net pension obligation	---
Net pension obligation, beginning of year	<u>---</u>
Net pension obligation, end of year	<u><u>\$ ---</u></u>

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

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

	<u>Fiscal Year Ending</u>		
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Annual Pension Cost (APC)	\$ 113,688	\$ 94,176	\$ 74,618
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, 2014, is as follows (in thousands of dollars):

	<u>Actuarial Valuation October 1, 2013</u>
Actuarial Value of Assets	\$ 2,950,555
Actuarial Accrued Liability (AAL) Entry Age	\$ 3,463,025
Unfunded Actuarial Accrued Liability (UAAL)	\$ 512,470
Funded Ratio	85.20%
Covered Payroll	\$ 1,078,347
UAAL as a Percentage of Covered Payroll	47.52%

**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, 2013, using the entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include: a) assumed rate of return on investments of 7.75% per year, b) projected salary increases for academic and administrative employees averaging 4.9% per year, c) projected salary increases for clerical and service employees averaging 4.1% per year, and d) assumed no future retiree ad-hoc increases or cost of living adjustments.



**STATE OF MISSOURI**  
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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 19,644, 6,179, and 807, respectively. The eligible number of retirees/long-term disability claimants for MOSERS, MHPML, and CEIP for life insurance benefits are 23,020, 3,879, and 470, respectively. Health care benefits and MOSERS life insurance benefits are funded through both employer and employee contributions. MOSERS employer contribution rates are set by the Standard Insurance Company. MHPML and CEIP life insurance benefits are funded through employee contributions. MHPML and CEIP employer contribution rates are set by the Plans Board of Trustees and approved by their respective Commission. Employer contribution rates for MCHCP are set in accordance with Section 103.100, RSMo. Retiree contribution rates are established based on projected claims experience and funding provided by employer contributions. Insurance policies are purchased for life insurance benefits and are the liability of the insurance carrier. For fiscal year 2014, the State's contributions were 50.78% of the total (employer/employee) contributions made for other postemployment benefits.

During fiscal year 2014, the State contributed the following amounts (in thousands of dollars):

	<u>Health Care</u>	<u>Life Insurance</u>
MCHCP	\$ 56,315	\$ ---
MOSERS	---	1,874
MHPML	17,553	---
CEIP	<u>2,902</u>	<u>---</u>
Total	<u>\$ 76,770</u>	<u>\$ 1,874</u>

During fiscal year 2014, 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	\$ 105,341	\$ ---
MOSERS	---	1,874
MHPML	42,536	---
CEIP	<u>5,543</u>	<u>---</u>
Total	<u>\$ 153,420</u>	<u>\$ 1,874</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 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 2014, MCHCP, MHPML, and CEIP contributed \$56.3, \$27.5, and \$4.1 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, *Accounting and Fiscal Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of MCHCP, MHPML, and CEIP annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the net OPEB obligation (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Annual required contribution	\$ 100,144	\$ 79,471	\$ 11,724
Interest on net OPEB contribution	13,682	20,418	1,486
Adjustments to annual required contribution	<u>(9,885)</u>	<u>(26,659)</u>	<u>(1,465)</u>
Annual OPEB cost	103,941	73,230	11,745
Contributions made	<u>(56,314)</u>	<u>(27,492)</u>	<u>(4,052)</u>
Increase in net OPEB obligation	47,627	45,738	7,693
Net OPEB obligation, beginning of year	<u>228,036</u>	<u>453,735</u>	<u>39,621</u>
Net OPEB obligation, end of year	<u>\$ 275,663</u>	<u>\$ 499,473</u>	<u>\$ 47,314</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 are as follows (in thousands of dollars):

	<u>MCHCP</u>			<u>MHPML</u>		
	<u>Fiscal Year Ending</u>			<u>Fiscal Year Ending</u>		
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Annual OPEB Cost (AOC)	\$ 103,941	\$ 96,892	\$ 103,429	\$ 73,230	\$ 104,782	\$ 105,844
Percentage of AOC Contributed	54.18%	55.74%	55.20%	37.54%	27.27%	27.00%
Net OPEB Obligation	\$ 275,663	\$ 228,036	\$ 185,150	\$ 499,473	\$ 453,735	\$ 377,530

	<u>CEIP</u>		
	<u>Fiscal Year Ending</u>		
	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Annual OPEB Cost (AOC)	\$ 11,745	\$ 12,917	\$ 12,636
Percentage of AOC Contributed	34.50%	41.58%	39.30%
Net OPEB Obligation	\$ 47,314	\$ 39,621	\$ 32,075

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

Funded Status and Funding Progress

The funded status of the Plans as of June 30, 2014, are as follows (in thousands of dollars):

	<u>MCHCP</u>	<u>MHPML</u>	<u>CEIP</u>
Actuarial Accrued Liability (AAL)	\$ 1,649,500	\$ 842,793	\$ 181,587
Less Actuarial Value of Plan Assets	<u>102,300</u>	<u>---</u>	<u>---</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,547,200</u>	<u>\$ 842,793</u>	<u>\$ 181,587</u>
Funded Ratio	6.20%	0.00%	0.00%
Covered Payroll	\$ 1,566,700	\$ 336,591	\$ 63,370
UAAL as a Percentage of Covered Payroll	98.76%	250.39%	286.55%

Actuarial Methods and Assumptions

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

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

In the actuarial valuation for fiscal year ending June 30, 2014, MCHCP used the entry-age method while MHPML and CEIP used the projected unit credit cost method. The actuarial assumptions for MCHCP, MHPML, and CEIP include a 6.0%, 4.5%, and 3.8% discount rate, respectively. The projected annual health care cost trend rate for non-Medicare health care is 7.1% initially, then decreasing by 0.3% per year to an ultimate rate of 5.0%. The projected annual health care cost trend rate for Medicare health care is 7.4% initially, then decreasing by 0.2% per year to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, over a 30-year period.

**College and Universities:**

University of Missouri System

In addition to the retirement benefits described in *Note 7*, the University provides postemployment medical care, dental care, and life insurance benefits to eligible employees who retire from the University and to employees receiving long-term disability benefits. Currently, 6,987 retirees/long-term disability claimants meet the eligibility requirements. These postemployment benefits are funded through both employer and employee contributions. For fiscal year 2014, the University's contributions were 63.37% of the total (employer/employee) contributions made for other postemployment benefits.

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

Currently, the number of retirees/long-term disability claimants participating in medical care, dental care, and life insurance are 5,493, 5,722, and 3,054, respectively. During fiscal year 2014, the University and its employees contributed \$39,599,000 for other postemployment benefits. The expenditures recognized by the University for (employer/employee) other postemployment benefits were \$39,599,000.

Funding Policy

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

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

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the University's net OPEB obligation for fiscal year 2014 (in thousands of dollars):

	University of Missouri System
Annual required contribution	\$ 59,966
Interest on net OPEB obligation	5,688
Adjustment to annual OPEB obligation	(5,729)
Annual OPEB cost	59,925
Contributions made	(25,094)
Increase in net OPEB obligation	34,831
Net OPEB obligation (asset), beginning of year	142,209
Net OPEB obligation, end of year	\$ 177,040

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 was as follows (in thousands of dollars):

	University of Missouri System		
	Fiscal Year Ending		
	06/30/14	06/30/13	06/30/12
Annual OPEB Cost (AOC)	\$ 59,925	\$ 51,890	\$ 51,667
Percentage of AOC Contributed	41.88%	36.96%	49.31%
Net OPEB Obligation	\$ 177,040	\$ 142,209	\$ 109,496

**Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2014, was as follows (in thousands of dollars):

	University of Missouri System
Actuarial Accrued Liability (AAL)	\$ 669,836
Less Actuarial Value of Plan Assets	49,284
Unfunded Actuarial Accrued Liability (UAAL)	\$ 620,552
 Funded Ratio	7.36%
 Covered Payroll	\$ 1,103,558
 UAAL as a Percentage of Covered Payroll	56.20%

**Actuarial Methods and Assumptions**

In the July 1, 2013, actuarial valuation, University of Missouri System used the projected unit credit cost method. The actuarial assumptions for University of Missouri System included a 4.0% rate of return, net of administrative expenses. The projected annual health care cost trend rate is 5.0% to 8.0% initially, reduced by 0.5% decrements to an ultimate rate of 5.0%. The UAAL is being amortized at a level dollar amount over an open basis, level percent of pay, over a 30-year period.

**Note 9 – Deferred Compensation**

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

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

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

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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

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

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

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

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

Under the Plan provisions, any employee of the State is eligible to participate in the Plan if he/she has been an employee of the State for at least 12 consecutive months preceding any employer contributions to the Plan, and is making continuous monthly deferrals of at least \$25 to the Missouri State Public Employees’ Deferred Compensation Plan. As of March 2010, employer incentive (match) associated with the State of Missouri Deferred Compensation Plan was suspended. Participating employees are 100% vested.

The first employer contributions to the Plan were made in January 1996. The Plan receives contributions from employees as well as rollovers from other qualified plans. During fiscal year 2014, rollover contributions to ICMA-RC were \$44,751,000.

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

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

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

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

The following is a summary of the changes in short-term liabilities for the year ended June 30, 2014 (in thousands of dollars):

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
<b>Governmental Activities:</b>				
Bank Overdraft	\$ 8	\$ 1,033,236	\$ (1,033,242)	\$ 2

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014 (in thousands of dollars):

	*Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
Due to Other Entities	\$ 26,493	\$ 13,582	\$ (16,722)	\$ 23,353	\$ 15,693
General Obligation Bonds Payable	378,150	---	(54,755)	323,395	57,120
Other Bonds Payable	3,562,775	995,555	(1,254,630)	3,303,700	205,155
Unamortized Bond Premium	161,162	195,638	(57,513)	299,287	---
Obligations under Lease Purchase	185,440	2,838	(28,073)	160,205	26,824
Pollution Remediation	11,212	10,580	(1,474)	20,318	1,122
Compensated Absences	157,031	181,014	(176,212)	161,833	152,861
Claims Liability	149,460	412,361	(419,745)	142,076	75,174
Contingent Liabilities	25,135	3,120	(8,499)	19,756	14,051
2 <sup>nd</sup> Injury Fund					
Contingent Liabilities	1,637,937	66,084	(50,839)	1,653,182	50,839
Net Other Postemployment Benefit Obligation	721,392	188,916	(87,858)	822,450	---
Net Pension Obligation	121,078	541,000	(538,989)	123,089	---
Total Governmental Activities	<u>\$ 7,137,265</u>	<u>\$ 2,610,688</u>	<u>\$ (2,695,309)</u>	<u>\$ 7,052,644</u>	<u>\$ 598,839</u>
<b>Business-Type Activities:</b>					
Obligations under Lease Purchase	\$ 284	\$ ---	\$ (69)	\$ 215	\$ 65
Claims Liability	110,394	9,695	(28,236)	91,853	14,750
Grand Prize Winner Liability	96,912	58,588	(62,868)	92,632	59,956
Compensated Absences	4,062	4,479	(4,135)	4,406	4,135
Loans Payable	308,545	24,188	(332,733)	---	---
Total Business-Type Activities	<u>\$ 520,197</u>	<u>\$ 96,950</u>	<u>\$ (428,041)</u>	<u>\$ 189,106</u>	<u>\$ 78,906</u>

\*Beginning balances as of July 1, 2013 have been restated (see *Note 17*).

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 12 – Bonds Payable**

Bonds are long-term liabilities and are reconciling items from governmental fund financial statements to government-wide financial statements. On the Government-Wide Statement of Net Position, 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. Three 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 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>
<b>Water Pollution Control Bonds:</b>				
Series A 2003-Refunding	10/29/03	\$ 74,655	B 1993-Refunding	\$ 76,540
Series A 2005-Refunding	6/29/05	95,100	A 1996	2,160
			A 1998	28,680
			A 1999	17,595
			A 2003-Refunding	51,535
Series A 2010-Refunding	7/27/10	81,450	A 2001	15,030
			A 2002	20,225
			B 2002-Refunding	12,990
			A 2005-Refunding	8,595
			A 2007	31,385
Series A 2012-Refunding	9/27/12	62,460	A 2002	3,225
			B 2002-Refunding	64,080
<b>Fourth State Building Bonds:</b>				
Series A 2005-Refunding	6/29/05	45,330	A 1996	7,715
			A 1998	40,970
Series A 2010-Refunding	7/27/10	9,060	A 2002-Refunding	8,970
			A 2005-Refunding	1,470
Series A 2012-Refunding	9/27/12	100,395	A 2002-Refunding	110,535
<b>Stormwater Control Bonds:</b>				
Series A 2005-Refunding	6/29/05	17,175	A 1999	17,595
Series A 2010-Refunding	7/27/10	15,150	A 2001	7,320
			A 2002	8,475
			A 2005-Refunding	905



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

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

As of June 30, 2014, \$594,494,240 of the Water Pollution Control 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 Fourth State Buildings Bonds.

General obligation bonds issued and outstanding as of June 30, 2014, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Water Pollution Control Bonds:						
Series A 2003–Refunding	3.25 – 6.0%	2/1; 8/1	10/03	8/1/16	\$ 74,655	\$ 9,820
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/16	95,100	26,170
Series A 2007	4.0 – 5.0%	6/1; 12/1	11/07	12/1/21	50,000	13,645
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	81,450	69,555
Series A 2012–Refunding	3.0 – 4.0%	10/1; 4/1	9/12	10/1/19	62,460	49,485
Fourth State Building Bonds:						
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/16	45,330	32,750
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	9,060	7,735
Series A 2012–Refunding	2.0 – 4.0%	10/1; 4/1	9/12	10/1/21	100,395	93,340
Stormwater Control Bonds:						
Series A 2002	3.0 – 5.25%	2/1; 8/1	8/02	8/1/15	15,000	1,095
Series A 2005–Refunding	5.0%	10/1; 4/1	6/05	10/1/15	17,175	6,865
Series A 2010–Refunding	4.0 – 5.0%	12/1; 6/1	7/10	12/1/22	15,150	12,935
Total General Obligation Bonds					<u>\$ 565,775</u>	<u>\$ 323,395</u>
Less: Amount in Sinking Fund for payment of Principal						<u>(70,443)</u>
					<u>\$ 565,775</u>	<u>\$ 252,952</u>

As of June 30, 2014, general obligation debt service requirements for principal and interest in future years were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2015	\$ 57,120	\$ 13,003	\$ 70,123
2016	57,395	10,417	67,812
2017	54,050	7,879	61,929
2018	50,135	5,592	55,727
2019	38,575	3,712	42,287
2020–2023	<u>66,120</u>	<u>5,377</u>	<u>71,497</u>
Totals	<u>\$ 323,395</u>	<u>\$ 45,980</u>	<u>\$ 369,375</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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**Note 12 – Bonds Payable (cont.)**

Other Bonds:

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

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

	Date Issued	Amount Issued	Series Refunded	Amount Refunded
Board of Public Buildings:				
Series A 2011–Refunding	09/27/11	\$ 143,020	A 2001 A 2003 A 2006	\$ 126,850 12,620 3,175
Series A 2012–Refunding	08/23/12	278,835	A 2003	285,340
Series A 2013–Refunding	10/11/13	29,370	A 2003	30,195

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

As of June 30, 2014, the Board of Public Buildings Bonds had issued \$871,205,000 of the bond authorization. The remaining authorization is \$73,795,000.

The Board of Public Buildings Bonds issued and outstanding as of June 30, 2014, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Board of Public Buildings:						
Series A 2006	4.0 – 5.0%	4/1; 10/1	10/06	10/1/31	\$ 120,000	\$ 98,650
Series A 2011–Refunding	1.0 – 5.0%	4/1; 10/1	9/11	10/1/28	143,020	135,750
Series A 2012–Refunding	2.0 – 5.0%	4/1; 10/1	8/12	10/1/28	278,835	278,835
Series A 2013–Refunding	2.0 – 5.0%	4/1; 10/1	10/13	10/1/28	29,370	29,370
Total Board of Public Buildings Bonds					<u>\$ 571,225</u>	<u>\$ 542,605</u>

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

As of June 30, 2014, 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
2015	\$ 26,685	\$ 20,395	\$ 47,080
2016	27,550	19,288	46,838
2017	28,530	18,092	46,622
2018	29,785	16,772	46,557
2019	31,130	15,341	46,471
2020–2024	176,655	54,198	230,853
2025–2029	199,820	19,911	219,731
2030–2032	22,450	1,583	24,033
<b>Totals</b>	<b>\$ 542,605</b>	<b>\$ 165,580</b>	<b>\$ 708,185</b>

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

The Educational Facilities Revenue Bonds issued and outstanding as of June 30, 2014, were as follows (in thousands of dollars):

	Interest Rates	Payment Dates	Issue Date	Final Maturity Date	Issued	Outstanding
Educational Facilities Revenue Bonds:						
Series 2011–Refunding	2.0 – 5.0%	4/1; 10/1	11/11	10/1/21	\$ 20,125	\$ 16,730

As of June 30, 2014, the debt service requirement of the State for principal and interest in future years for the Educational Facilities Revenue Bonds (based on the financing agreement between the State and the Authority) were as follows (in thousands of dollars):

Fiscal Year Ended June 30	Principal	Interest	Totals
2015	\$ 1,780	\$ 745	\$ 2,525
2016	1,860	672	2,532
2017	1,930	597	2,527
2018	2,015	508	2,523
2019	2,115	404	2,519
2020–2022	7,030	539	7,569
<b>Totals</b>	<b>\$ 16,730</b>	<b>\$ 3,465</b>	<b>\$ 20,195</b>

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

The Regional Convention and Sports Complex Authority issued \$132,910,000 of Convention and Sports Facility Project Bonds Series A 1991, dated August 15, 1991, to finance the costs of acquiring land and constructing a multi-purpose convention and indoor sports facility in downtown St. Louis, Missouri. On December 15, 1993, the Authority issued \$121,705,000 of Convention and Sports Facility Project Refunding Bonds Series A 1993 for the purpose of refunding the callable portions of the outstanding bonds issued in August 1991 and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$101,410,000. On August 1, 2003, the Authority issued \$116,030,000 of Convention and Sports Facility Project Refunding Bonds Series A 2003 for the purpose of refunding Convention and Sports Facility Project Bonds Series A 1991 and Series A 1993 refunding bonds and to pay the costs of additions and enhancements to the project. The outstanding principal amount refunded was \$2,845,000 for the Series A 1991 bonds and \$113,170,000 for the Series A 1993 refunding bonds. On August 20, 2013, the Authority issued \$65,195,000 of Convention and Sports Facility Project Refunding Bonds Series A 2013 for the purpose of refunding Convention and Sports Facility Project Refunding Bonds Series A 2003. The principal amount refunded was \$64,385,000. 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, 2014, 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 2013-Refunding	2.0 – 5.0%	2/15; 8/15	8/13	8/15/21	\$ 65,195	\$ 65,195

As of June 30, 2014, 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>
2015	\$ 7,140	\$ 2,827	\$ 9,967
2016	7,240	2,610	9,850
2017	7,530	2,315	9,845
2018	7,835	1,968	9,803
2019	8,225	1,567	9,792
2020-2022	<u>27,225</u>	<u>2,086</u>	<u>29,311</u>
<b>Totals</b>	<b><u>\$ 65,195</u></b>	<b><u>\$ 13,373</u></b>	<b><u>\$ 78,568</u></b>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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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 Ended June 30</u>	<u>State Debt Service Payments</u>
2015	\$ 10,000
2016	10,000
2017	10,000
2018	10,000
2019	10,000
2020–2022	<u>25,000</u>
 Total	 <u>\$ 75,000</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, 2014, the Missouri Highways and Transportation Commission had issued \$3,812,195,000.

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

	<u>Date Issued</u>	<u>Amount Issued</u>	<u>Series Refunded</u>	<u>Amount Refunded</u>
Senior Lien State Road Bonds:				
Series 2006–Refunding	12/13/06	\$ 394,870	A 2000	\$ 135,980
			A 2001	105,075
			A 2002	109,165
			A 2003	57,390
Series C 2010–Refunding	11/10/10	130,390	A 2001	11,135
			A 2002	18,405
			A 2003	111,760
Series A 2014–Refunding	6/3/14	589,015	A 2006	149,150
			B 2006	503,330
Series B 2014–Refunding	6/3/14	311,975	2007	325,290

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**June 30, 2014**

**Note 12 – Bonds Payable (cont.)**

The State Road Bonds issued and outstanding as of June 30, 2014, were as follows (in thousands of dollars):

	<u>Interest Rates</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Missouri Highways and Transportation Commission:						
State Road Bonds						
Series A 2005–First Lien	2.50 – 5.00%	5/1; 11/1	7/05	5/1/15	\$ 278,660	\$ 33,940
Series B 2005–Third Lien	Variable	Variable	7/05	5/1/15	72,000	15,660
Series A 2006–First Lien	3.75 – 5.00%	5/1; 11/1	8/06	5/1/21	296,670	42,520
Series 2006–Refunding	4.00 – 5.00%	2/1; 8/1	12/06	2/1/22	394,870	340,235
Series 2007–Second Lien	4.00 – 5.25%	5/1; 11/1	9/07	5/1/27	526,800	156,730
Series A 2008–Second Lien	3.00 – 5.00%	5/1; 11/1	12/08	5/1/25	142,735	112,860
Series A 2009	2.00 – 5.00%	5/1; 11/1	9/09	5/1/21	195,625	134,190
Series B 2009	4.802 – 5.252%	5/1; 11/1	9/09	5/1/33	404,375	404,375
Series C 2009–Third Lien	4.313 – 5.213%	5/1; 11/1	11/09	5/1/29	300,000	300,000
Series A 2010	1.50 – 5.00%	5/1; 11/1	3/10	5/1/22	128,865	88,580
Series B 2010	4.720 – 5.020%	5/1; 11/1	3/10	5/1/25	56,135	56,135
Series C 2010–Refunding	3.00 – 5.00%	2/1; 8/1	11/10	2/1/23	130,390	92,955
Series A 2014–Refunding	2.00 – 5.00%	5/1; 11/1	6/14	5/1/26	589,015	589,015
Series B 2014–Refunding	3.00 – 5.00%	5/1; 11/1	6/14	5/1/25	311,975	311,975
Total Missouri Highways and Transportation Commission					<u>\$ 3,828,115</u>	<u>\$ 2,679,170</u>

As of June 30, 2014, 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>
2015	\$ 169,550	\$ 127,693	\$ 297,243
2016	168,470	124,630	293,100
2017	190,770	116,789	307,559
2018	200,185	107,955	308,140
2019	209,355	98,352	307,707
2020–2024	1,015,195	337,159	1,352,354
2025–2029	561,345	116,310	677,655
2030–2033	<u>164,300</u>	<u>22,755</u>	<u>187,055</u>
Totals	<u>\$ 2,679,170</u>	<u>\$ 1,051,643</u>	<u>\$ 3,730,813</u>

<sup>(1)</sup> The annual debt service schedule assumes an interest rate of 0.07%, representing the interest rate at June 30, 2014, for the Series B 2005 bonds. During the year, interest rates ranged from 0.02% to 0.11%. Interest is reported net of assumed federal subsidies.

**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, 2014, 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>
2015	\$ 47,668	\$ 96,693	\$ 144,361
2016	57,127	92,289	149,416
2017	73,830	90,055	163,885
2018	71,994	87,503	159,497
2019	67,775	84,871	152,646
2020–2024	454,384	364,577	818,961
2025–2029	379,371	281,842	661,213
2030–2034	289,753	211,080	500,833
2035–2039	214,688	147,904	362,592
2040–2044	444,209	57,551	501,760
2045–2049	<u>1,080</u>	<u>23</u>	<u>1,103</u>
Totals <sup>(1)</sup>	<u>\$ 2,101,879</u>	<u>\$ 1,514,388</u>	<u>\$ 3,616,267</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 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds and \$14,600,000 in St. Louis Convention Center Hotel Series 2000C, tax-exempt infrastructure facilities revenue bonds, respectively for the purpose of paying the costs of acquiring land and constructing a parking garage. Bonds are payable, both principal and interest, out of revenues derived from the operation of the parking garage.

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

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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**Note 12 – Bonds Payable (cont.)**

The Missouri Development Finance Board Revenue Bonds issued and outstanding as of June 30, 2014, 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	Variable	12/1	12/00	12/1/20	\$ 6,500	\$ 3,910
Series 2000C	Variable	12/1	12/00	12/1/20	14,600	9,740
Series 2010A	Variable	monthly	04/10	05/1/40	<u>9,000</u>	<u>8,634</u>
Total Missouri Development Finance Board Revenue Bonds					<u>\$ 30,100</u>	<u>\$ 22,284</u>

As of June 30, 2014, 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>
2015	\$ 189	\$ 137	\$ 326
2016	195	134	329
2017	204	131	335
2018	214	128	342
2019	223	125	348
2020–2024	14,915	533	15,448
2025–2029	1,567	404	1,971
2030–2034	1,934	278	2,212
2035–2039	2,392	124	2,516
2040	<u>451</u>	<u>3</u>	<u>454</u>
Totals <sup>(1)</sup>	<u>\$ 22,284</u>	<u>\$ 1,997</u>	<u>\$ 24,281</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.

The annual debt service schedule assumes an interest rate of 0.098%, representing the interest rate at June 30, 2014, for the Series 2000B and Series 2000C bonds. The annual debt service also assumes an interest rate of 4.25%, representing the interest rate as of June 30, 2014, for the Seventh Street Garage Series 2010A bonds. As of June 28, 2012 through April 30, 2015, the Board entered into an interest deferral agreement whereby the bond interest rate for the Seventh Street Garage Series 2010A bonds is the lesser of the modified pay rate of 4.25% annually.



**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, 2014 (in thousands of dollars):

	<u>Governmental Funds</u>		<u>Component Units</u>	
	General Obligation Bonds	Other Bonds	Revenue Bonds	Totals
	Bonds Payable at July 1, 2013	\$ 378,150	\$ 3,562,775	\$ ---
Bond Issuance	---	995,555	---	995,555
Bonds Retired	(54,755)	(1,254,630)	---	(1,309,385)
Subtotal	323,395	3,303,700	---	3,627,095
College and Universities <sup>(1)</sup>	---	---	2,101,879	2,101,879
Missouri Development Finance Board	---	---	22,284	22,284
Bonds Payable at June 30, 2014	<u>\$ 323,395</u>	<u>\$ 3,303,700</u>	<u>\$ 2,124,163</u>	<u>\$ 5,751,258</u>

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

**Note 13 – Defeased Debt**

**A. Current Year Debt Defeasance**

On August 20, 2013, the Regional Convention and Sports Complex Authority issued \$65,195,000 in Convention and Sports Facility Project and Refunding Bonds, Series A 2013, with an interest rate ranging from 2.00% to 5.00%, to refund \$64,385,000 of outstanding Convention and Sports Facility Project and Refunding Bonds, Series A 2003, with interest rates ranging 4.05% to 5.375%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The refunding resulted in an economic gain (difference between the present values of the old and the new debt service payments) of \$8,200,000.

On October 2, 2013, the Board of Public Buildings of the State of Missouri issued \$29,370,000 in Board of Public Buildings Special Obligation Refunding Bonds, Series A 2013, with an interest rate ranging from 2.00% to 5.00%, to refund \$30,195,000 of outstanding Board of Public Buildings, Series A 2003, with interest rates ranging 4.00% to 5.00%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The Board reduced its total debt service payments by \$4,838,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$3,960,000.

On June 3, 2014, the Missouri Highways and Transportation Commission issued \$589,015,000 in First Lien Refunding State Road Bonds, Series A 2014, with an interest rate ranging from 2.00% to 5.00%, to refund \$149,150,000 of outstanding First Lien Refunding State Bonds, Series A 2006, with interest rates ranging 4.375% to 5.00%, and \$503,330,000 of outstanding First Lien Refunding State bonds, Series B 2006, with interest rates ranging 4.50% to 5.00%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The Commission reduced its total debt service payments by \$96,673,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$81,872,000.

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

On June 3, 2014, the Missouri Highways and Transportation Commission issued \$311,975,000 in Second Lien Refunding State Road Bonds, Series B 2014, with an interest rate ranging from 3.00% to 5.00%, to refund \$325,290,000 of outstanding Second Lien Refunding State Bonds, Series 2007, with interest rates ranging 4.75% to 5.25%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The Commission reduced its total debt service payments by \$26,053,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$23,716,000.

On November 26, 2013, the University of Missouri System issued \$11,325,000 in System Facilities Revenue Bonds, Series A 2013, with an interest rate ranging from 3.00% to 5.00%, to refund \$13,035,000 of System Facilities Revenue Bonds, Series B 2003, with an interest rate ranging from 3.75% to 5.00%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The University reduced its total debt service payments by \$1,787,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,744,000.

On May 22, 2014, the University of Missouri System issued \$294,510,000 in System Facilities Revenue Bonds, Series A 2014, with an interest rate ranging from 2.50% to 5.00%, to refund \$183,455,000 of System Facilities Revenue Bonds, Series A 2007, with an interest rate ranging from 4.00% to 5.00%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The University has reduced its total debt service payments by \$24,300,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) by \$23,769,000.

On December 10, 2013, the University of Central Missouri issued \$16,310,000 in Educational Facilities Revenue Bonds, Series A 2013, with an interest rate of 2.32% to refund \$17,400,000 of outstanding Educational Facilities Revenue Bonds, Series 2009, with interest rates ranging from 3.00% to 5.05%. As a result of the refunding, the University reduced its total debt service requirement by \$6,600,000, which resulted in an economic gain of \$2,500,000.

On April 30, 2014, Missouri Southern State University issued \$15,030,000 of Auxiliary Enterprise System Bonds, Series A 2014, with an interest rate ranging from 0.35% to 3.95%, to refund \$4,275,000 of Auxiliary Enterprise Revenue Bonds, Series 2000, with an interest rate ranging from 5.30% to 5.50%, and \$10,575,000 of Auxiliary Enterprise System Refunding and Improvement Revenue Bonds, Series 2008, with an interest rate ranging from 3.55% to 4.65%. As a result, the bonds are considered to be defeased and the liabilities for the bonds have been removed from the financial statements. The University reduced its total debt service payments by \$1,853,000 to obtain an economic gain (difference between the present values of the old and the new debt service payments) of \$1,340,000.

**B. Cumulative Debt Defeasances**

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

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

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

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 Position.

Governmental Activities – As of June 30, 2014, bonds outstanding of \$977,770,000 are defeased.

College and Universities – As of June 30, 2014, bonds outstanding of \$400,215,000 are defeased.

**Note 14 – Payables and Receivables**

A summary of accounts payable and accounts receivable at June 30, 2014, is shown below (in thousands of dollars):

	Governmental Activities	Business-Type Activities	Balance June 30, 2014
<b>Accounts Payable:</b>			
Taxpayers	\$ 93,487	\$ 193	\$ 93,680
Other Governments	91,000	6	91,006
Vendors	1,048,346	15,661	1,064,007
Employees	110,970	3,182	114,152
Other	74,253	14	74,267
Total Accounts Payable	\$ 1,418,056	\$ 19,056	\$ 1,437,112
<b>Accounts Receivable with expected date of receipt within one year:</b>			
Taxpayers	\$ 1,861,691	\$ 1,392	\$ 1,863,083
Other Governments	607,853	6,169	614,022
Vendors	95,335	---	95,335
Customers	142,053	242,938	384,991
Other	1,160,654	794	1,161,448
	3,867,586	251,293	4,118,879
<b>Accounts Receivable with expected date of receipt greater than one year:</b>			
Vendors	8,359	---	8,359
Customers	145,914	9	145,923
Other	16,618	---	16,618
	170,891	9	170,900
Accounts Receivable	4,038,477	251,302	4,289,779
Amounts not expected to be collected	(577,430)	(23)	(577,453)
Accounts Receivable, net	\$ 3,461,047	\$ 251,279	\$ 3,712,326

Gross Accounts Receivable and Uncollectible amounts significantly decreased from fiscal year 2013 due to a change in accounting policy regarding third party liabilities.

**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, 2014, is shown below (in thousands of dollars):

	<b>Due From Other Funds, Component Units, and Primary Government</b>						<b>Totals</b>
	<b>Public Education</b>	<b>Conservation and Environmental Protection</b>	<b>Non-Major Governmental Funds</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Non-Major Component Units</b>	
<b>Due to Other Funds, Component Units, and Primary Government</b>							
General Fund	\$ ---	\$ ---	\$ ---	\$ 59	\$ 9,012	\$ ---	\$ 9,071
Public Education	---	---	---	---	43	---	43
Conservation and Environmental Protection	---	---	---	129	336	---	465
Missouri Road Fund	---	---	---	---	273	6,982	7,255
Non-Major Governmental Funds	---	---	---	1	1,498	---	1,499
State Lottery	13,730	---	---	---	42	---	13,772
Unemployment Compensation	---	---	3,552	---	---	---	3,552
Petroleum Storage Tank Insurance	---	---	---	---	1	---	1
Non-Major Enterprise Funds	---	---	---	---	115	---	115
Internal Service Funds	---	76	---	3	502	---	581
Non-Major Component Units	---	675	---	---	1	---	676
<b>Totals</b>	<b>\$ 13,730</b>	<b>\$ 751</b>	<b>\$ 3,552</b>	<b>\$ 192</b>	<b>\$ 11,823</b>	<b>\$ 6,982</b>	<b>\$ 37,030</b>

	<b>Advance From Component Units and Primary Government</b>
	<b>Non-Major Component Units</b>
<b>Advance To Component Units and Primary Government</b>	
Conservation and Environmental Protection	<b>\$ 2,418</b>

The loans from the component units were for animal waste treatment systems.

During the consolidation process for the Government-Wide Statement of Net Position, interfund payables and receivables were eliminated in governmental activities in the amount of \$11,664,000.

The amount reported as "Due from Other Funds" for fiscal year 2014 is significantly more than what was reported in fiscal year 2013. This was due to an adjustment made on the State Lottery's fiscal year 2012 financials for an error which was corrected in fiscal year 2013.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

**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, 2014, 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	\$ ---	\$ 2,831,155	\$ 2,663	\$ 16,945	\$ 289,838
Public Education	27,511	---	---	---	---
Conservation and Environmental Protection	629	---	---	---	2,047
Non-Major Governmental Funds	11,359	5,050	---	456,570	32,443
State Lottery	---	277,851	---	---	--
Unemployment Compensation	8,724	---	---	---	16,285
Non-Major Enterprise Funds	30	---	---	---	1,197
Internal Service Funds	583	---	---	---	18
<b>Totals</b>	<b>\$ 48,836</b>	<b>\$ 3,114,056</b>	<b>\$ 2,663</b>	<b>\$ 473,515</b>	<b>\$ 341,828</b>

**Continues Below**

	State Lottery	Unemployment Compensation	Non-Major Enterprise Funds	Internal Service Funds	Totals
<b>Transfers Out:</b>					
General Fund	\$ ---	\$ 4,299	\$ 698	\$ 166	\$ 3,145,764
Public Education	---	---	---	---	27,511
Conservation and Environmental Protection	---	---	---	---	2,676
Non-Major Governmental Funds	---	---	7,600	---	513,022
State Lottery	---	---	---	---	277,851
Unemployment Compensation	---	---	---	---	25,009
Non-Major Enterprise Funds	---	---	---	---	1,227
Internal Service Funds	41	---	28	41	711
<b>Totals</b>	<b>\$ 41</b>	<b>\$ 4,299</b>	<b>\$ 8,326</b>	<b>\$ 207</b>	<b>\$ 3,993,771</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 2014, there were transfers of \$789,000 from internal service funds to the General Fund, Public Education, and non-major governmental funds. These were transfers of capital assets and are therefore not reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances or on the reconciliation above. This is because governmental funds use the modified accrual basis of accounting and therefore do not report capital assets on their financial statements.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014**

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**Note 17 – Restatements**

During fiscal year 2014, 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, 2013 Fund Balance/ Net Position Previously Reported	Prior Period Adjustments	June 30, 2013 Fund Balance/ Net Position Restated
<b>GOVERNMENTAL FUNDS</b>			
<b>Major Governmental Funds</b>			
General Fund	\$ 1,446,419	\$ (7)	\$ 1,446,412
Conservation and Environmental Protection	1,566,011	(3)	1,566,008
<b>Non-Major Governmental Funds</b>			
Special Revenue	455,459	(39,066)	416,393
<b>PROPRIETARY FUNDS</b>			
<b>Major Enterprise Funds</b>			
Petroleum Storage Tank Insurance	(42,614)	(22)	(42,636)
<b>Non-Major Proprietary Funds</b>			
Enterprise	95,146	(427)	94,719
Internal Service	592,045	11,441	603,486
<b>DISCRETELY PRESENTED COMPONENT UNITS</b>			
College and Universities	5,967,759	(515,148)	5,452,611

**Breakdown of restatements by type:**

- General Fund, the restatement was due to a decrease in accounts receivable of \$9,000 and an increase in loans receivable of \$2,000.
- Conservation and Environmental Protection, the restatement was due to a decrease in accounts receivable of \$3,000.
- Non-major special revenue funds, the restatement was due to a decrease in accounts receivable of \$1,000 and an increase in accounts payable of \$39,065,000. \$39,550,000 of the increase in accounts payable was due to a reclassification from contingent liabilities to accounts payable.
- Petroleum Storage Tank Insurance, the restatement was due to an increase in accrued payroll of \$22,000.
- Non-major enterprise funds, the restatement was due to a decrease in capital assets (net of accumulated depreciation/amortization) of \$427,000.
- Non-major internal service funds, the restatement was due to a decrease in cash and cash equivalents of \$57,000, an increase in accounts receivable of \$12,046,000, an increase in interest receivable of \$153,000, a decrease in accounts payable of \$56,000, an increase in compensated absences of \$3,000, and a decrease in capital assets (net of accumulated depreciation/amortization) of \$754,000.
- Discretely presented component units - college and universities, the restatement was due to a decrease in net position of \$12,774,000 due to the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and a decrease in net position of \$502,374,000 due to the early adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27*, by the University of Missouri.

STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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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 position for the governmental activities were restated by the amounts shown on the restatement schedule for governmental funds and internal service funds. In addition, capital assets (net of accumulated depreciation/amortization) decreased by \$147,098,000 of which \$148,000,000 was to correct for errors in infrastructure in progress, infrastructure, and infrastructure depreciation, the Internal Balance decreased by \$45,000, deferred charges – issuance costs decreased by \$12,207,000 and deferred charges – refunding decreased by \$3,523,000 due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, interest payable decreased by \$2,087,000, unearned revenue decreased by \$95,708,000, contingent liabilities decreased by \$30,050,000 of which \$39,550,000 was due to a reclassification from contingent liabilities to accounts payable, obligations under lease purchase decreased by \$350,000, and bond premium decreased by \$2,390,000.

On the Government-Wide Statement of Activities, net position for the business-type activities were restated by the amounts shown on the restatement schedule for enterprise funds and by an increase in the Internal Balance of \$45,000.

**Note 18– Fund Deficit**

The following fund had a deficit balance:

Enterprise Fund – Petroleum Storage Tank Insurance – At June 30, 2014, this fund had a net position deficit of \$24,088,000. The deficit at June 30, 2013 was \$42,636,000. 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.

**Note 19– Commitments**

**Contracts**

The Department of Conservation had contracts outstanding of \$1,470,000 for construction contracts at June 30, 2014. 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 \$635,008,000 outstanding at June 30, 2014. These contracts are paid from capital projects funds with approximately 74% federal reimbursement expected.

The Office of Administration, Division of Facilities Management, Design and Construction, had construction contracts outstanding at June 30, 2014 of \$30,223,000. Approximately 88% will be paid from the General Fund, 11% from special revenue funds, and 1% from enterprise funds.

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**Note 19– Commitments (cont.)**

On March 10, 1988, the State of Missouri entered into a contract with the United States Army Corps of Engineers confirming an assurance agreement of April 8, 1965. The State obtained rights to a portion of the water supply storage from the Clarence Cannon Dam and Mark Twain Lake Project. The State agreed to pay up to \$10.8 million plus interest for the investment costs allocated to the water supply storage, the amount of such payments to be determined by the portion of the water storage space put in use by the State for that purpose. The contract provided a ten year interest free period running from 1984 to 1994. In fiscal year 1995, the State began making interest payments. The interest payment amount for fiscal year 2014 was \$364,000. This payment was made in arrears as it was part of a fiscal year 2014 expenditure restriction plan. Payment of principal and interest must be completed by March 2038.

Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS) has \$227,477,000 unfunded commitments in alternative investments.

As of June 30, 2014, the University of Missouri had outstanding commitments for the usage and ongoing support of the University Health System's information technology environment totaling \$106,241,000. The payments are as follows:

2015	\$	18,041,000
2016		18,583,000
2017		19,140,000
2018		19,714,000
2019		20,306,000
2020		10,457,000

Truman State University had approximately \$2,378,000 in outstanding commitments for various construction contracts at June 30, 2014.

Southeast Missouri State University had outstanding commitments of approximately \$11,344,000 related to construction contracts at June 30, 2014.

Missouri State University had approximately \$21,800,000 in outstanding commitments for various construction contracts at June 30, 2014.

University of Central Missouri had approximately \$38,590,000 in outstanding commitments related to construction contracts at June 30, 2014.

Northwest Missouri State University had approximately \$1,580,000 in outstanding commitments related to various construction contracts at June 30, 2014.

**Note 20– 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.



STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 20 – Risk Management and Insurance (cont.)**

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. OA-Risk Management also procures property insurance for 3% of the total value of the State's property with the remainder uninsured. The buildings that are insured are mainly the buildings backed with bonded debt through the Board of Public Buildings.

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

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

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

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

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

The University of Missouri System provides workers' compensation, liability, and medical insurance for its employees. The University funds this through a combination of self-insurance and commercially purchased insurance. The amount of coverage is based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The claims liability is the present value of the claims, using discounted rates ranging between 1.0% and 3.8% 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.

**STATE OF MISSOURI**  
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**Note 20 – Risk Management and Insurance (cont.)**

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

	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2013	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2014
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp.	\$ 14,022	\$ 21,703	\$ (26,690)	\$ 9,035
OA Legal Expense Fund	Liability	4,292	4,070	(5,512)	2,850
Transportation Self-Insurance Plan	Workers Comp. and Liability	85,262	18,840	(20,952)	83,150
MCHCP	Health Care	33,444	248,345	(246,823)	34,966
MHPML	Health Care	10,100	104,909	(105,009)	10,000
CEIP	Health Care	2,340	14,494	(14,759)	2,075
Total Governmental Activities		<u>\$ 149,460</u>	<u>\$ 412,361</u>	<u>\$ (419,745)</u>	<u>\$ 142,076</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 110,394</u>	<u>\$ (10,456)</u>	<u>\$ (8,085)</u>	<u>\$ 91,853</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 80,665	\$ 231,121	\$ (233,842)	\$ 77,944
Missouri State University	Health Care, Workers Comp. and Liability	1,385	14,711	(14,806)	1,290
Total Component Units		<u>\$ 82,050</u>	<u>\$ 245,832</u>	<u>\$ (248,648)</u>	<u>\$ 79,234</u>
	Type of Insurance Claims	Fiscal Year Claims Liability 6/30/2012	Current Year Claims and Estimated Changes	Claim Payments	Fiscal Year Claims Liability 6/30/2013
<u>Governmental Activities</u>					
OA Workers Compensation Fund	Workers Comp.	\$ 13,910	\$ 26,804	\$ (26,692)	\$ 14,022
OA Legal Expense Fund	Liability	2,977	5,449	(4,134)	4,292
Transportation Self-Insurance Plan	Workers Comp. and Liability	87,825	14,798	(17,361)	85,262
MCHCP	Health Care	32,384	234,462	(233,402)	33,444
MHPML	Health Care	11,500	102,914	(104,314)	10,100
CEIP	Health Care	2,650	14,591	(14,901)	2,340
Total Governmental Activities		<u>\$ 151,246</u>	<u>\$ 399,018</u>	<u>\$ (400,804)</u>	<u>\$ 149,460</u>
<u>Business-Type Activities</u>					
PSTIF	Contamination Cleanup	<u>\$ 108,189</u>	<u>\$ 13,045</u>	<u>\$ (10,840)</u>	<u>\$ 110,394</u>
<u>Component Units</u>					
University of Missouri System	Workers Comp. and Liability	\$ 69,469	\$ 210,872	\$ (199,676)	\$ 80,665
Missouri State University	Health Care, Workers Comp. and Liability	1,401	15,963	(15,979)	1,385
Total Component Units		<u>\$ 70,870</u>	<u>\$ 226,835</u>	<u>\$ (215,655)</u>	<u>\$ 82,050</u>

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 20 – Risk Management and Insurance (cont.)**

Risk Management Pool:

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

**Note 21 – Pollution Remediation and Landfill Closure and Postclosure**

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

The Missouri Department of Natural Resources (DNR) was compelled to assess and oversee the cleanup of contaminated sites subject to federal law under the Resource Conservation and Recovery Act (RCRA), also known as the Superfund Law, administered by the U.S. Environmental Protection Agency (EPA). Under this law, the State is required to pay or ensure payment of 10% of the costs of remediation action and 100% of the costs of operations and maintenance at sites where the party responsible for the contamination is unknown, uncooperative, or insolvent. Similarly, Missouri law 260.371.7 states that the public should bear a portion of the cost to pay for the State's share of Superfund cleanup to be appropriated from general revenue. At the end of fiscal year 2014, the State was participating in the cleanup of twelve Superfund sites. Total pollution remediation obligation for these sites totaled approximately \$20.3 million. The basis for these costs are State Superfund contracts that list the estimated cost of cleanup, or actual costs if cleanup is complete, less any payments that have been made to the EPA. Estimated costs will change as actual costs become available. The Hazardous Waste Fund is a component of Conservation and Environmental Protection.

The Missouri Department of Transportation (MoDOT) performed work related to fuel leaks during 2014. MoDOT is currently involved in remediation activities in two instances related to building and grounds caused by chemical contamination as well as one fuel leak. There was no remaining obligation as of June 30, 2014. The potential for pollution remediation exists; however, any future remediation obligations are not yet estimable.

The Office of Administration (OA), Division of Facilities Management, Design and Construction, performed asbestos, mold abatement and remediation, and fuel spill cleanup in five State sites during fiscal year 2014. At the end of the fiscal year, cleanup was not complete in two of the sites, with a total remaining obligation for mold and asbestos debris cleanup of \$61,000. These costs were based on contractual pricing estimates and are subject to change if the pollution remediation requires more time or material than was estimated.

The Department of Public Safety, Office of the Adjutant General, has been named as a potentially responsible party in the Pools Prairie Superfund site in Newton County, Missouri. The site is listed on the National Priorities List (NPL) and is governed by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). At this time, it cannot be determined the Department of Public Safety's portion of the costs for the cleanup.

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NOTES TO THE FINANCIAL STATEMENTS  
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**Note 21– Pollution Remediation and Landfill Closure and Postclosure (cont.)**

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

<u>Governmental Activities</u>	<u>Type of Pollution Remediation</u>	<u>Fiscal Year Remediation Liability 6/30/2013</u>	<u>Current Year Assessments and Estimated Changes</u>	<u>Payments</u>	<u>Fiscal Year Remediation Liability 6/30/2014</u>	<u>Due Within One Year</u>
Hazardous Waste Fund	Superfund Sites	\$ 11,085	\$ 10,146	\$ (974)	\$ 20,257	\$ 1,061
Missouri Road Fund	Chemical Contamination	30	---	(30)	---	---
Facilities Maintenance Reserve Fund	Mold Remediation and Asbestos Abatement	97	434	(470)	61	61
Total Governmental Activities		<u>\$ 11,212</u>	<u>\$ 10,580</u>	<u>\$ (1,474)</u>	<u>\$ 20,318</u>	<u>\$ 1,122</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, 2014, the Missouri Department of Natural Resources, Solid Waste Program tracked the value of the secured financial assurance instruments held by the State to be \$332,004,000. This amount is disclosed, but not reported in the financial statements, because the State does not perform the investment function and does not have significant administrative involvement. While the State maintains possession of the financial assurance instruments, it does not meet criteria to be reported in a fiduciary fund.

At June 30, 2014, eleven 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, 2014, it is expected that \$1,585,000 will be paid over the remaining monitoring periods. This is the amount of the assigned fund balance that has been designated on the General Fund balance sheet for forfeited assets.

The University of Missouri System has been working with the Voluntary Cleanup Program of the Missouri Department of Natural Resources (MDNR) to characterize subsurface contamination at University owned property. The University is awaiting a cost estimate to perform the additional evaluation requested by MDNR. Long term costs will depend on the results of the two year sampling process that began in 2013. As a result, the University is unable to estimate future costs on cleanup of the site at this time.

**STATE OF MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 22– 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 Position. Expenditures are recognized as payments are made.

At June 30, 2014, the amount of the contingent liabilities was \$19.8 million. Changes in the reported liability since June 30, 2013, 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
2013-2014	\$ 25,135	\$ 3,120	\$ (8,499)	\$ 19,756
2012-2013	29,732	(1,438)	(3,159)	25,135
2011-2012	75,380	(37,309)	(8,339)	29,732

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 2013 actuarial study. At June 30, 2014, the amount of liabilities for the Second Injury Fund was \$1.7 billion. Changes in the reported liability since June 30, 2013, 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
2013-2014	\$ 1,637,937	\$ 66,084	\$ (50,839)	\$ 1,653,182
2012-2013	1,576,079	104,352	(42,494)	1,637,937
2011-2012	1,515,233	97,995	(37,149)	1,576,079

\* Restated.

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

**Sales and Use Tax Lawsuits:**

Southwestern Bell Telephone Company vs. Director of Revenue (Case No. SC83859 and follow up Case No. SC86441): the Supreme Court ruled that Southwestern Bell Telephone Company was entitled to a refund of use tax paid on machinery and equipment used to create its digital phone service product. Manufacturing was found to include producing taxable services as well as tangible personal property products. A settlement was reached regarding some claims, filed by multiple taxpayers, related to the Southwestern Bell cases. At this time, no current liability remains as of June 30, 2014. 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 \$8.3 million, of which \$4.5 million is related to the General Fund.

**STATE OF MISSOURI  
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**Note 22– Contingencies (cont.)**

The State is also involved in tax litigation not included in the fiscal year 2014 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$15.9 million.

The Attorney General, on behalf of other state agencies, is involved in litigation for tort claims including wrongful death, motor vehicle accidents, medical malpractice, assault and battery, and deliberate indifference as well as employment discrimination claims that are not included in the 2014 liability amount, where it is reasonably possible that an adverse court decision may incur an estimated loss of \$6.5 million.

**Tobacco Master Settlement Agreement:**

The amount of money received by the State from participating tobacco manufacturers under the 1998 Master Settlement Agreement (MSA) is subject to a downward adjustment if the State fails to diligently enforce legislation required by the MSA. Tobacco manufacturers instituted binding arbitration in 2006 alleging the State of Missouri and 45 other states had failed to diligently enforce their MSA statutes in 2003. The initial arbitration decision determined that Missouri had failed to diligently enforce MSA statutes and Missouri's share of the downward adjustment as a result was \$70 million. Missouri typically receives between \$130 and \$150 million in MSA settlement funds from the tobacco companies each year. The arbitration award would have reduced the fiscal year 2014 receipts to approximately \$60 million.

The State appealed the arbitration panel's decision and in June 2014 the Missouri Circuit Court ruled that the arbitration panel had exceeded its authority in computing Missouri's share of the downward adjustment. The Court ordered an independent auditor to recompute the adjustment. The auditor calculates Missouri's share to be approximately \$20 million. The tobacco companies are appealing the ruling that reduced the State's downward share adjustment from \$70 million to \$20 million. Resolution of this appeal is not expected to occur in fiscal year 2015. The ultimate resolution of the current arbitration appeal cannot be predicted.

**Note 23– Nonexchange Financial Guarantees**

The following nonexchange financial guarantees are extended by the Department of Economic Development and the Missouri Agricultural and Small Business Development Authority. The exchange financial guarantees are not recognized as a liability, which indicates that the State will most likely not be required to make a payment related to the nonexchange financial guarantees. As of June 30, 2014, the State extends the following financial guarantees:

<u>Programs</u>	<u>Maximum Guarantee Period</u>	<u>Total Number of Loans Guaranteed</u>	<u>Total Dollar Amount of Loans Guaranteed (in thousands)</u>	<u>Total Number of Loans Outstanding</u>	<u>Total Dollar Amount of Loans Outstanding (in thousands)</u>	<u>Total Dollar Amount Guaranteed by the State (in thousands)</u>
Missouri Value-Added Loan Guarantee Program	10 Years	1,337	\$ 37,535	84	\$ 1,300	\$ 650
Single-Purpose Animal Facilities Loan Guarantee Program	10 Years	168	35,400	10	908	454
Crop and Livestock Loan Guarantee Program	2 Years	4,705	9,524	25	68	34
New Jobs Training Certificate Program	1 Year	1	86	1	86	86

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**Note 23– Nonexchange Financial Guarantees (cont.)**

Missouri Value-Added Loan Guarantee Program

The Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans not to exceed \$250,000 for up to 10 years that lenders make for the purpose of an agricultural business development loan. The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting, or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a new generation processing entity that processes an agricultural product. In the event of a default, the Missouri Agricultural and Small Business Development Authority will work with the Attorney General's Office or the loan recipient's bank to try to collect. There was one value-added loan guarantee default that was paid in fiscal year 2014 in the amount of \$6,010.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50% first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle, or other livestock. In the event of a default, the Missouri Agricultural and Small Business Development Authority will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2014.

Crop and Livestock Loan Guarantee Program

The Crop and Livestock Loan Guarantee Program is a 50% guarantee on a loan made to a 4-H and Future Farmers of America (FFA) member who borrows money to purchase livestock, input, etc., for their Supervised Agriculture Education (SAE) project. Loans eligible for the program are limited to the purchase of livestock, feed, seed, fertilizer, and other miscellaneous out-of-pocket expenses directly related to the project. For the period between fiscal year 1999 and fiscal year 2014 there have been 4,705 loan guarantees on loans totaling \$9,524,000. In the event of a default, the Missouri Agricultural and Small Business Development Authority will work with the Attorney General's Office or the loan recipient's bank to try to collect. There were no loan defaults under this program in fiscal year 2014.

New Jobs Training Certificate Program

The New Jobs Training Certificate Program assists qualified companies in the training of employees in new jobs and the retraining or upgrading of skills of full-time employees in retained jobs by entering into an agreement with a participating community college district. Funds for the program are provided by the sale of a certificate issued by the participating community college from a sufficient portion of future receipts from the Missouri Works Community College New Jobs Training Fund or the Missouri Works Community College Job Retention Training Fund. Moneys in each of these funds shall be from participating company withholdings. At June 30, 2014, one certificate in the amount of \$86,000 is outstanding. This certificate is expected to be paid off in January 2015. No new certificates are to be issued. There are no loan defaults under this program.

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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. In August 2013, the Authority issued \$65,195,000 in Series A 2013 refunding bonds to refund \$65,385,000 of Series A 2003 bonds and issued \$32,560,000 in Series B 2013 refunding bonds to refund \$32,180,000 of Series B 2003 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, 2013, is presented below (in thousands of dollars):

Total Assets	\$ 228,095
Total Deferred Outflows of Resources	2,355
Total Assets and Deferred Outflows of Resources	<u>\$ 230,450</u>
Total Liabilities	\$ 147,585
Total Net Position	82,865
Total Liabilities and Net Position	<u>\$ 230,450</u>
Total Revenues	\$ 24,567
Total Expenses	34,602
Net Decrease in Net Position	<u>\$ (10,035)</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



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**Note 25 – Endowments**

Donor-restricted endowments for Missouri reside primarily within the higher education institutions, which are reported as a major component unit of the State. For the college and universities, except the University of Missouri, the net appreciation of the endowments available for expenditure is \$24,692,000, and of this amount, \$23,237,000 is reported as restricted non-expendable net position, \$1,314,000 is reported as restricted expendable net position, and \$141,000 is reported as unrestricted net position. The University of Missouri reported a net appreciation/amortization of restricted non-expendable net position in the amount of \$117,930,000, which consisted of both realized and unrealized gains and losses on investment. For detailed information on the college and universities, review the individual financial statements. The Revised Statutes of Missouri authorize the acceptance of donations at State agencies or public institutions. The governing boards of these institutions and the donor agreements determine whether net appreciation can be spent and the acceptable spending rate as detailed in Section 402.035, RSMo. These policies are entity specific and vary with each institution.

**Note 26 – Conduit Debt**

As of June 30, 2014, the Missouri Development Finance Board issued \$1,508,423,000 in Private Activity Bonds and \$2,201,599,000 in Public Purpose and Refunding Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2014, were approximately \$519,690,000 and \$963,786,000, respectively.

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

The State Environmental Improvement and Energy Resources Authority, a related organization of the State of Missouri, issues Water Pollution Control and Drinking Water Revenue Bonds on behalf of the Department of Natural Resources. The outstanding balance on these bonds as of June 30, 2014, is \$912,157,000.

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

**Note 27 – Subsequent Events**

Bonds:

On July 9, 2014, legislation was signed increasing the State Board of Public Buildings revenue bond authorization by \$600 million, \$400 million of which may only be issued for renovation or repair of existing buildings or facilities. The remaining \$200 million may be issued for the renovation or repair of existing buildings or facilities at public institutions of higher education.

On August 19, 2014, the Board of Public Buildings of the State of Missouri issued \$88,680,000 of Special Obligation Refunding Bonds Series A 2014. These bonds will bear interest from 1.00% to 5.00%, due in semiannual installments beginning October 1, 2014. This refunded Board of Public Buildings Bonds Series A 2006 outstanding principal in the amount of \$87,225,000.

**STATE OF MISSOURI**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

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

On December 10, 2014, the Missouri Development Finance Board issued \$92,660,000 in State of Missouri Annual Appropriation Bonds (Fulton State Hospital Project), Series 2014. These bonds will bear interest from 2.125% to 5.00%, due in semiannual installments beginning April 1, 2015.

**Budgets:**

In the 2014 legislative session, the General Assembly passed a joint resolution (HJR 72) that submitted to the Missouri voters in the November 2014 election a proposed amendment to the Missouri Constitution that, among other things, requires the Governor to notify the General Assembly if the Governor reduces spending as a result of revenue shortfalls or allots spending in any increment other than equal quarterly amounts and allows the General Assembly to reconsider any such reduction or spending allotment in a manner comparable to an override of the Governor's veto of a bill. The proposed amendment was approved by the voters on November 4, 2014. The amendment goes into effect 30 days after voter approval. After the effective date, it will reduce the flexibility available to the Governor in responding to changes in budget assumptions during a fiscal year. However, it will not change the underlying responsibility and authority of the Governor to balance the budget. The proposed amendment specifically provides that the Governor may not reduce any appropriations for the payment of principal and interest on public debt.

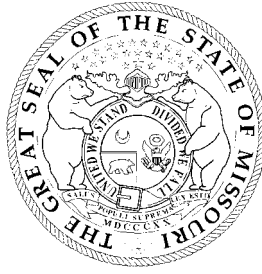
**Missouri Department of Transportation:**

The Series B 2005 First Lien State Road Bonds were issued as variable rate instruments with weekly rate changes. Since June 30, the rates varied from 0.02% to 0.06%.

**University of Missouri:**

On August 11, 2014, the University of Missouri Health Care (MUHC) announced closure of the Missouri Rehabilitation Center in Mount Vernon, Missouri. Services at the Center will continue until December 31, 2014. MUHC will receive a final appropriation of \$5,014,000 from the State. An estimated loss of \$7,783,000 will be recognized on the write-down of the facility at the time of closure.

In September of 2014, the University of Missouri, Santarus, Inc., Salix Pharmaceuticals, Inc., and Par Pharmaceutical, Inc. entered in a settlement agreement regarding Santarus, Inc. et al v. Par Pharmaceutical, Inc. (the "Zegerid Patent Litigation"). The Zegerid Patent Litigation pertains to civil actions for infringement of patents covering certain Zegerid products which was brought by the University and Santarus against Par Pharmaceutical in U.S. District Court. A one-time payment of \$100 million by Par will be made to an escrow approved by Santarus and the University. Funds will be allocated by terms of the Exclusive License Agreement between Santarus and the University. Full amount of the settlement has not been determined, but the University expects to receive the funds and recognize a gain during fiscal year 2015.



*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, 2014  
(In Thousands of Dollars)

	General Fund				Public Education				Conservation and Environmental Protection			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,515,813	\$ 1,515,813	\$ 1,515,813	\$ ---	\$ 182,858	\$ 182,858	\$ 182,858	\$ ---	\$ 501,309	\$ 501,309	\$ 501,309	\$ ---
Resources (Inflows):												
Taxes:												
Sales and Use	1,994,232	2,047,020	1,968,936	(78,084)	799,255	799,255	804,726	5,471	193,023	193,023	192,503	(520)
Individual Income	6,490,088	6,661,880	6,407,762	(254,118)	6,104	6,104	6,146	42	---	---	---	---
Corporate Income	485,417	498,266	479,259	(19,007)	---	---	---	---	---	---	---	---
County Foreign Insurance	205,194	210,626	202,592	(8,034)	---	---	---	---	---	---	---	---
Beer	7,989	8,200	7,887	(313)	---	---	---	---	---	---	---	---
Liquor	22,207	22,794	21,925	(869)	---	---	---	---	---	---	---	---
Cigarette	---	---	---	---	62,509	62,509	62,936	427	---	---	---	---
Corporation Franchise	62,102	63,746	61,315	(2,431)	---	---	---	---	---	---	---	---
Reimbursement/Miscellaneous	1,216,238	1,248,431	1,200,810	(47,621)	314,641	314,641	316,795	2,154	70	70	70	---
Total Taxes	10,483,467	10,760,963	10,350,486	(410,477)	1,182,509	1,182,509	1,190,603	8,094	193,093	193,093	192,573	(520)
Licenses, Fees, and Permits	89,217	91,564	88,035	(3,529)	1,392	1,392	1,401	9	79,008	79,008	78,795	(213)
Sales	892	913	872	(41)	---	---	---	---	10,247	10,247	10,219	(28)
Leases and Rentals	66	67	62	(5)	---	---	---	---	66	66	66	---
Services	153,231	153,415	119,280	(34,135)	---	---	---	---	---	---	---	---
Contributions and Intergovernmental	8,883,877	8,923,468	8,099,259	(824,209)	104,626	104,626	105,342	716	87,995	87,995	87,758	(237)
Interest	12,780	13,114	12,603	(511)	1,049	1,049	1,056	7	8,196	8,196	8,174	(22)
Penalties and Unclaimed Property	24,008	24,511	23,257	(1,254)	2,233	2,233	2,249	16	1,447	1,447	1,443	(4)
Cost Reimbursement/Miscellaneous	923,676	927,299	841,617	(85,682)	104,197	104,197	104,910	713	74,647	74,647	74,446	(201)
Transfers In	3,418,172	3,512,662	3,089,955	(422,707)	3,573,697	3,594,112	3,507,667	(86,445)	2,770	2,688	2,684	(4)
Total Resources (Inflows)	23,989,386	24,407,976	22,625,426	(1,782,550)	4,969,703	4,990,118	4,913,228	(76,890)	457,469	457,387	456,158	(1,229)
Amount Available for Appropriation	25,505,199	25,923,789	24,141,239	(1,782,550)	5,152,561	5,172,976	5,096,086	(76,890)	958,778	958,696	957,467	(1,229)
Charges to Appropriations (Outflows):												
Current:												
General Government	1,983,423	1,989,405	1,854,350	135,055	1,070	1,065	661	404	2,492	2,802	2,112	690
Education	2,125,060	2,116,970	1,945,429	171,541	4,610,588	4,563,853	4,470,864	92,989	---	---	---	---
Natural and Economic Resources	493,390	495,089	250,215	244,874	16,180	16,180	6,353	9,827	741,894	805,484	386,402	419,082
Transportation and Law Enforcement	497,936	518,254	304,645	213,609	325	325	149	176	992	992	766	226
Human Services	12,582,324	12,883,386	11,790,311	1,093,075	17,181	16,894	13,702	3,192	759	759	655	104
Debt Service	66,713	66,873	64,554	2,319	---	---	---	---	---	---	---	---
Transfers Out	6,964,466	7,083,324	6,621,245	462,079	482,389	481,645	434,264	47,381	51,501	51,845	47,547	4,298
Total Charges to Appropriations	24,713,312	25,153,301	22,830,749	2,322,552	5,127,733	5,079,962	4,925,993	153,969	797,638	861,882	437,482	424,400
Ending Budgetary Fund Balance	\$ 791,887	\$ 770,488	\$ 1,310,490	\$ 540,002	\$ 24,828	\$ 93,014	\$ 170,093	\$ 77,079	\$ 161,140	\$ 96,814	\$ 519,985	\$ 423,171
Reconciling Items:												
Reclassifying Cash Equivalents as Investments			(1,030,000)				(130,552)				(361,988)	
Investments at Fair Value			1,045,033				131,517				361,538	
Invested Securities Lending Collateral			69,096				8,758				31,767	
Receivables, Net			1,797,331				135,941				1,141,467	
Due from Other Funds			---				13,730				76	
Due from Component Units			---				---				675	
Inventories			19,302				115				412	
Advance to Component Units			---				---				2,418	
Accounts Payable			(1,036,507)				(2,053)				(4,144)	
Accrued Payroll			(58,882)				(190)				(4,933)	
Due to Other Funds			(9,071)				(43)				(465)	
Securities Lending Obligation			(69,096)				(8,758)				(31,767)	
Unearned Revenue			(21,058)				---				(117)	
Escheat/Unclaimed Property			(121,825)				---				---	
Unavailable Revenue			(685,325)				(33,252)				(17,738)	
Advance From Other Funds			(15)				---				---	
Adjustments:												
Increase to Revenues: Medicaid			1,067,743				---				---	
Increase to Expenditures: Medicaid			(1,067,743)				---				---	
Fund Balance – GAAP Basis			\$ 1,209,473				\$ 285,306				\$ 1,637,186	

**STATE OF MISSOURI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY REPORTING  
June 30, 2014**

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**Budgetary Presentation:**

A Budgetary Comparison Schedule is presented as Required Supplementary Information for the State's General Fund and Major Special Revenue 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, 2014, 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/accounting/reports/annual-reports/appropriation-activity-reports>. The "original budget" expenditures and transfers are for what was originally appropriated for each fund. The "final budget" expenditures and transfers takes into account any increases and decreases to appropriations during the fiscal year less the Governor's amounts reverted (withheld) for each fund less any reappropriations to the next fiscal year.

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

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

For budget purposes, interfund activity is not eliminated. A summary of interfund eliminations at June 30, 2014, is shown below (in thousands):

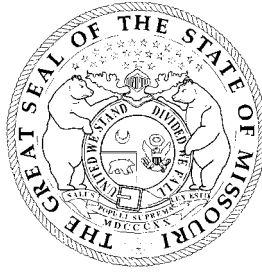
	<u>Final Budget Transfer</u>		<u>Actual Transfer</u>	
	<u>In</u>	<u>Out</u>	<u>In</u>	<u>Out</u>
GENERAL FUND	\$ 3,160,789	\$ (3,160,789)	\$ 2,766,277	\$ (2,766,277)
SPECIAL REVENUE FUNDS				
Public Education	<u>450,553</u>	<u>(450,553)</u>	<u>403,777</u>	<u>(403,777)</u>
TOTAL	<u>\$ 3,611,342</u>	<u>\$ (3,611,342)</u>	<u>\$ 3,170,054</u>	<u>\$ (3,170,054)</u>

**Budgetary Control:**

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

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

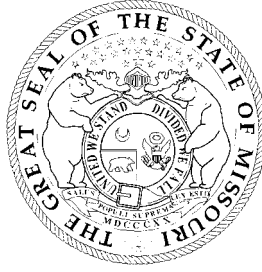
Unexpended appropriations lapse at the end of each appropriation year, unless reappropriated to the following appropriation year.



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

**STATE OF MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR CAPITAL PROJECTS FUND  
For the Fiscal Year Ended June 30, 2014  
(In Thousands of Dollars)**

	Missouri Road Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
Beginning Budgetary Fund Balance	\$ 1,038,768	\$ 1,038,768	\$ 1,038,768	\$ ---
Resources (Inflows):				
Taxes:				
Vehicle Sales and Use	122,212	122,212	147,255	25,043
Fuel	156	156	128	(28)
Total Taxes	<u>122,368</u>	<u>122,368</u>	<u>147,383</u>	<u>25,015</u>
Licenses, Fees, and Permits	86,459	86,459	99,676	13,217
Contributions and Intergovernmental	919,346	919,746	825,837	(93,909)
Interest	17,748	17,748	5,103	(12,645)
Cost Reimbursement/Miscellaneous	110,206	110,206	97,097	(13,109)
Transfers In	<u>563,663</u>	<u>563,663</u>	<u>476,757</u>	<u>(86,906)</u>
Total Resources (Inflows)	<u>1,819,790</u>	<u>1,820,190</u>	<u>1,651,853</u>	<u>(168,337)</u>
Amount Available for Appropriation	<u>2,858,558</u>	<u>2,858,958</u>	<u>2,690,621</u>	<u>(168,337)</u>
Charges to Appropriations (Outflows):				
Current:				
Transportation and Law Enforcement	819,019	835,110	793,702	41,408
Capital Outlay Transportation and Law Enforcement	822,383	838,539	796,962	41,577
Debt Service	<u>160,037</u>	<u>160,037</u>	<u>160,037</u>	<u>---</u>
Total Charges to Appropriations	<u>1,801,439</u>	<u>1,833,686</u>	<u>1,750,701</u>	<u>82,985</u>
Ending Budgetary Fund Balance	<u>\$ 1,057,119</u>	<u>\$ 1,025,272</u>	<u>\$ 939,920</u>	<u>\$ (85,352)</u>
Reconciling Items:				
Reclassifying Cash Equivalents as Investments			(516,708)	
Investments at Fair Value			515,197	
Invested Securities Lending Collateral			12,764	
Receivables, Net			132,974	
Inventories			29,135	
Accounts Payable			(98,506)	
Accrued Payroll			(16,065)	
Due to Other Funds			(273)	
Due to Component Units			(6,982)	
Securities Lending Obligation			(12,764)	
Unearned Revenue			(10,625)	
Deposits and Reserves			(759)	
Unavailable Revenue			<u>(22,213)</u>	
Fund Balance – GAAP Basis			<u>\$ 945,095</u>	



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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, 2014  
(In Thousands of Dollars)**

	General Fund		Totals
	General	Federal	June 30, 2014
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 229,446	\$ 51,044	\$ 280,490
Investments	844,214	200,819	1,045,033
Invested Securities Lending Collateral	55,592	13,504	69,096
Accounts Receivable, Net	1,131,226	632,637	1,763,863
Interest Receivable	2,234	32	2,266
Inventories	18,500	802	19,302
Loans Receivable	31,202	---	31,202
<b>Total Assets</b>	<b>\$ 2,312,414</b>	<b>\$ 898,838</b>	<b>\$ 3,211,252</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 501,245	\$ 535,262	\$ 1,036,507
Accrued Payroll	44,432	14,450	58,882
Due to Other Funds	6,523	2,548	9,071
Securities Lending Obligation	55,592	13,504	69,096
Unearned Revenue	686	20,372	21,058
Escheat/Unclaimed Property	121,825	---	121,825
<b>Total Liabilities</b>	<b>730,303</b>	<b>586,136</b>	<b>1,316,439</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	656,429	28,896	685,325
Advance from Other Funds	15	---	15
<b>Total Deferred Inflows of Resources</b>	<b>656,444</b>	<b>28,896</b>	<b>685,340</b>
<b>FUND BALANCES</b>			
Nonspendable	49,702	802	50,504
Restricted	3,713	283,004	286,717
Committed	560,138	---	560,138
Assigned	70,694	---	70,694
Unassigned	241,420	---	241,420
<b>Total Fund Balances</b>	<b>925,667</b>	<b>283,806</b>	<b>1,209,473</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,312,414</b>	<b>\$ 898,838</b>	<b>\$ 3,211,252</b>

**STATE OF MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

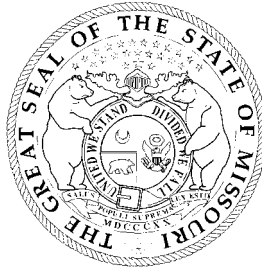
	General Fund			Totals
	General	Federal	Eliminations	June 30, 2014
<b>Revenues:</b>				
Taxes	\$ 8,012,838	\$ ---	\$ ---	\$ 8,012,838
Licenses, Fees, and Permits	89,032	505	---	89,537
Sales	782	19	---	801
Leases and Rentals	34	---	---	34
Services	4,483	106,043	---	110,526
Contributions and Intergovernmental	1,462,978	7,870,236	---	9,333,214
Investment Earnings:				
Net Increase (Decrease) in the Fair				
Value of Investments	7,947	1,335	---	9,282
Interest	12,736	149	---	12,885
Penalties and Unclaimed Properties	59,178	4,483	---	63,661
Cost Reimbursement/Miscellaneous	108,063	163,071	---	271,134
<b>Total Revenues</b>	<b>9,758,071</b>	<b>8,145,841</b>	<b>---</b>	<b>17,903,912</b>
<b>Expenditures:</b>				
Current:				
General Government	574,899	36,183	---	611,082
Education	1,013,374	945,764	---	1,959,138
Natural and Economic Resources	74,310	224,295	---	298,605
Transportation and Law Enforcement	79,819	226,241	---	306,060
Human Services	5,144,649	6,666,960	---	11,811,609
Debt Service:				
Principal	37,479	672	---	38,151
Interest	27,302	47	---	27,349
Bond Issuance Cost	429	---	---	429
Underwriter's Discount	518	---	---	518
<b>Total Expenditures</b>	<b>6,952,779</b>	<b>8,100,162</b>	<b>---</b>	<b>15,052,941</b>
Excess Revenues (Expenditures)	2,805,292	45,679	---	2,850,971
<b>Other Financing Sources (Uses):</b>				
Proceeds from Notes/Capital Leases	342	703	---	1,045
Issuance of Refunding Bonds	94,565	---	---	94,565
Payments to Escrow Agent	(95,663)	---	---	(95,663)
Bond Premium	9,945	---	---	9,945
Proceeds from Sale of Capital Assets	246	132	---	378
Transfers In	176,631	118,989	(246,784)	48,836
Transfers Out	(3,230,522)	(162,026)	246,784	(3,145,764)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,044,456)</b>	<b>(42,202)</b>	<b>---</b>	<b>(3,086,658)</b>
<b>Net Change in Fund Balances</b>	<b>(239,164)</b>	<b>3,477</b>	<b>---</b>	<b>(235,687)</b>
Fund Balances – Beginning	1,165,678	280,734	---	1,446,412
Increase (Decrease) in Reserve for Inventory	(847)	(405)	---	(1,252)
<b>Fund Balances – Ending</b>	<b>\$ 925,667</b>	<b>\$ 283,806</b>	<b>\$ ---</b>	<b>\$ 1,209,473</b>

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
June 30, 2014  
(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2014
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 94,582	\$ 42,622	\$ 6,057	\$ 116	\$ 143,377
Investments	263,956	64,450	24,222	47,529	400,157
Invested Securities Lending Collateral	16,408	5,179	1,629	31	23,247
Accounts Receivable, Net	155,892	13,331	153	---	169,376
Interest Receivable	354	172	29	---	555
Due from Other Funds	3,552	---	---	---	3,552
Inventories	4,985	---	---	---	4,985
Loans Receivable	2,549	---	---	---	2,549
<b>Total Assets</b>	<b>\$ 542,278</b>	<b>\$ 125,754</b>	<b>\$ 32,090</b>	<b>\$ 47,676</b>	<b>\$ 747,798</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 109,742	\$ ---	\$ 116	\$ ---	\$ 109,858
Accrued Payroll	10,919	---	143	---	11,062
Due to Other Funds	1,256	---	243	---	1,499
Securities Lending Obligation	16,408	5,179	1,629	31	23,247
<b>Total Liabilities</b>	<b>138,325</b>	<b>5,179</b>	<b>2,131</b>	<b>31</b>	<b>145,666</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	7,645	68	18	---	7,731
<b>Total Deferred Inflows of Resources</b>	<b>7,645</b>	<b>68</b>	<b>18</b>	<b>---</b>	<b>7,731</b>
<b>FUND BALANCES</b>					
Nonspendable	7,534	---	---	47,538	55,072
Restricted	129,930	120,507	29,941	---	280,378
Committed	28,630	---	---	---	28,630
Assigned	230,214	---	---	107	230,321
<b>Total Fund Balances</b>	<b>396,308</b>	<b>120,507</b>	<b>29,941</b>	<b>47,645</b>	<b>594,401</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 542,278</b>	<b>\$ 125,754</b>	<b>\$ 32,090</b>	<b>\$ 47,676</b>	<b>\$ 747,798</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS – BY FUND TYPE**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals June 30, 2014
<b>Revenues:</b>					
Taxes	\$ 854,528	\$ 151,612	\$ ---	\$ ---	\$ 1,006,140
Licenses, Fees, and Permits	383,636	---	---	---	383,636
Sales	1,369	---	---	---	1,369
Leases and Rentals	329	---	---	---	329
Services	754	---	---	---	754
Contributions and Intergovernmental	306,288	4,914	970	---	312,172
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	1,638	132	89	(2)	1,857
Interest	2,115	1,015	110	3	3,243
Penalties and Unclaimed Properties	4,166	---	---	3,457	7,623
Cost Reimbursement/Miscellaneous	43,898	---	5	50	43,953
Total Revenues	<u>1,598,721</u>	<u>157,673</u>	<u>1,174</u>	<u>3,508</u>	<u>1,761,076</u>
<b>Expenditures:</b>					
Current:					
General Government	224,243	---	---	---	224,243
Education	2,795	---	---	---	2,795
Natural and Economic Resources	226,709	---	---	---	226,709
Transportation and Law Enforcement	289,356	---	10,473	---	299,829
Human Services	624,385	---	---	1	624,386
Capital Outlay:					
General Government	---	---	26	---	26
Transportation and Law Enforcement	---	---	963	---	963
Debt Service:					
Principal	1,132	119,140	---	---	120,272
Interest	142	94,594	---	---	94,736
Bond Issuance Costs	---	229	---	---	229
Total Expenditures	<u>1,368,762</u>	<u>213,963</u>	<u>11,462</u>	<u>1</u>	<u>1,594,188</u>
Excess Revenues (Expenditures)	229,959	(56,290)	(10,288)	3,507	166,888
<b>Other Financing Sources (Uses):</b>					
Proceeds from Notes/Capital Leases	342	---	---	---	342
Proceeds from Sale of Capital Assets	6,019	---	5	---	6,024
Transfers In	247,511	67,524	26,793	---	341,828
Transfers Out	(505,368)	(54)	(7,600)	---	(513,022)
Total Other Financing Sources (Uses)	<u>(251,496)</u>	<u>67,470</u>	<u>19,198</u>	<u>---</u>	<u>(164,828)</u>
Net Change in Fund Balances	(21,537)	11,180	8,910	3,507	2,060
Fund Balances – Beginning	416,393	109,327	21,031	44,138	590,889
Increase (Decrease) in Reserve for Inventory	1,452	---	---	---	1,452
Fund Balances – Ending	<u>\$ 396,308</u>	<u>\$ 120,507</u>	<u>\$ 29,941</u>	<u>\$ 47,645</u>	<u>\$ 594,401</u>



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

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

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

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

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

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

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

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

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

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2014
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 11,160	\$ 6,326	\$ 2,284	\$ 10,421	\$ 42,776	\$ 13,303	\$ 8,312	\$ 94,582
Investments	44,628	25,294	8,971	41,458	57,402	53,182	33,021	263,956
Invested Securities								
Lending Collateral	3,001	1,701	425	2,786	2,699	3,576	2,220	16,408
Accounts Receivable, Net	---	1,900	82	5,518	120,625	25,997	1,770	155,892
Interest Receivable	---	28	8	113	95	65	45	354
Due from Other Funds	---	---	---	---	---	3,552	---	3,552
Inventories	26	8	5	1	4,648	---	297	4,985
Loans Receivable	---	---	848	---	1,701	---	---	2,549
<b>Total Assets</b>	<b>\$ 58,815</b>	<b>\$ 35,257</b>	<b>\$ 12,623</b>	<b>\$ 60,297</b>	<b>\$ 229,946</b>	<b>\$ 99,675</b>	<b>\$ 45,665</b>	<b>\$ 542,278</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 244	\$ 733	\$ 149	\$ 39,435	\$ 3,595	\$ 62,016	\$ 3,570	\$ 109,742
Accrued Payroll	221	401	262	240	6,988	493	2,314	10,919
Due to Other Funds	45	168	18	31	421	475	98	1,256
Securities Lending Obligation	3,001	1,701	425	2,786	2,699	3,576	2,220	16,408
<b>Total Liabilities</b>	<b>3,511</b>	<b>3,003</b>	<b>854</b>	<b>42,492</b>	<b>13,703</b>	<b>66,560</b>	<b>8,202</b>	<b>138,325</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	---	35	5	107	6,595	612	291	7,645
<b>Total Deferred Inflows of Resources</b>	<b>---</b>	<b>35</b>	<b>5</b>	<b>107</b>	<b>6,595</b>	<b>612</b>	<b>291</b>	<b>7,645</b>
<b>FUND BALANCES</b>								
Nonspendable	26	8	853	1	6,349	---	297	7,534
Restricted	---	27,874	4,271	9,747	34,570	32,503	20,965	129,930
Committed	14,908	271	651	7,191	1,270	---	4,339	28,630
Assigned	40,370	4,066	5,989	759	167,459	---	11,571	230,214
<b>Total Fund Balances</b>	<b>55,304</b>	<b>32,219</b>	<b>11,764</b>	<b>17,698</b>	<b>209,648</b>	<b>32,503</b>	<b>37,172</b>	<b>396,308</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 58,815</b>	<b>\$ 35,257</b>	<b>\$ 12,623</b>	<b>\$ 60,297</b>	<b>\$ 229,946</b>	<b>\$ 99,675</b>	<b>\$ 45,665</b>	<b>\$ 542,278</b>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Professional Registration	Judicial Protection and Assistance	Agriculture and State Fair	Social Assistance	Transportation and Law Enforcement	Unemployment and Workers' Compensation	Reimbursements and Other	Totals June 30, 2014
<b>Revenues:</b>								
Taxes	\$ 112	\$ ---	\$ 4,248	\$ 92,964	\$ 675,728	\$ 81,306	\$ 170	\$ 854,528
Licenses, Fees, and Permits	19,700	35,818	9,390	19,066	197,527	---	102,135	383,636
Sales	---	---	7	874	---	---	488	1,369
Leases and Rentals	---	---	---	329	---	---	---	329
Services	---	744	---	2	---	---	8	754
Contributions and Intergovernmental	---	549	139	299,397	12	2,074	4,117	306,288
Investment Earnings: Net Increase (Decrease) in the Fair Value of Investments	267	147	38	367	316	347	156	1,638
Interest	---	123	61	1,034	404	291	202	2,115
Penalties and Unclaimed Properties	197	207	---	46	501	2,993	222	4,166
Cost Reimbursement/ Miscellaneous	180	1,433	71	17,998	2,256	252	21,708	43,898
<b>Total Revenues</b>	<b>20,456</b>	<b>39,021</b>	<b>13,954</b>	<b>432,077</b>	<b>876,744</b>	<b>87,263</b>	<b>129,206</b>	<b>1,598,721</b>
<b>Expenditures:</b>								
Current:								
General Government	153	14,189	108	1,085	198,549	5,026	5,133	224,243
Education	1,099	---	---	1,696	---	---	---	2,795
Natural and Economic Resources	17,831	3	14,367	4,797	---	105,669	84,042	226,709
Transportation and Law Enforcement	---	24,057	---	3,315	235,055	---	26,929	289,356
Human Services	---	437	---	620,556	---	---	3,392	624,385
Debt Service:								
Principal	---	24	---	---	147	282	679	1,132
Interest	---	1	1	---	20	84	36	142
<b>Total Expenditures</b>	<b>19,083</b>	<b>38,711</b>	<b>14,476</b>	<b>631,449</b>	<b>433,771</b>	<b>111,061</b>	<b>120,211</b>	<b>1,368,762</b>
Excess Revenues (Expenditures)	1,373	310	(522)	(199,372)	442,973	(23,798)	8,995	229,959
<b>Other Financing Sources (Uses):</b>								
Proceeds from Notes/ Capital Leases	---	---	342	---	---	---	---	342
Proceeds from Sale of Capital Assets	---	23	---	---	5,983	---	13	6,019
Transfers In	18	1,360	---	195,372	1,197	16,285	33,279	247,511
Transfers Out	(468)	(93)	---	(11,971)	(456,799)	(50)	(35,987)	(505,368)
<b>Total Other Financing Sources (Uses)</b>	<b>(450)</b>	<b>1,290</b>	<b>342</b>	<b>183,401</b>	<b>(449,619)</b>	<b>16,235</b>	<b>(2,695)</b>	<b>(251,496)</b>
Net Change in Fund Balances	923	1,600	(180)	(15,971)	(6,646)	(7,563)	6,300	(21,537)
Fund Balances – Beginning	54,381	30,680	11,943	33,668	214,807	40,067	30,847	416,393
Increase (Decrease) in Reserve for Inventory	---	(61)	1	1	1,487	(1)	25	1,452
<b>Fund Balances – Ending</b>	<b>\$ 55,304</b>	<b>\$ 32,219</b>	<b>\$ 11,764</b>	<b>\$ 17,698</b>	<b>\$ 209,648</b>	<b>\$ 32,503</b>	<b>\$ 37,172</b>	<b>\$ 396,308</b>



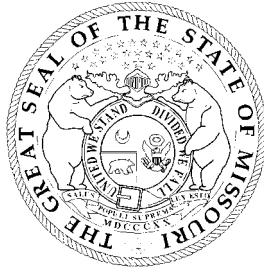
**STATE OF MISSOURI**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Professional Registration			Judicial Protection and Assistance			Agriculture and State Fair			Social Assistance		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Sales and Use	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Cigarette	---	---	---	---	---	---	---	---	---	36,196	36,591	395
Fuel	---	---	---	---	---	---	---	---	---	---	---	---
County Foreign Insurance	---	---	---	---	---	---	---	---	---	---	---	---
Liquor/Wine	---	---	---	---	---	---	4,044	4,248	204	---	---	---
Reimbursement/Miscellaneous	108	112	4	1	1	---	---	---	---	215,113	217,456	2,343
<b>Total Taxes</b>	<b>108</b>	<b>112</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>4,044</b>	<b>4,248</b>	<b>204</b>	<b>251,309</b>	<b>254,047</b>	<b>2,738</b>
Licenses, Fees, and Permits	18,969	19,718	749	37,231	35,443	(1,788)	9,034	9,491	457	18,993	19,200	207
Leases and Rentals	---	---	---	---	---	---	---	---	---	325	329	4
Sales	---	---	---	---	---	---	6	7	1	865	874	9
Services	---	---	---	782	744	(38)	---	---	---	2	2	---
Contributions and												
Intergovernmental	2	2	---	2,443	2,326	(117)	157	165	8	303,598	306,905	3,307
Interest	---	---	---	132	126	(6)	34	36	2	1,022	1,033	11
Penalties and Unclaimed Property	190	198	8	218	208	(10)	---	---	---	13	13	---
Cost Reimbursement/ Miscellaneous	172	179	7	1,539	1,464	(75)	161	169	8	25,456	25,733	277
<b>Total Revenues</b>	<b>19,441</b>	<b>20,209</b>	<b>768</b>	<b>42,346</b>	<b>40,312</b>	<b>(2,034)</b>	<b>13,436</b>	<b>14,116</b>	<b>680</b>	<b>601,583</b>	<b>608,136</b>	<b>6,553</b>
<b>Expenditures:</b>												
Current:												
General Government	9	1	8	22,356	12,708	9,648	88	40	48	6,198	4,039	2,159
Education	1,103	1,103	---	---	---	---	---	---	---	2,941	1,840	1,101
Natural and Economic Resources	10,701	8,746	1,955	1,184	8	1,176	14,815	11,683	3,132	6,946	4,812	2,134
Transportation and Law												
Enforcement	---	---	---	33,802	25,656	8,146	---	---	---	5,304	2,863	2,441
Human Services	---	---	---	750	427	323	---	---	---	636,882	605,701	31,181
Debt Service	---	---	---	---	---	---	---	---	---	---	---	---
<b>Total Expenditures</b>	<b>11,813</b>	<b>9,850</b>	<b>1,963</b>	<b>58,092</b>	<b>38,799</b>	<b>19,293</b>	<b>14,903</b>	<b>11,723</b>	<b>3,180</b>	<b>658,271</b>	<b>619,255</b>	<b>39,016</b>
Excess Revenues (Expenditures)	7,628	10,359	2,731	(15,746)	1,513	17,259	(1,467)	2,393	3,860	(56,688)	(11,119)	45,569
<b>Other Financing Sources (Uses):</b>												
Transfers In	320	18	(302)	1,840	1,400	(440)	---	---	---	226,422	207,058	(19,364)
Transfers Out	(13,003)	(9,688)	3,315	(2,510)	(1,869)	641	(3,024)	(2,863)	161	(235,875)	(212,126)	23,749
<b>Total Other Financing Sources (Uses)</b>	<b>(12,683)</b>	<b>(9,670)</b>	<b>3,013</b>	<b>(670)</b>	<b>(469)</b>	<b>201</b>	<b>(3,024)</b>	<b>(2,863)</b>	<b>161</b>	<b>(9,453)</b>	<b>(5,068)</b>	<b>4,385</b>
<b>Net Change in Fund Balances</b>	<b>(5,055)</b>	<b>689</b>	<b>5,744</b>	<b>(16,416)</b>	<b>1,044</b>	<b>17,460</b>	<b>(4,491)</b>	<b>(470)</b>	<b>4,021</b>	<b>(66,141)</b>	<b>(16,187)</b>	<b>49,954</b>
Fund Balances – Beginning	55,206	55,206	---	30,636	30,636	---	8,792	8,792	---	68,136	68,136	---
Fund Balances – Ending	\$ 50,151	\$ 55,895	\$ 5,744	\$ 14,220	\$ 31,680	\$ 17,460	\$ 4,301	\$ 8,322	\$ 4,021	\$ 1,995	\$ 51,949	\$ 49,954
<b>Reconciling Items:</b>												
Reclassifying Cash Equivalents as Investments		(44,735)			(25,354)			(6,038)			(41,528)	
Investments at Fair Value		44,628			25,294			8,971			41,458	
Invested Securities Lending Collateral		3,001			1,701			425			2,786	
Receivables, Net		---			1,928			938			5,631	
Due from Other Funds		---			---			---			---	
Inventories		26			8			5			1	
Accounts Payable		(244)			(733)			(149)			(39,435)	
Accrued Payroll		(221)			(401)			(262)			(240)	
Due to Other Funds		(45)			(168)			(18)			(31)	
Securities Lending Obligation		(3,001)			(1,701)			(425)			(2,786)	
Unavailable Revenue		---			(35)			(5)			(107)	
<b>Adjustments:</b>												
Increase to Revenues: Medicaid		---			---			---			161,404	
Increase to Expenditures: Medicaid		---			---			---			(161,404)	
<b>Fund Balance per GAAP</b>		<b>\$ 55,304</b>			<b>\$ 32,219</b>			<b>\$ 11,764</b>			<b>\$ 17,698</b>	

This schedule is continued on pages 116-117.

	Transportation and Law Enforcement			Unemployment and Workers' Compensation			Reimbursements and Other			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>												
Taxes:												
Sales and Use	\$ 15,356	\$ 14,069	\$ (1,287)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 15,356	\$ 14,069	\$ (1,287)
Cigarette	---	---	---	---	---	---	---	---	---	36,196	36,591	395
Fuel	770,000	705,444	(64,556)	---	---	---	---	---	---	770,000	705,444	(64,556)
County Foreign Insurance	---	---	---	---	---	---	160	161	1	160	161	1
Liquor/Wine	---	---	---	---	---	---	---	---	---	4,044	4,248	204
Reimbursement/Miscellaneous	---	---	---	73,903	70,691	(3,212)	12	12	---	289,137	288,272	(865)
Total Taxes	785,356	719,513	(65,843)	73,903	70,691	(3,212)	172	173	1	1,114,893	1,048,785	(66,108)
Licenses, Fees and Permits	214,094	196,145	(17,949)	---	---	---	102,207	102,842	635	400,528	382,839	(17,689)
Leases and Rentals	---	---	---	---	---	---	---	---	---	325	329	4
Sales	6,307	5,779	(528)	---	---	---	533	536	3	7,711	7,196	(515)
Services	---	---	---	---	---	---	8	8	---	792	754	(38)
Contributions and Intergovernmental	712	652	(60)	1,822	1,742	(80)	4,103	4,129	26	312,837	315,921	3,084
Interest	459	420	(39)	879	300	(579)	204	205	1	2,730	2,120	(610)
Penalties and Unclaimed Property	533	488	(45)	697	500	(197)	223	224	1	1,874	1,631	(243)
Cost Reimbursement/Miscellaneous	2,962	2,713	(249)	389	371	(18)	21,159	21,290	131	51,838	51,919	81
Total Revenues	1,010,423	925,710	(84,713)	77,690	73,604	(4,086)	128,609	129,407	798	1,893,528	1,811,494	(82,034)
<b>Expenditures:</b>												
Current:												
General Government	217,396	204,282	13,114	11,507	5,882	5,625	9,171	4,051	5,120	266,725	231,003	35,722
Education	---	---	---	---	---	---	---	---	---	4,044	2,943	1,101
Natural and Economic Resources	---	---	---	77,976	67,329	10,647	83,888	69,699	14,189	195,510	162,277	33,233
Transportation and Law Enforcement	290,556	249,824	40,732	---	---	---	26,356	23,886	2,470	356,018	302,229	53,789
Human Services	---	---	---	---	---	---	4,245	2,601	1,644	641,877	608,729	33,148
Debt Service	409	352	57	14,774	12,757	2,017	---	---	---	15,183	13,109	2,074
Total Expenditures	508,361	454,458	53,903	104,257	85,968	18,289	123,660	100,237	23,423	1,479,357	1,320,290	159,067
Excess Revenues (Expenditures)	502,062	471,252	(30,810)	(26,567)	(12,364)	14,203	4,949	29,170	24,221	414,171	491,204	77,033
<b>Other Financing Sources (Uses):</b>												
Transfers In	563,981	521,272	(42,709)	16,285	16,285	---	34,392	34,034	(358)	843,240	780,067	(63,173)
Transfers Out	(1,103,329)	(985,842)	117,487	(7,854)	(7,327)	527	(68,269)	(56,679)	11,590	(1,433,864)	(1,276,394)	157,470
Total Other Financing Sources (Uses)	(539,348)	(464,570)	74,778	8,431	8,958	527	(33,877)	(22,645)	11,232	(590,624)	(496,327)	94,297
Net Change in Fund Balances	(37,286)	6,682	43,968	(18,136)	(3,406)	14,730	(28,928)	6,525	35,453	(176,453)	(5,123)	171,330
Fund Balances – Beginning	89,948	89,948	---	70,018	70,018	---	34,874	34,874	---	357,610	357,610	---
Fund Balances – Ending	\$ 52,662	\$ 96,630	\$ 43,968	\$ 51,882	\$ 66,612	\$ 14,730	\$ 5,946	\$ 41,399	\$ 35,453	\$ 181,157	\$ 352,487	\$ 171,330
Reconciling Items:												
Reclassifying Cash Equivalents as Investments		(53,854)			(53,309)			(33,087)			(257,905)	
Investments at Fair Value		57,402			53,182			33,021			263,956	
Invested Securities Lending Collateral		2,699			3,576			2,220			16,408	
Receivables, Net		122,421			26,062			1,815			158,795	
Due from Other Funds		---			3,552			---			3,552	
Inventories		4,648			---			297			4,985	
Accounts Payable		(3,595)			(62,016)			(3,570)			(109,742)	
Accrued Payroll		(6,988)			(493)			(2,314)			(10,919)	
Due to Other Funds		(421)			(475)			(98)			(1,256)	
Securities Lending Obligation		(2,699)			(3,576)			(2,220)			(16,408)	
Unavailable Revenue		(6,595)			(612)			(291)			(7,645)	
Adjustments:												
Increase to Revenues: Medicaid		---			---			---			161,404	
Increase to Expenditures: Medicaid		---			---			---			(161,404)	
Fund Balance per GAAP		\$ 209,648			\$ 32,503			\$ 37,172			\$ 396,308	

This schedule is continued from pages 114-115.



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*The Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.*

## **Debt Service Funds:**

**Water Pollution Control Bond and Interest** – Accounts for moneys used to pay the principal of the Water Pollution Control Bonds and the interest thereon.

**Third State Building Bond Interest and Sinking** – Accounts for moneys used to pay the principal of the Third State Building Bonds and the interest thereon.

**Fourth State Building Bond and Interest** – Accounts for moneys used to pay the principal of the Fourth State Building Bonds and the interest thereon.

**Stormwater Control Bond and Interest** – Accounts for moneys used to pay the principal of the Stormwater Control Bonds and the interest thereon.

**Missouri Road Bond** – Accounts for moneys used to pay bonds issued by the Highway and Transportation Commission.

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	Water Pollution Control Bond and Interest	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Missouri Road Bond	Totals June 30, 2014
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 14,767	\$ 9,001	\$ 2,317	\$ 16,537	\$ 42,622
Investments	25,089	15,292	3,937	20,132	64,450
Invested Securities Lending Collateral	2,649	1,615	416	499	5,179
Accounts Receivable, Net	---	---	---	13,331	13,331
Interest Receivable	62	36	10	64	172
<b>Total Assets</b>	<b>\$ 42,567</b>	<b>\$ 25,944</b>	<b>\$ 6,680</b>	<b>\$ 50,563</b>	<b>\$ 125,754</b>
<b>LIABILITIES</b>					
Securities Lending Obligation	\$ 2,649	\$ 1,615	\$ 416	\$ 499	\$ 5,179
<b>Total Liabilities</b>	<b>2,649</b>	<b>1,615</b>	<b>416</b>	<b>499</b>	<b>5,179</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	39	23	6	---	68
<b>Total Deferred Inflows of Resources</b>	<b>39</b>	<b>23</b>	<b>6</b>	<b>---</b>	<b>68</b>
<b>FUND BALANCES</b>					
Restricted	39,879	24,306	6,258	50,064	120,507
<b>Total Fund Balances</b>	<b>39,879</b>	<b>24,306</b>	<b>6,258</b>	<b>50,064</b>	<b>120,507</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 42,567</b>	<b>\$ 25,944</b>	<b>\$ 6,680</b>	<b>\$ 50,563</b>	<b>\$ 125,754</b>

NOTE: The Third State Building Bond Interest and Sinking is not included in the Debt Service Funds Balance Sheet because there was no assets, liabilities, or fund balance at June 30, 2014.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

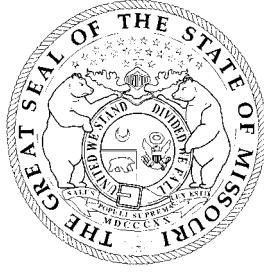
	Water Pollution Control Bond and Interest	Third State Building Bond Interest and Sinking	Fourth State Building Bond and Interest	Stormwater Control Bond and Interest	Missouri Road Bond	Totals June 30, 2014
<b>Revenues:</b>						
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ 151,612	\$ 151,612
Contributions and Intergovernmental	---	---	---	---	4,914	4,914
Investment Earnings:						
Net Increase (Decrease) in the Fair Value of Investments	251	---	59	28	(206)	132
Interest	240	---	120	35	620	1,015
Total Revenues	<u>491</u>	<u>---</u>	<u>179</u>	<u>63</u>	<u>156,940</u>	<u>157,673</u>
<b>Expenditures:</b>						
Debt Service:						
Principal	42,010	---	7,730	5,015	64,385	119,140
Interest	8,547	---	5,670	1,152	79,225	94,594
Bond Issuance Costs	---	---	---	---	229	229
Total Expenditures	<u>50,557</u>	<u>---</u>	<u>13,400</u>	<u>6,167</u>	<u>143,839</u>	<u>213,963</u>
Excess Revenues (Expenditures)	<u>(50,066)</u>	<u>---</u>	<u>(13,221)</u>	<u>(6,104)</u>	<u>13,101</u>	<u>(56,290)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers In	39,473	---	21,847	6,204	---	67,524
Transfers Out	---	(54)	---	---	---	(54)
Total Other Financing Sources (Uses)	<u>39,473</u>	<u>(54)</u>	<u>21,847</u>	<u>6,204</u>	<u>---</u>	<u>67,470</u>
Net Change in Fund Balances	(10,593)	(54)	8,626	100	13,101	11,180
Fund Balances – Beginning	<u>50,472</u>	<u>54</u>	<u>15,680</u>	<u>6,158</u>	<u>36,963</u>	<u>109,327</u>
Fund Balances – Ending	<u>\$ 39,879</u>	<u>\$ ---</u>	<u>\$ 24,306</u>	<u>\$ 6,258</u>	<u>\$ 50,064</u>	<u>\$ 120,507</u>

STATE OF MISSOURI  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 DEBT SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2014  
 (In Thousands of Dollars)

	Water Pollution Control Bond and Interest			Third State Building Bond Interest and Sinking			Fourth State Building Bond and Interest			Stormwater Control Bond and Interest			Missouri Road Bond			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>																		
Vehicle Sales and Use Tax	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 138,207	\$ 149,793	\$ 11,586	\$ 138,207	\$ 149,793	\$ 11,586
Interest	351	240	(111)	3	---	(3)	134	115	(19)	53	34	(19)	811	288	(523)	1,352	677	(675)
Total Revenues	351	240	(111)	3	---	(3)	134	115	(19)	53	34	(19)	139,018	150,081	11,063	139,559	150,470	10,911
<b>Expenditures:</b>																		
Debt Service	50,558	50,557	1	---	---	---	13,400	13,400	---	6,167	6,167	---	139,018	138,929	89	209,143	209,053	90
Total Expenditures	50,558	50,557	1	---	---	---	13,400	13,400	---	6,167	6,167	---	139,018	138,929	89	209,143	209,053	90
Excess Revenues (Expenditures)	(50,207)	(50,317)	(110)	3	---	(3)	(13,266)	(13,285)	(19)	(6,114)	(6,133)	(19)	---	11,152	11,152	(69,584)	(58,583)	11,001
<b>Other Financing Sources (Uses):</b>																		
Transfers In	39,667	39,473	(194)	---	---	---	24,216	21,847	(2,369)	6,230	6,204	(26)	---	---	---	70,113	67,524	(2,589)
Transfers Out	---	---	---	(57)	(54)	3	---	---	---	---	---	---	---	---	---	(57)	(54)	3
Total Other Financing Sources (Uses)	39,667	39,473	(194)	(57)	(54)	3	24,216	21,847	(2,369)	6,230	6,204	(26)	---	---	---	70,056	67,470	(2,586)
Net Change in Fund Balances	(10,540)	(10,844)	(304)	(54)	(54)	---	10,950	8,562	(2,388)	116	71	(45)	---	11,152	11,152	472	8,887	8,415
Fund Balances - Beginning	50,762	50,762	---	54	54	---	15,769	15,769	---	6,193	6,193	---	25,569	25,569	---	98,347	98,347	---
Fund Balances - Ending	\$ 40,222	\$ 39,918	\$ (304)	\$ ---	\$ ---	\$ ---	\$ 26,719	\$ 24,331	\$ (2,388)	\$ 6,309	\$ 6,264	\$ (45)	\$ 25,569	\$ 36,721	\$ 11,152	\$ 98,819	\$ 107,234	\$ 8,415
<b>Reconciling Items:</b>																		
Reclassifying Cash Equivalents as Investments		(25,151)			---			(15,330)			(3,947)			(20,184)			(64,612)	
Investments at Fair Value		25,089			---			15,292			3,937			20,132			64,450	
Invested Securities																		
Lending Collateral		2,649			---			1,615			416			499			5,179	
Receivables, Net		62			---			36			10			13,395			13,503	
Securities Lending Obligation		(2,649)			---			(1,615)			(416)			(499)			(5,179)	
Unavailable Revenue		(39)			---			(23)			(6)			---			(68)	
Fund Balances - GAAP Basis	\$ 39,879			\$ ---			\$ 24,306			\$ 6,258			\$ 50,064			\$ 120,507		

This schedule is continued on page 122.

This schedule is continued from page 121.



*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.

STATE OF MISSOURI  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2014  
 (In Thousands of Dollars)

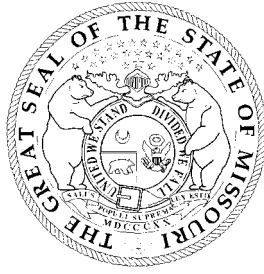
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	<u>Veterans' Homes Capital Improvement</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 6,057
Investments	24,222
Invested Securities Lending Collateral	1,629
Accounts Receivable, Net	153
Interest Receivable	29
	<u>32,090</u>
Total Assets	\$ 32,090
<b>LIABILITIES</b>	
Accounts Payable	\$ 116
Accrued Payroll	143
Due to Other Funds	243
Securities Lending Obligation	1,629
	<u>2,131</u>
Total Liabilities	2,131
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue	18
	<u>18</u>
Total Deferred Inflows of Resources	18
<b>FUND BALANCES</b>	
Restricted	29,941
	<u>29,941</u>
Total Fund Balances	29,941
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,090

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, 2014**  
(In Thousands of Dollars)

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	Veterans' Homes Capital Improvement
<b>Revenues:</b>	
Contributions and Intergovernmental	\$ 970
Investment Earnings:	
Net Increase (Decrease) in the Fair Value of Investments	89
Interest	110
Cost Reimbursement/Miscellaneous	5
	1,174
<b>Expenditures:</b>	
Current:	
Transportation and Law Enforcement	10,473
Capital Outlay:	
General Government	26
Transportation and Law Enforcement	963
	11,462
Total Expenditures	11,462
Excess Revenues (Expenditures)	(10,288)
<b>Other Financing Sources (Uses):</b>	
Proceeds from Sale of Capital Assets	5
Transfers In	26,793
Transfers Out	(7,600)
	19,198
Total Other Financing Sources (Uses)	19,198
Net Change in Fund Balances	8,910
Fund Balances – Beginning	21,031
Fund Balances – Ending	\$ 29,941



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

## **Permanent Funds:**

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

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

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

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

**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
PERMANENT FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals <u>June 30, 2014</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6	\$ 35	\$ 1	\$ 74	\$ 116
Investments	22	141	47,069	297	47,529
Invested Securities Lending Collateral	2	9	---	20	31
<b>Total Assets</b>	<u>\$ 30</u>	<u>\$ 185</u>	<u>\$ 47,070</u>	<u>\$ 391</u>	<u>\$ 47,676</u>
<b>LIABILITIES</b>					
Securities Lending Obligation	\$ 2	\$ 9	---	\$ 20	\$ 31
<b>Total Liabilities</b>	<u>2</u>	<u>9</u>	<u>---</u>	<u>20</u>	<u>31</u>
<b>FUND BALANCES</b>					
Nonspendable	28	75	47,070	365	47,538
Assigned	---	101	---	6	107
<b>Total Fund Balances</b>	<u>28</u>	<u>176</u>	<u>47,070</u>	<u>371</u>	<u>47,645</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 30</u>	<u>\$ 185</u>	<u>\$ 47,070</u>	<u>\$ 391</u>	<u>\$ 47,676</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**PERMANENT FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Arrow Rock State Historic Site Endowment	Confederate Memorial Park	State Public School	Smith Memorial Endowment Trust	Totals June 30, 2014
<b>Revenues:</b>					
Investment Earnings:					
Net Increase (Decrease) in the Fair Value of Investments	\$ ---	\$ 2	\$ (7)	\$ 3	\$ (2)
Interest	---	1	---	2	3
Penalties and Unclaimed Properties	---	---	3,457	---	3,457
Miscellaneous	---	---	50	---	50
<b>Total Revenues</b>	<b>---</b>	<b>3</b>	<b>3,500</b>	<b>5</b>	<b>3,508</b>
<b>Expenditures:</b>					
Human Services	---	---	---	1	1
<b>Total Expenditures</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>
Excess Revenues (Expenditures)	---	3	3,500	4	3,507
<b>Net Change in Fund Balances</b>	<b>---</b>	<b>3</b>	<b>3,500</b>	<b>4</b>	<b>3,507</b>
Fund Balances – Beginning	28	173	43,570	367	44,138
Fund Balances – Ending	\$ 28	\$ 176	\$ 47,070	\$ 371	\$ 47,645

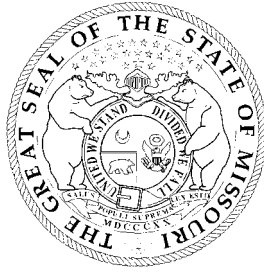
STATE OF MISSOURI  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
 ALL APPROPRIATED PERMANENT FUNDS  
 For the Fiscal Year Ended June 30, 2014  
 (In Thousands of Dollars)

	Arrow Rock State Historic Site Endowment			Confederate Memorial Park			State Public School			Smith Memorial Endowment Trust			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>															
Interest	\$ ---	\$ ---	\$ ---	\$ 1	\$ 1	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2	\$ 2	\$ ---	\$ 3	\$ 3	\$ ---
Penalties and Unclaimed Property	---	---	---	---	---	---	---	266	266	---	---	---	---	266	266
Reimbursement/Miscellaneous	---	---	---	---	---	---	---	286	286	---	1	1	---	287	287
<b>Total Revenues</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>---</b>	<b>552</b>	<b>552</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>556</b>	<b>553</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Human Services	---	---	---	---	---	---	---	---	---	35	1	34	35	1	34
<b>Total Expenditures</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>35</b>	<b>1</b>	<b>34</b>	<b>35</b>	<b>1</b>	<b>34</b>
Excess Revenues (Expenditures)	---	---	---	1	1	---	---	552	552	(33)	2	35	(32)	555	587
<b>Other Financing Sources (Uses):</b>															
Transfers In	---	---	---	---	---	---	3,191	3,191	---	---	---	---	3,191	3,191	---
<b>Total Other Financing Sources (Uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>3,191</b>	<b>3,191</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>3,191</b>	<b>3,191</b>	<b>---</b>
<b>Net Change in Fund Balances</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>1</b>	<b>1</b>	<b>---</b>	<b>3,191</b>	<b>3,743</b>	<b>552</b>	<b>(33)</b>	<b>2</b>	<b>35</b>	<b>3,159</b>	<b>3,746</b>	<b>587</b>
Fund Balances – Beginning	28	28	---	174	174	---	29,885	29,885	---	369	369	---	30,456	30,456	---
Fund Balances – Ending	<u>\$ 28</u>	<u>\$ 28</u>	<u>\$ ---</u>	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ ---</u>	<u>\$ 33,076</u>	<u>\$ 33,628</u>	<u>\$ 552</u>	<u>\$ 336</u>	<u>\$ 371</u>	<u>\$ 35</u>	<u>\$ 33,615</u>	<u>\$ 34,202</u>	<u>\$ 587</u>
<b>Reconciling Items:</b>															
Reclassifying Cash Equivalents as Investments		(22)			(140)			(33,627)			(297)			(34,086)	
Investments at Fair Value		22			141			47,069			297			47,529	
Invested Securities Lending Collateral		2			9			---			20			31	
Securities Lending Obligation		(2)			(9)			---			(20)			(31)	
Fund Balance – GAAP Basis	<u>\$ 28</u>			<u>\$ 176</u>			<u>\$ 47,070</u>			<u>\$ 371</u>			<u>\$ 47,645</u>		

This schedule is continued on page 129.

This schedule is continued from page 128.





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*The **Enterprise Funds** account for operations that are financed and operated in a manner similar to private business enterprises.*

## **Non-Major Enterprise Funds:**

**State Fair Fees** – Accounts for the fairground admission fees used to improve the grounds and to pay the operating costs of the State Fair.

**State Parks** – Accounts for park concessions and contributions which are used to acquire and operate state parks.

**Natural Resources Revolving Services** – Accounts for moneys received from the delivery of services and the sale or resale of maps, plats, reports, studies, records, and other publications and documents.

**Historic Preservation Revolving** – Accounts for gifts, grants, and contributions used to acquire, preserve, restore, maintain, or operate any historical properties.

**Missouri Veterans' Homes** – Accounts for fees to provide services for persons confined to one of the veterans' homes.

**State Agency for Surplus Property** – Accounts for the surplus property operation.

**Department of Revenue Information** – Accounts for fees received by the Department of Revenue for publications and used to pay the costs of providing this information.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**June 30, 2014**  
**(In Thousands of Dollars)**

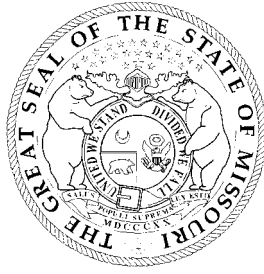
	State Fair Fees	State Parks	Natural Resources Revolving Services	Historic Preservation Revolving	Missouri Veterans' Homes	State Agency for Surplus Property	Department of Revenue Information	Totals June 30, 2014
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 270	\$ 6,676	\$ 161	\$ 333	\$ 534	\$ 677	\$ 500	\$ 9,151
Investments	1,079	26,698	643	1,330	2,163	2,708	1,989	36,610
Invested Securities Lending Collateral	73	1,795	43	90	145	182	133	2,461
Accounts Receivable, Net	---	---	---	---	6,279	129	65	6,473
Interest Receivable	1	37	---	2	5	4	---	49
Due from Other Funds	4	---	175	---	---	13	---	192
Inventories	2	772	342	---	429	---	---	1,545
Loans Receivable	---	---	---	576	---	---	---	576
Total Current Assets	<u>1,429</u>	<u>35,978</u>	<u>1,364</u>	<u>2,331</u>	<u>9,555</u>	<u>3,713</u>	<u>2,687</u>	<u>57,057</u>
Non-Current Assets:								
Capital Assets:								
Construction in Progress	25	7,799	---	---	---	---	---	7,824
Land	---	10,519	---	---	---	---	---	10,519
Land Improvements	75	11,618	---	---	362	250	---	12,305
Temporary Easements	---	50	---	---	---	---	---	50
Buildings	3	23,045	---	480	546	1,909	---	25,983
Equipment	438	14,799	18,559	31	8,795	1,216	131	43,969
Software	---	---	---	---	15	---	---	15
Less Accumulated Depreciation/Amortization	(450)	(30,651)	(12,100)	(208)	(4,562)	(1,467)	(131)	(49,569)
Total Non-Current Assets	<u>91</u>	<u>37,179</u>	<u>6,459</u>	<u>303</u>	<u>5,156</u>	<u>1,908</u>	<u>---</u>	<u>51,096</u>
Total Assets	<u>1,520</u>	<u>73,157</u>	<u>7,823</u>	<u>2,634</u>	<u>14,711</u>	<u>5,621</u>	<u>2,687</u>	<u>108,153</u>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable	31	150	41	2	1,997	19	---	2,240
Accrued Payroll	53	51	2	6	2,158	24	---	2,294
Due to Other Funds	49	11	6	---	47	2	---	115
Securities Lending Obligation	73	1,795	43	90	145	182	133	2,461
Obligations Under Lease Purchase	---	---	65	---	---	---	---	65
Compensated Absences	30	81	4	10	3,387	38	---	3,550
Total Current Liabilities	<u>236</u>	<u>2,088</u>	<u>161</u>	<u>108</u>	<u>7,734</u>	<u>265</u>	<u>133</u>	<u>10,725</u>
Non-Current Liabilities:								
Obligations Under Lease Purchase	---	---	150	---	---	---	---	150
Compensated Absences	63	10	---	4	---	---	---	77
Total Non-Current Liabilities	<u>63</u>	<u>10</u>	<u>150</u>	<u>4</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>227</u>
Total Liabilities	<u>299</u>	<u>2,098</u>	<u>311</u>	<u>112</u>	<u>7,734</u>	<u>265</u>	<u>133</u>	<u>10,952</u>
<b>NET POSITION</b>								
Net Investment in Capital Assets	91	37,179	6,244	303	5,156	1,908	---	50,881
Unrestricted	1,130	33,880	1,268	2,219	1,821	3,448	2,554	46,320
Total Net Position	<u>\$ 1,221</u>	<u>\$ 71,059</u>	<u>\$ 7,512</u>	<u>\$ 2,522</u>	<u>\$ 6,977</u>	<u>\$ 5,356</u>	<u>\$ 2,554</u>	<u>\$ 97,201</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(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, 2014
<b>Operating Revenues:</b>								
Licenses, Fees, and Permits	\$ 2,932	\$ 5,461	\$ 47	\$ ---	\$ ---	\$ ---	\$ ---	\$ 8,440
Sales	---	961	95	---	259	2,243	1,371	4,929
Leases and Rentals	1,298	1,966	---	---	---	---	---	3,264
Charges for Services	---	---	---	---	27,435	---	---	27,435
Cost Reimbursement/Miscellaneous	---	54	6	---	---	221	7	288
Total Operating Revenues	<u>4,230</u>	<u>8,442</u>	<u>148</u>	<u>---</u>	<u>27,694</u>	<u>2,464</u>	<u>1,378</u>	<u>44,356</u>
<b>Operating Expenses:</b>								
Cost of Goods Sold	---	---	634	---	---	1,286	---	1,920
Personal Service	1,287	1,574	56	210	76,314	938	---	80,379
Operations	2,647	3,874	98	55	19,416	368	---	26,458
Specific Programs	50	26	---	---	840	---	---	916
Depreciation/Amortization	27	1,763	1,203	10	935	49	---	3,987
Other Charges	198	72	1	2	77	4	---	354
Total Operating Expenses	<u>4,209</u>	<u>7,309</u>	<u>1,992</u>	<u>277</u>	<u>97,582</u>	<u>2,645</u>	<u>---</u>	<u>114,014</u>
Operating Income (Loss)	<u>21</u>	<u>1,133</u>	<u>(1,844)</u>	<u>(277)</u>	<u>(69,888)</u>	<u>(181)</u>	<u>1,378</u>	<u>(69,658)</u>
<b>Non-Operating Revenues (Expenses):</b>								
Contributions and Intergovernmental	155	706	2,280	---	61,237	---	---	64,378
Interest Expense	---	---	(2)	---	---	---	---	(2)
<b>Investment Earnings:</b>								
Net Increase (Decrease) in the Fair Value of Investments	4	158	2	5	22	18	11	220
Interest	5	142	---	11	20	19	---	197
Penalties and Unclaimed Properties	---	1	---	---	---	---	---	1
Disposal of Capital Assets	---	1	181	---	(77)	142	---	247
Total Non-Operating Revenues (Expenses)	<u>164</u>	<u>1,008</u>	<u>2,461</u>	<u>16</u>	<u>61,202</u>	<u>179</u>	<u>11</u>	<u>65,041</u>
Income (Loss) Before Transfers	185	2,141	617	(261)	(8,686)	(2)	1,389	(4,617)
Transfers In	5	---	---	698	7,623	---	---	8,326
Transfers Out	---	---	---	---	---	(30)	(1,197)	(1,227)
Change in Net Position	190	2,141	617	437	(1,063)	(32)	192	2,482
Total Net Position – Beginning	1,031	68,918	6,895	2,085	8,040	5,388	2,362	94,719
Total Net Position – Ending	<u>\$ 1,221</u>	<u>\$ 71,059</u>	<u>\$ 7,512</u>	<u>\$ 2,522</u>	<u>\$ 6,977</u>	<u>\$ 5,356</u>	<u>\$ 2,554</u>	<u>\$ 97,201</u>

STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
For the Fiscal Year Ended June 30, 2014  
(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, 2014
<b>Cash Flows from Operating Activities:</b>								
Receipts from Internal Customers and Users	\$ 95	\$ ---	\$ ---	\$ ---	\$ ---	\$ 630	\$ ---	\$ 725
Receipts from External Customers and Users	4,135	8,667	142	---	26,962	1,660	1,383	42,949
Payments to Suppliers	(2,628)	(3,804)	(872)	(55)	(19,189)	(1,828)	---	(28,376)
Payments to Employees	(1,161)	(1,598)	(55)	(208)	(76,114)	(939)	---	(80,075)
Payments Made for Program Expense	(50)	(26)	---	---	(840)	---	---	(916)
Other Receipts (Payments)	(198)	(18)	5	(2)	(77)	217	7	(66)
Net Cash Provided (Used) by Operating Activities	193	3,221	(780)	(265)	(69,258)	(260)	1,390	(65,759)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Loans Made to Outside Entities	---	---	---	15	---	---	---	15
Due to/from Other Funds	7	3	(17)	(1)	21	---	---	13
Contributions and Intergovernmental	155	706	2,280	---	61,237	---	---	64,378
Transfers to/from Other Funds	---	---	---	698	7,600	(30)	(1,197)	7,071
Net Cash Provided (Used) by Non-Capital Financing Activities	162	709	2,263	712	68,858	(30)	(1,197)	71,477
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Interest Expense	---	---	(2)	---	---	---	---	(2)
Purchases and Construction of Capital Assets	(25)	(3,423)	(1,236)	(3)	(876)	---	---	(5,563)
Capital Lease Downpayment/Obligations	---	---	(69)	---	---	---	---	(69)
Disposal of Capital Assets	---	---	---	---	---	111	---	111
Net Cash Provided (Used) by Capital and Related Financing Activities	(25)	(3,423)	(1,307)	(3)	(876)	111	---	(5,523)
<b>Cash Flows from Investing Activities:</b>								
Proceeds from Investment Maturities	---	---	---	---	934	72	---	1,006
Purchase of Investments	(284)	(1,004)	(242)	(383)	---	---	(184)	(2,097)
Interest and Dividends Received	5	105	---	11	22	20	---	163
Penalties and Other Receipts	---	1	---	---	---	---	---	1
Net Cash Provided (Used) by Investing Activities	(279)	(898)	(242)	(372)	956	92	(184)	(927)
Net Increase (Decrease) in Cash	51	(391)	(66)	72	(320)	(87)	9	(732)
Cash and Cash Equivalents, Beginning of Year	219	7,067	227	261	854	764	491	9,883
Cash and Cash Equivalents, End of Year	\$ 270	\$ 6,676	\$ 161	\$ 333	\$ 534	\$ 677	\$ 500	\$ 9,151
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ 21	\$ 1,133	\$ (1,844)	\$ (277)	\$ (69,888)	\$ (181)	\$ 1,378	\$ (69,658)
Depreciation/Amortization Expense	27	1,763	1,203	10	935	49	---	3,987
Changes in Assets and Liabilities:								
Accounts Receivable	---	279	---	---	(705)	47	12	(367)
Inventories	---	40	(16)	---	69	---	---	93
Accounts Payable	19	30	(124)	---	158	(174)	---	(91)
Accrued Payroll	34	(19)	1	---	11	(3)	---	24
Unearned Revenue	---	---	---	---	(27)	---	---	(27)
Compensated Absences	92	(5)	---	2	189	2	---	280
Net Cash Provided (Used) by Operating Activities	\$ 193	\$ 3,221	\$ (780)	\$ (265)	\$ (69,258)	\$ (260)	\$ 1,390	\$ (65,759)
<b>Non-Cash Financing and Investing Activities:</b>								
Capital Asset Donations	\$ 5	\$ ---	\$ ---	\$ ---	\$ 444	\$ ---	\$ ---	\$ 449
Increase (Decrease) in Fair Value of Investments	4	158	2	5	22	18	11	220
Net Non-Cash Financing and Investing Activities	\$ 9	\$ 158	\$ 2	\$ 5	\$ 466	\$ 18	\$ 11	\$ 669



*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 POSITION  
INTERNAL SERVICE FUNDS  
June 30, 2014  
(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, 2014
<b>ASSETS</b>															
Current Assets:															
Cash and Cash Equivalents	\$ 186	\$ 307	\$ 1,020	\$ 1,168	\$ 1,621	\$ 138	\$ 37	\$ 73	\$ 57	\$ 2,679	\$ 12,868	\$ ---	\$ 175,047	\$ 15,348	\$ 210,549
Investments	741	1,227	4,050	7,333	6,491	549	150	290	229	4,819	2,288	4,226	36,928	1,016	70,337
Restricted:															
Investments	---	---	---	---	---	---	---	---	---	---	200	---	---	100	300
Invested Securities Lending Collateral	50	83	272	493	437	37	10	19	15	---	---	---	---	---	1,416
Accounts Receivable, Net	---	---	---	3,770	660	66,461	---	---	---	615	---	986	2,996	1,993	77,481
Interest Receivable	---	---	---	5	---	---	---	---	---	10	181	---	---	83	279
Due from Other Funds	---	364	5,026	5,790	530	15	95	2	---	---	---	---	---	---	11,822
Due from Component Units	---	---	---	1	---	---	---	---	---	---	---	---	---	---	1
Inventories	---	16	6,644	2,107	9,398	---	104	2	12	---	---	---	---	---	18,283
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	109	---	109
Total Current Assets	<u>977</u>	<u>1,997</u>	<u>17,012</u>	<u>20,667</u>	<u>19,137</u>	<u>67,200</u>	<u>396</u>	<u>386</u>	<u>313</u>	<u>8,123</u>	<u>15,537</u>	<u>5,212</u>	<u>215,080</u>	<u>18,540</u>	<u>390,577</u>
Non-Current Assets:															
Investments	---	---	---	---	---	---	---	---	---	---	73,846	---	---	34,572	108,418
Restricted Assets:															
Cash and Cash Equivalents	---	---	1,012	685	---	---	---	---	---	---	---	---	---	---	1,697
Capital Assets:															
Construction in Progress	---	---	18	273	---	---	---	---	---	---	---	---	---	---	291
Software in Progress	255	---	---	35	---	---	---	---	---	---	---	---	---	---	290
Land	---	---	7,681	---	40	---	---	---	---	---	---	---	---	---	7,721
Land Improvements	---	---	3,052	---	62	---	---	---	---	---	---	---	---	---	3,114
Buildings	213	---	485,869	2,321	6,231	---	---	---	2,300	---	---	4	---	---	496,938
Equipment	5,031	2,065	12,371	72,439	20,198	2,204	1	250	1,783	---	---	6	2,696	---	119,044
Software	2,455	602	12	4,123	332	9,435	---	3	291	---	---	5	---	---	17,258
Less Accumulated Depreciation/Amortization	(6,041)	(2,316)	(180,032)	(58,501)	(23,272)	(6,874)	(1)	(243)	(2,916)	---	---	(5)	(2,448)	---	(282,649)
Total Non-Current Assets	<u>1,913</u>	<u>351</u>	<u>329,983</u>	<u>21,375</u>	<u>3,591</u>	<u>4,765</u>	<u>---</u>	<u>10</u>	<u>1,458</u>	<u>---</u>	<u>73,846</u>	<u>10</u>	<u>248</u>	<u>34,572</u>	<u>472,122</u>
Total Assets	<u>2,890</u>	<u>2,348</u>	<u>346,995</u>	<u>42,042</u>	<u>22,728</u>	<u>71,965</u>	<u>396</u>	<u>396</u>	<u>1,771</u>	<u>8,123</u>	<u>89,383</u>	<u>5,222</u>	<u>215,328</u>	<u>53,112</u>	<u>862,699</u>
<b>LIABILITIES</b>															
Current Liabilities:															
Bank Overdraft	---	---	---	---	---	---	---	---	---	---	---	2	---	---	2
Accounts Payable	148	2	1,657	1,423	84	1,144	9	17	254	105	9	4,007	18,490	5,350	32,699
Accrued Payroll	202	---	763	398	236	26	---	33	148	---	---	---	---	---	1,806
Due to Other Funds	95	---	37	1	83	335	6	5	19	---	---	---	---	---	581
Securities Lending Obligation	50	83	272	493	437	37	10	19	15	---	---	---	---	---	1,416
Unearned Revenue	---	---	---	251	---	---	---	---	---	13	---	---	17,517	7,477	25,258
Claims Liability	---	---	---	---	---	---	---	---	---	2,075	22,523	---	34,966	10,000	69,564
Obligations under Lease Purchase	---	---	1,462	5,530	---	---	---	---	---	---	---	---	---	---	6,992
Compensated Absences	467	---	1,842	684	558	51	---	50	231	---	---	---	1	---	3,884
Total Current Liabilities	<u>962</u>	<u>85</u>	<u>6,033</u>	<u>8,780</u>	<u>1,398</u>	<u>1,593</u>	<u>25</u>	<u>124</u>	<u>667</u>	<u>2,193</u>	<u>22,532</u>	<u>4,009</u>	<u>70,974</u>	<u>22,827</u>	<u>142,202</u>
Non-Current Liabilities:															
Claims Liability	---	---	---	---	---	---	---	---	---	---	60,627	---	---	---	60,627
Obligations under Lease Purchase	---	---	30,170	12,160	---	---	---	---	---	---	---	---	---	---	42,330
Compensated Absences	42	---	---	225	---	---	---	12	76	---	---	---	235	---	590
Total Non-Current Liabilities	<u>42</u>	<u>---</u>	<u>30,170</u>	<u>12,385</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>12</u>	<u>76</u>	<u>---</u>	<u>60,627</u>	<u>---</u>	<u>235</u>	<u>---</u>	<u>103,547</u>
Total Liabilities	<u>1,004</u>	<u>85</u>	<u>36,203</u>	<u>21,165</u>	<u>1,398</u>	<u>1,593</u>	<u>25</u>	<u>136</u>	<u>743</u>	<u>2,193</u>	<u>83,159</u>	<u>4,009</u>	<u>71,209</u>	<u>22,827</u>	<u>245,749</u>
<b>NET POSITION</b>															
Net Investment in Capital Assets	1,913	351	297,339	3,000	3,591	4,765	---	10	1,458	---	---	10	248	---	312,685
Restricted for:															
Capital	---	---	1,012	---	---	---	---	---	---	---	---	---	---	---	1,012
Other Purposes	---	---	---	685	---	---	---	---	---	---	200	---	---	100	985
Unrestricted	(27)	1,912	12,441	17,192	17,739	65,607	371	250	(430)	5,930	6,024	1,203	143,871	30,185	302,268
Total Net Position	<u>\$ 1,886</u>	<u>\$ 2,263</u>	<u>\$ 310,792</u>	<u>\$ 20,877</u>	<u>\$ 21,330</u>	<u>\$ 70,372</u>	<u>\$ 371</u>	<u>\$ 260</u>	<u>\$ 1,028</u>	<u>\$ 5,930</u>	<u>\$ 6,224</u>	<u>\$ 1,213</u>	<u>\$ 144,119</u>	<u>\$ 30,285</u>	<u>\$ 616,950</u>

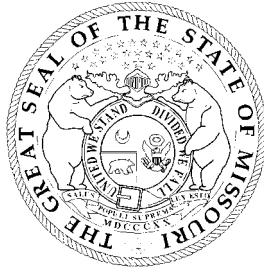


**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	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, 2014
<b>Operating Revenues:</b>															
Employer Contributions	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 11,222	\$ 22,710	\$ ---	\$ 331,133	\$ 73,051	\$ 438,116
Employee Contributions	---	---	---	---	---	---	---	---	---	7,503	---	30,563	87,403	38,169	163,638
Medicare Part D Subsidy	---	---	---	---	---	---	---	---	---	331	---	---	---	4,132	4,463
Licenses, Fees, and Permits	---	---	---	---	---	19,707	---	---	1	---	---	---	---	---	19,708
Sales	---	---	6	---	26,298	7	1	---	---	---	---	---	---	---	26,312
Leases and Rentals	---	---	98,449	---	197	8	---	---	---	---	---	---	---	---	98,654
Charges for Services	13,881	11,494	3,990	86,189	---	183	975	1,412	6,795	---	---	---	---	---	124,919
Cost Reimbursement/Miscellaneous	46	245	96	1,353	4	20	22	8	2	646	136	480	---	1,079	4,137
<b>Total Operating Revenues</b>	<b>13,927</b>	<b>11,739</b>	<b>102,541</b>	<b>87,542</b>	<b>26,499</b>	<b>19,925</b>	<b>998</b>	<b>1,420</b>	<b>6,798</b>	<b>19,702</b>	<b>22,846</b>	<b>31,043</b>	<b>418,536</b>	<b>116,431</b>	<b>879,947</b>
<b>Operating Expenses:</b>															
Cost of Goods Sold	---	---	---	12,031	11,574	---	---	---	---	---	---	---	---	---	23,605
Personal Service	8,544	---	37,540	13,153	9,098	977	---	1,009	4,997	---	---	591	3,257	---	79,166
Operations	4,767	207	66,361	49,389	5,247	7,132	825	196	1,431	1,640	567	183	17,650	5,881	161,476
Specific Programs	2	10,699	75	---	7	3,080	---	---	---	---	---	---	---	---	13,863
Insurance Benefits	---	---	---	---	---	---	---	---	---	15,614	18,840	29,544	384,619	112,581	561,198
Depreciation/Amortization	615	126	12,746	9,605	726	1,937	---	4	155	---	---	1	197	---	26,112
Other Charges	77	---	93	97	1,377	4	---	7	208	17	---	---	---	---	1,880
<b>Total Operating Expenses</b>	<b>14,005</b>	<b>11,032</b>	<b>116,815</b>	<b>84,275</b>	<b>28,029</b>	<b>13,130</b>	<b>825</b>	<b>1,216</b>	<b>6,791</b>	<b>17,271</b>	<b>19,407</b>	<b>30,319</b>	<b>405,723</b>	<b>118,462</b>	<b>867,300</b>
<b>Operating Income (Loss)</b>	<b>(78)</b>	<b>707</b>	<b>(14,274)</b>	<b>3,267</b>	<b>(1,530)</b>	<b>6,795</b>	<b>173</b>	<b>204</b>	<b>7</b>	<b>2,431</b>	<b>3,439</b>	<b>724</b>	<b>12,813</b>	<b>(2,031)</b>	<b>12,647</b>
<b>Non-Operating Revenues (Expenses):</b>															
Contributions and Intergovernmental	---	---	32	---	---	---	---	---	---	---	---	---	---	---	32
Interest Expense	---	---	(941)	(202)	---	---	---	---	---	---	---	---	---	---	(1,143)
Investment Earnings:															
Net Increase (Decrease) in the Fair Value of Investments	4	6	25	50	40	7	---	1	2	9	(119)	---	---	(76)	(51)
Interest	---	---	1	15	---	---	---	---	---	78	1,574	12	878	770	3,328
Disposal of Capital Assets	---	(9)	(11)	(64)	13	3	---	---	---	---	---	---	---	---	(68)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4</b>	<b>(3)</b>	<b>(894)</b>	<b>(201)</b>	<b>53</b>	<b>10</b>	<b>---</b>	<b>1</b>	<b>2</b>	<b>87</b>	<b>1,455</b>	<b>12</b>	<b>878</b>	<b>694</b>	<b>2,098</b>
Income (Loss) Before Transfers	(74)	704	(15,168)	3,066	(1,477)	6,805	173	205	9	2,518	4,894	736	13,691	(1,337)	14,745
Capital Contributions	---	---	12	---	---	---	---	---	---	---	---	---	---	---	12
Transfers In	---	166	35	---	---	---	---	---	6	---	---	---	---	---	207
Transfers Out	---	(461)	(255)	(644)	---	(122)	---	---	(18)	---	---	---	---	---	(1,500)
Change in Net Position	(74)	409	(15,376)	2,422	(1,477)	6,683	173	205	(3)	2,518	4,894	736	13,691	(1,337)	13,464
Total Net Position – Beginning	1,960	1,854	326,168	18,455	22,807	63,689	198	55	1,031	3,412	1,330	477	130,428	31,622	603,486
Total Net Position – Ending	\$ 1,886	\$ 2,263	\$ 310,792	\$ 20,877	\$ 21,330	\$ 70,372	\$ 371	\$ 260	\$ 1,028	\$ 5,930	\$ 6,224	\$ 1,213	\$ 144,119	\$ 30,285	\$ 616,950

**STATE OF MISSOURI  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2014  
(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, 2014
<b>Cash Flows from Operating Activities:</b>															
Receipts from Internal Customers and Users	\$ 13,881	\$ 11,494	\$ 102,445	\$ 84,250	\$ 17,677	\$ 78	\$ 939	\$ 1,110	\$ ---	\$ 11,228	\$ 22,960	\$ ---	\$ 326,044	\$ 73,051	\$ 665,157
Receipts from External Customers and Users	---	---	---	1,130	8,784	10,189	37	302	6,796	7,823	---	30,547	87,403	41,937	194,948
Payments to Suppliers	(4,748)	(206)	(68,669)	(62,349)	(15,951)	(6,831)	(862)	(221)	(1,238)	(1,630)	(567)	(183)	(15,870)	(3,558)	(182,883)
Payments to Employees	(8,791)	---	(38,522)	(13,069)	(9,137)	(976)	---	(1,019)	(4,990)	---	---	(591)	(3,256)	---	(80,351)
Payments Made for Program Expense	(2)	(10,699)	(75)	---	(7)	(3,080)	---	---	---	(15,879)	(20,952)	(29,284)	(383,097)	(112,681)	(575,756)
Other Receipts (Payments)	(31)	245	3	1,256	(1,373)	16	22	1	(206)	629	136	480	---	1,079	2,257
Net Cash Provided (Used) by Operating Activities	309	834	(4,818)	11,218	(7)	(604)	136	173	362	2,171	1,577	969	11,224	(172)	23,372
<b>Cash Flows from Non-Capital Financing Activities:</b>															
Due to/from Other Funds	23	(296)	8,511	(1,540)	132	278	(41)	14	(12)	---	---	---	---	---	7,069
Contributions and Intergovernmental	---	---	32	---	---	---	---	---	---	---	---	---	---	---	32
Transfers to/from Other Funds	---	(295)	(255)	(850)	---	(122)	---	---	(18)	---	---	---	---	---	(1,540)
Net Cash Provided (Used) by Non-Capital Financing Activities	23	(591)	8,288	(2,390)	132	156	(41)	14	(30)	---	---	---	---	---	5,561
<b>Cash Flows from Capital and Related Financing Activities:</b>															
Interest Expense	---	---	(941)	(202)	---	---	---	---	---	---	---	---	---	---	(1,143)
Purchase and Construction of Capital Assets	(307)	---	(1,029)	(4,296)	(227)	---	---	(1)	(368)	---	---	(7)	(142)	---	(6,377)
Capital Lease Downpayment/Obligations	---	---	(1,594)	(5,193)	---	---	---	---	---	---	---	---	(43)	---	(6,830)
Disposal of Capital Assets	---	2	---	---	---	1	---	---	---	---	---	---	---	---	3
Net Cash Provided (Used) by Capital and Related Financing Activities	(307)	2	(3,564)	(9,691)	(227)	1	---	(1)	(368)	---	---	(7)	(185)	---	(14,347)
<b>Cash Flows from Investing Activities:</b>															
Proceeds from Sales and Investment Maturities	---	---	---	522	---	341	---	---	24	---	26,116	1,002,201	---	21,283	1,050,487
Purchase of Investments	(33)	(216)	(2)	---	(50)	---	(78)	(151)	---	(685)	(24,945)	(1,003,169)	(829)	(16,581)	(1,046,739)
Interest and Dividends Received	---	---	1	15	---	---	---	---	---	77	1,546	12	878	808	3,337
Investment Fees	---	---	---	---	---	---	---	---	---	---	---	---	---	(45)	(45)
Net Cash Provided (Used) by Investing Activities	(33)	(216)	(1)	537	(50)	341	(78)	(151)	24	(608)	2,717	(956)	49	5,465	7,040
Net Increase (Decrease) in Cash	(8)	29	(95)	(326)	(152)	(106)	17	35	(12)	1,563	4,294	6	11,088	5,293	21,626
Cash and Cash Equivalents, Beginning of Year	194	278	2,127	2,179	1,773	244	20	38	69	1,116	8,574	(8)	163,959	10,055	190,618
Cash and Cash Equivalents, End of Year	\$ 186	\$ 307	\$ 2,032	\$ 1,853	\$ 1,621	\$ 138	\$ 37	\$ 73	\$ 57	\$ 2,679	\$ 12,868	\$ (2)	\$ 175,047	\$ 15,348	\$ 212,244
<b>Reconciliation of Operating Income (Loss) of Net Cash Provided (Used) by Operating Activities:</b>															
Operating Income (Loss)	\$ (78)	\$ 707	\$ (14,274)	\$ 3,267	\$ (1,530)	\$ 6,795	\$ 173	\$ 204	\$ 7	\$ 2,431	\$ 3,439	\$ 724	\$ 12,813	\$ (2,031)	\$ 12,647
Depreciation/Amortization Expense	615	126	12,746	9,605	726	1,937	---	4	155	---	---	1	197	---	26,112
Changes in Assets and Liabilities:															
Accounts Receivable	---	---	---	(809)	(34)	(9,638)	---	---	---	(11)	250	(16)	(1,260)	(433)	(11,951)
Inventories	---	---	(385)	(1,050)	841	---	(2)	1	---	---	---	---	---	---	(595)
Prepaid Items	---	---	---	---	---	---	---	---	---	---	---	---	(3)	---	(3)
Accounts Payable	19	1	(1,923)	121	29	301	(35)	(26)	193	10	---	260	1,783	2,323	3,056
Accrued Payroll	(74)	---	(305)	27	(11)	---	---	---	(1)	---	---	---	---	---	(364)
Unearned Revenue	---	---	---	---	---	---	---	---	---	6	---	---	(3,829)	69	(3,754)
Claims Liability	---	---	---	---	---	---	---	---	---	(265)	(2,112)	---	1,522	(100)	(955)
Compensated Absences	(173)	---	(677)	57	(28)	1	---	(10)	8	---	---	---	1	---	(821)
Net Cash Provided (Used) by Operating Activities	\$ 309	\$ 834	\$ (4,818)	\$ 11,218	\$ (7)	\$ (604)	\$ 136	\$ 173	\$ 362	\$ 2,171	\$ 1,577	\$ 969	\$ 11,224	\$ (172)	\$ 23,372
<b>Non-Cash Financing and Investing Activities:</b>															
Capital Lease Issuance	\$ ---	\$ ---	\$ ---	\$ 1,780	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,780
Capital Asset Donations	---	---	59	206	---	---	---	---	6	---	---	---	---	---	271
Increase (Decrease) in Fair Value of Investments	4	6	25	50	40	7	---	1	2	9	(119)	---	---	(76)	(51)
Net Non-Cash Financing and Investing Activities	\$ 4	\$ 6	\$ 84	\$ 2,036	\$ 40	\$ 7	\$ ---	\$ 1	\$ 8	\$ 9	\$ (119)	\$ ---	\$ ---	\$ (76)	\$ 2,000



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

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

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

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

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

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

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

**Missouri State Public Employees' Deferred Compensation Incentive (IRC 401a) Plan** – Accounts for retirement benefits paid to employees of the State.

**Missouri State Public Employees' Deferred Compensation (IRC 457) Plan** – Accounts for deposits from State employees, which are invested for the benefit of the employees until properly authorized to distribute.

## **Private-Purpose Trust Funds:**

**Alternative Care Trust** – Accounts for all moneys received and spent by the Division of Family Services on behalf of children in their custody.

**Johnson-Travis Memorial Trust** – Accounts for all moneys, stocks, and securities given to the State by Miss Pansy Johnson or for the benefit of the Pansy Johnson-Travis Memorial State Gardens. Moneys will be used solely to establish, develop, and maintain the gardens.

**Unclaimed Property** – Accounts for moneys unpaid or unclaimed within one year after final settlement of any executor or administrator, assignee, sheriff or receiver and all unclaimed deposits, dividends, and interest of banks unable to locate the owners.

## **Agency Funds:**

**Social Security Contributions** – Accounts for the receipt of contributions from various state funds for the State's share of social security contributions, which are due to the Federal Social Security Administration.

**Missouri State Employees' Voluntary Life Insurance** – Accounts for moneys withheld from employees' compensation for the contracts entered into with life insurance companies.

**Program** – Accounts for the receipt of various taxes, refundable deposits, and other moneys to be held until the State has the right or obligation to distribute them to various entities or individuals.

**Institution** – Accounts for deposits to various institutional accounts and other receipts held by the State until there is proper authorization to disburse them directly to others.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**June 30, 2014**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	June 30, 2014
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,741,713	\$ 39,496	\$ 194	\$ 5,927	\$ 290	\$ 866	\$ 2,788,486
Investments at Fair Value	9,077,651	130,770	1,937,710	92,664	473,517	1,341,746	13,054,058
Invested Securities							
Lending Collateral	35,682	514	86,192	---	---	---	122,388
Receivables:							
Accounts Receivable	90,000	2,321	7,822	16,621	376	1,098	118,238
Interest Receivable	---	---	7,241	---	---	---	7,241
Prepaid Expenses	47	1	6	---	---	---	54
Capital Assets:							
Land	263	4	84	---	---	---	351
Buildings	4,472	64	582	---	---	---	5,118
Equipment	1,281	18	218	---	---	---	1,517
Software	262	4	3,288	---	---	---	3,554
Accumulated Depreciation/Amortization	(2,577)	(37)	(1,888)	---	---	---	(4,502)
Total Capital Assets, Net	3,701	53	2,284	---	---	---	6,038
Total Assets	11,948,794	173,155	2,041,449	115,212	474,183	1,343,710	16,096,503
<b>LIABILITIES</b>							
Accounts Payable	468,076	6,743	8,384	1,115	28	80	484,426
Obligations under Repurchase Agreements	2,306,013	33,220	---	---	---	---	2,339,233
Securities Lending Obligation	36,667	528	75,609	---	---	---	112,804
Unearned Revenue	---	---	---	3,717	---	---	3,717
Claims Liability	---	---	---	8,108	---	---	8,108
Compensated Absences	1,256	18	---	---	---	---	1,274
Total Liabilities	2,812,012	40,509	83,993	12,940	28	80	2,949,562
Net Position Restricted for Pension Benefits, OPEB, and Deferred Compensation	\$ 9,136,782	\$ 132,646	\$ 1,957,456	\$ 102,272	\$ 474,155	\$ 1,343,630	\$ 13,146,941

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Missouri State Employees' Retirement System		Missouri Department of Transportation and Highway Patrol Employees' Retirement System	Missouri Consolidated Health Care Plan State Retiree Welfare Benefit Trust	Missouri State Public Employees' Deferred Compensation		Totals  June 30, 2014
	Missouri State Employees' Plan	Judicial Plan			401 (a) Plan	457 Plan	
<b>Additions:</b>							
Contributions:							
Employer	\$ 326,370	\$ 29,265	\$ 183,354	\$ 63,164	\$ ---	\$ ---	\$ 602,153
Plan Member	16,935	295	1,282	50,921	---	50,286	119,719
Other	2,252	---	2,762	---	44,751	1,187	50,952
Total Contributions	<u>345,557</u>	<u>29,560</u>	<u>187,398</u>	<u>114,085</u>	<u>44,751</u>	<u>51,473</u>	<u>772,824</u>
Investment Earnings:							
Increase (Decrease) in Appreciation of Assets	1,300,741	18,738	296,467	---	27,825	118,989	1,762,760
Interest and Dividends	339,011	4,884	42,844	11,791	8,576	27,826	434,932
Securities Lending Income	719	10	265	---	---	---	994
Total Investment Earnings	<u>1,640,471</u>	<u>23,632</u>	<u>339,576</u>	<u>11,791</u>	<u>36,401</u>	<u>146,815</u>	<u>2,198,686</u>
Less Investment Expenses:							
Investment Activity Expense	(155,566)	(2,241)	(20,130)	---	---	---	(177,937)
Securities Lending Expense	(195)	(3)	---	---	---	---	(198)
Total Investment Expense	<u>(155,761)</u>	<u>(2,244)</u>	<u>(20,130)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(178,135)</u>
Net Investment Earnings	<u>1,484,710</u>	<u>21,388</u>	<u>319,446</u>	<u>11,791</u>	<u>36,401</u>	<u>146,815</u>	<u>2,020,551</u>
Cost Reimbursement/ Miscellaneous	450	7	1	---	496	1,408	2,362
Total Additions	<u>1,830,717</u>	<u>50,955</u>	<u>506,845</u>	<u>125,876</u>	<u>81,648</u>	<u>199,696</u>	<u>2,795,737</u>
<b>Deductions:</b>							
Benefits	677,097	29,407	231,385	105,340	35,993	---	1,079,222
Administrative Expenses	7,082	102	3,366	7,792	426	1,773	20,541
Program Distributions	1,422	---	---	---	---	70,786	72,208
Service Transfer Payments	1,917	---	---	---	---	---	1,917
Depreciation/Amortization	255	4	371	---	---	---	630
Total Deductions	<u>687,773</u>	<u>29,513</u>	<u>235,122</u>	<u>113,132</u>	<u>36,419</u>	<u>72,559</u>	<u>1,174,518</u>
Change in Net Position	1,142,944	21,442	271,723	12,744	45,229	127,137	1,621,219
Net Position - Beginning of Year	<u>7,993,838</u>	<u>111,204</u>	<u>1,685,733</u>	<u>89,528</u>	<u>428,926</u>	<u>1,216,493</u>	<u>11,525,722</u>
Net Position - End of Year	<u>\$ 9,136,782</u>	<u>\$ 132,646</u>	<u>\$ 1,957,456</u>	<u>\$ 102,272</u>	<u>\$ 474,155</u>	<u>\$ 1,343,630</u>	<u>\$ 13,146,941</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**June 30, 2014**  
**(In Thousands of Dollars)**

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2014
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,519	\$ 162	\$ 3,877	\$ 5,558
Investments at Fair Value	6,074	719	15,504	22,297
Invested Securities Lending Collateral	408	43	1,043	1,494
Interest Receivable	9	1	---	10
Inventories	---	---	2	2
Capital Assets:				
Equipment	---	---	55	55
Software	---	---	9	9
Less: Accumulated Depreciation/Amortization	---	---	(58)	(58)
Total Capital Assets, Net	---	---	6	6
<b>Total Assets</b>	<b>8,010</b>	<b>925</b>	<b>20,432</b>	<b>29,367</b>
<b>LIABILITIES</b>				
Accounts Payable	922	---	20	942
Accrued Payroll	---	---	22	22
Securities Lending Obligation	408	43	1,043	1,494
Compensated Absences	---	---	39	39
<b>Total Liabilities</b>	<b>1,330</b>	<b>43</b>	<b>1,124</b>	<b>2,497</b>
<b>NET POSITION</b>				
Net Position Restricted for Other Purposes	\$ 6,680	\$ 882	\$ 19,308	\$ 26,870

STATE OF MISSOURI  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2014  
(In Thousands of Dollars)

	Alternative Care Trust	Johnson- Travis Memorial Trust	Unclaimed Property	Totals June 30, 2014
<b>Additions:</b>				
Increase (Decrease) in Appreciation of Assets	\$ 24	\$ 6	\$ 198	\$ 228
Interest	36	6	---	42
Total Investment Earnings	60	12	198	270
Unclaimed Property	---	---	25,115	25,115
Cost Reimbursement/Miscellaneous	14,804	---	---	14,804
Total Additions	14,864	12	25,313	40,189
<b>Deductions:</b>				
Administrative Expenses	---	---	2,049	2,049
Program Distributions	13,028	---	38,605	51,633
Depreciation/Amortization	---	---	5	5
Total Deductions	13,028	---	40,659	53,687
Change in Net Position	1,836	12	(15,346)	(13,498)
Net Position - Beginning	4,844	870	34,654	40,368
Net Position - Ending	\$ 6,680	\$ 882	\$ 19,308	\$ 26,870

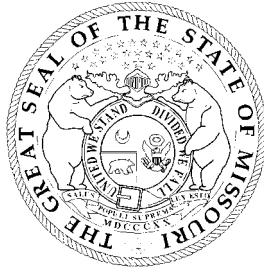


**STATE OF MISSOURI  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
June 30, 2014  
(In Thousands of Dollars)**

	Social Security Contributions	Missouri State Employees' Voluntary Life Insurance	Program	Institution	Totals June 30, 2014
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 21	\$ 30	\$ 90,199	\$ 20,406	\$ 110,656
Investments at Fair Value	83	120	503,297	17	503,517
Invested Securities Lending Collateral	6	8	361	---	375
Receivables:					
Accounts Receivable	6,035	---	376,519	---	382,554
Interest Receivable	---	---	97	---	97
Total Assets	<u>\$ 6,145</u>	<u>\$ 158</u>	<u>\$ 970,473</u>	<u>\$ 20,423</u>	<u>\$ 997,199</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ ---	\$ ---	\$ 32	\$ ---	\$ 32
Due to Other Entities	6,139	150	961,354	---	967,643
Due to Individuals	---	---	8,726	20,423	29,149
Securities Lending Obligation	6	8	361	---	375
Total Liabilities	<u>\$ 6,145</u>	<u>\$ 158</u>	<u>\$ 970,473</u>	<u>\$ 20,423</u>	<u>\$ 997,199</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b><u>SOCIAL SECURITY CONTRIBUTIONS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 22	\$ 146,809	\$ 146,810	\$ 21
Investments at Fair Value	79	83	79	83
Invested Securities Lending Collateral	6	6	6	6
Accounts Receivable	5,955	6,035	5,955	6,035
Total Assets	<u>\$ 6,062</u>	<u>\$ 152,933</u>	<u>\$ 152,850</u>	<u>\$ 6,145</u>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 6,056	\$ 445,772	\$ 445,689	\$ 6,139
Securities Lending Obligation	6	6	6	6
Total Liabilities	<u>\$ 6,062</u>	<u>\$ 445,778</u>	<u>\$ 445,695</u>	<u>\$ 6,145</u>
<b><u>MISSOURI STATE EMPLOYEES'</u></b>				
<b><u>VOLUNTARY LIFE INSURANCE</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 32	\$ 3,715	\$ 3,717	\$ 30
Investments at Fair Value	117	120	117	120
Invested Securities Lending Collateral	8	8	8	8
Total Assets	<u>\$ 157</u>	<u>\$ 3,843</u>	<u>\$ 3,842</u>	<u>\$ 158</u>
<b>LIABILITIES</b>				
Due to Other Entities	\$ 149	\$ 3,747	\$ 3,746	\$ 150
Securities Lending Obligation	8	8	8	8
Total Liabilities	<u>\$ 157</u>	<u>\$ 3,755</u>	<u>\$ 3,754</u>	<u>\$ 158</u>
<b><u>PROGRAM</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 58,275	\$ 7,341,868	\$ 7,309,944	\$ 90,199
Investments at Fair Value	466,280	497,603	460,586	503,297
Invested Securities Lending Collateral	339	361	339	361
Receivables:				
Accounts Receivable	342,281	45,999	11,761	376,519
Interest Receivable	27	194	124	97
Total Assets	<u>\$ 867,202</u>	<u>\$ 7,886,025</u>	<u>\$ 7,782,754</u>	<u>\$ 970,473</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 31	\$ 136	\$ 135	\$ 32
Due to Other Entities	858,930	7,872,751	7,770,327	961,354
Due to Individuals	7,902	18,567	17,743	8,726
Securities Lending Obligation	339	361	339	361
Total Liabilities	<u>\$ 867,202</u>	<u>\$ 7,891,815</u>	<u>\$ 7,788,544</u>	<u>\$ 970,473</u>
<b><u>INSTITUTION</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 24,270	\$ 151,722	\$ 155,586	\$ 20,406
Investments at Fair Value	16	1	---	17
Total Assets	<u>\$ 24,286</u>	<u>\$ 151,723</u>	<u>\$ 155,586</u>	<u>\$ 20,423</u>
<b>LIABILITIES</b>				
Due to Individuals	\$ 24,286	\$ 151,723	\$ 155,586	\$ 20,423
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 82,599	\$ 7,644,114	\$ 7,616,057	\$ 110,656
Investments at Fair Value	466,492	497,807	460,782	503,517
Invested Securities Lending Collateral	353	375	353	375
Receivables:				
Accounts Receivable	348,236	52,034	17,716	382,554
Interest Receivable	27	194	124	97
Total Assets	<u>\$ 897,707</u>	<u>\$ 8,194,524</u>	<u>\$ 8,095,032</u>	<u>\$ 997,199</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 31	\$ 136	\$ 135	\$ 32
Due to Other Entities	865,135	8,322,270	8,219,762	967,643
Due to Individuals	32,188	170,290	173,329	29,149
Securities Lending Obligation	353	375	353	375
Total Liabilities	<u>\$ 897,707</u>	<u>\$ 8,493,071</u>	<u>\$ 8,393,579</u>	<u>\$ 997,199</u>



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

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

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

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

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

**Missouri Wine and Grape Board** – Accounts for moneys derived from the privilege of selling wine to be used for marketing development in developing programs for growing, selling, and marketing of grape products grown in Missouri.

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2014**  
**(In Thousands of Dollars)**

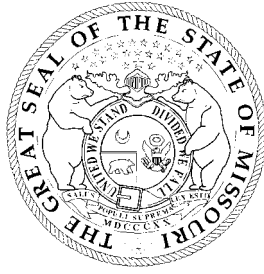
	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2014
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 17,147	\$ 694	\$ 14,288	\$ 154	\$ 32,283
Investments	5,680	1,106	4,006	616	11,408
Invested Securities Lending Collateral	---	---	---	41	41
Interest Receivable	181	1	923	1	1,106
Inventories	---	---	---	1	1
Restricted Assets:					
Cash and Cash Equivalents	---	2,045	---	---	2,045
Investments	---	4,680	---	---	4,680
Receivables, Net	---	5	---	---	5
Loans Receivable	---	---	11,450	---	11,450
Due From Primary Government	---	---	6,982	---	6,982
Prepaid Items	1,193	---	---	---	1,193
Loans Receivable	356	435	---	---	791
Total Current Assets	<u>24,557</u>	<u>8,966</u>	<u>37,649</u>	<u>813</u>	<u>71,985</u>
Non-Current Assets:					
Investments	---	---	27,877	---	27,877
Loans Receivable	40,720	1,421	---	---	42,141
Interest Rate Cap Agreement	34	---	---	---	34
Restricted Assets:					
Cash and Cash Equivalents	14,258	---	---	---	14,258
Investments	29,119	---	---	---	29,119
Loans Receivables	---	---	35,858	---	35,858
Capital Assets:					
Land	7,220	---	---	---	7,220
Buildings	75,687	---	---	---	75,687
Equipment	332	---	---	11	343
Software	23	---	---	---	23
Less Accumulated Depreciation/ Amortization	(13,384)	---	---	(8)	(13,392)
Total Non-Current Assets	<u>154,009</u>	<u>1,421</u>	<u>63,735</u>	<u>3</u>	<u>219,168</u>
Total Assets	<u>178,566</u>	<u>10,387</u>	<u>101,384</u>	<u>816</u>	<u>291,153</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives					
	353	---	---	---	353
Total Deferred Outflows of Resources	<u>353</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>353</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	178	33	1	11	223
Accrued Payroll	---	---	---	11	11
Interest Payable	34	26	---	---	60
Due to Primary Government	---	675	---	1	676
Securities Lending Obligation	---	---	---	41	41
Compensated Absences	30	---	---	17	47
Bonds and Notes Payable	189	---	---	---	189
Total Current Liabilities	<u>431</u>	<u>734</u>	<u>1</u>	<u>81</u>	<u>1,247</u>
Non-Current Liabilities:					
Advance from Primary Government	---	2,418	---	---	2,418
Unearned Revenue	1,899	---	---	---	1,899
Deposits and Reserves	37,519	36	---	---	37,555
Compensated Absences	41	---	---	12	53
Bonds and Notes Payable	51,936	---	---	---	51,936
Total Non-Current Liabilities	<u>91,395</u>	<u>2,454</u>	<u>---</u>	<u>12</u>	<u>93,861</u>
Total Liabilities	<u>91,826</u>	<u>3,188</u>	<u>1</u>	<u>93</u>	<u>95,108</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	17,753	---	---	3	17,756
Restricted for:					
Other Purposes	8,407	6,694	75,852	---	90,953
Unrestricted	60,933	505	25,531	720	87,689
Total Net Position	<u>\$ 87,093</u>	<u>\$ 7,199</u>	<u>\$ 101,383</u>	<u>\$ 723</u>	<u>\$ 196,398</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals  June 30, 2014
<b>Operating Revenues:</b>					
Licenses, Fees, and Permits	\$ 3,109	\$ 120	\$ 2	\$ ---	\$ 3,231
Interest on Receivables	572	---	2,005	---	2,577
Leases and Rentals	5,206	---	---	---	5,206
Cost Reimbursement/Miscellaneous	418	---	---	11	429
Total Operating Revenues	<u>9,305</u>	<u>120</u>	<u>2,007</u>	<u>11</u>	<u>11,443</u>
<b>Operating Expenses:</b>					
Personal Service	784	284	21	368	1,457
Operations	2,047	85	9	1,498	3,639
Specific Programs	420	777	---	1	1,198
Depreciation/Amortization	1,937	---	---	1	1,938
Bad Debt Expense	49	---	---	---	49
Other Charges	37	2	---	26	65
Total Operating Expenses	<u>5,274</u>	<u>1,148</u>	<u>30</u>	<u>1,894</u>	<u>8,346</u>
Operating Income (Loss)	<u>4,031</u>	<u>(1,028)</u>	<u>1,977</u>	<u>(1,883)</u>	<u>3,097</u>
<b>Non-Operating Revenues (Expenses):</b>					
Contributions and Intergovernmental	(14)	1,607	---	1,729	3,322
Investment Earnings:					
Increase (Decrease) in Fair Value of Investments	---	19	107	4	130
Interest	215	131	219	5	570
Interest Expense	(713)	(60)	---	---	(773)
Miscellaneous Expenses	---	---	(24)	---	(24)
Total Non-Operating Revenues (Expenses)	<u>(512)</u>	<u>1,697</u>	<u>302</u>	<u>1,738</u>	<u>3,225</u>
Change in Net Position	3,519	669	2,279	(145)	6,322
Total Net Position – Beginning	<u>83,574</u>	<u>6,530</u>	<u>99,104</u>	<u>868</u>	<u>190,076</u>
Total Net Position – Ending	<u>\$ 87,093</u>	<u>\$ 7,199</u>	<u>\$ 101,383</u>	<u>\$ 723</u>	<u>\$ 196,398</u>

**STATE OF MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands of Dollars)**

	Missouri Development Finance Board	Missouri Agricultural and Small Business Development Authority	Missouri Transportation Finance Corporation	Missouri Wine and Grape Board	Totals June 30, 2014
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers and Users	\$ 6,952	\$ 120	\$ 2,309	\$ ---	\$ 9,381
Receipt of Loan Payment	---	555	18,421	---	18,976
Payments to Vendors and Suppliers	(2,209)	(73)	(8)	(1,499)	(3,789)
Payments for Employees	(710)	(284)	(21)	(367)	(1,382)
Payments Made for Program Expense	---	(777)	---	(1)	(778)
Net Payments/Receipts for Tax Credit Projects	27,954	---	---	---	27,954
Other Receipts (Payments)	---	(2)	---	(15)	(17)
Net Cash Provided (Used) by Operating Activities	<u>31,987</u>	<u>(461)</u>	<u>20,701</u>	<u>(1,882)</u>	<u>50,345</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Loans Receivable Principal Receipts	592	---	---	---	592
Loans Receivable Issuance	(464)	---	---	---	(464)
Due to/from Primary Government	---	(14)	(1,588)	---	(1,602)
Advance to/from Primary Government	---	(664)	4,108	---	3,444
Contributions and Intergovernmental	(14)	1,607	---	1,729	3,322
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>114</u>	<u>929</u>	<u>2,520</u>	<u>1,729</u>	<u>5,292</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Interest Expense	(716)	(66)	---	---	(782)
Purchases and Construction of Capital Assets	(8)	---	---	---	(8)
Principal Payments on Capital Debt	(1,880)	---	---	---	(1,880)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,604)</u>	<u>(66)</u>	<u>---</u>	<u>---</u>	<u>(2,670)</u>
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Investment Maturities	28,496	207	37,489	103	66,295
Purchase of Investments	(62,796)	---	(58,904)	---	(121,700)
Interest	79	126	219	6	430
Investment Fees	---	---	(24)	---	(24)
Net Cash Provided (Used) by Investing Activities	<u>(34,221)</u>	<u>333</u>	<u>(21,220)</u>	<u>109</u>	<u>(54,999)</u>
Net Increase (Decrease) in Cash	(4,724)	735	2,001	(44)	(2,032)
Cash and Cash Equivalents, Beginning of Year	36,129	2,004	12,287	198	50,618
Cash and Cash Equivalents, End of Year	<u>\$ 31,405</u>	<u>\$ 2,739</u>	<u>\$ 14,288</u>	<u>\$ 154</u>	<u>\$ 48,586</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 4,031	\$ (1,028)	\$ 1,977	\$ (1,883)	\$ 3,097
Depreciation/Amortization Expense	1,937	---	---	1	1,938
Changes in Assets and Liabilities:					
Accounts Receivable	(178)	---	---	---	(178)
Interest Receivable	(5)	---	305	---	300
Inventories	---	---	---	(1)	(1)
Prepaid Items	(70)	---	---	---	(70)
Loans Receivable	---	568	18,421	---	18,989
Accounts Payable	368	12	1	---	381
Accrued Payroll	---	---	---	1	1
Deposit and Reserve	25,736	(13)	---	---	25,723
Unearned Revenue	168	---	(3)	---	165
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,987</u>	<u>\$ (461)</u>	<u>\$ 20,701</u>	<u>\$ (1,882)</u>	<u>\$ 50,345</u>
<b>Non-Cash Investing Activities:</b>					
Increase (Decrease) in Fair Value of Investments	\$ ---	\$ 19	\$ 107	\$ 4	\$ 130
Net Non-Cash Investing Activities	<u>\$ ---</u>	<u>\$ 19</u>	<u>\$ 107</u>	<u>\$ 4</u>	<u>\$ 130</u>



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



## **Index and Overview**

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

### **Financial Trends**

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

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### **Revenue Capacity**

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

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Personal Income Tax Revenue .....	160
Personal Income Tax Rates.....	161
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### **Debt Capacity**

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

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### **Demographic and Economic Information**

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

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### **Operating Information**

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

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*Sources: Unless otherwise noted, the information in these schedules is derived from the State of Missouri Comprehensive Annual Financial Report for the years shown.*

**STATE OF MISSOURI  
NET POSITION BY COMPONENT  
FISCAL YEARS 2005-2014  
(In Thousands of Dollars)**

	2014	2013*	2012	2011	2010
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 28,519,443	\$ 28,166,290	\$ 27,873,493	\$ 26,595,552	\$ 25,850,787
Restricted	3,790,083	3,788,299	3,898,340	4,339,603	3,907,120
Unrestricted	<u>(1,342,157)</u>	<u>(1,216,048)</u>	<u>(1,865,908)</u>	<u>(1,159,743)</u>	<u>(940,675)</u>
<b>Total Governmental Activities   Net Position</b>	<u>\$ 30,967,369</u>	<u>\$ 30,738,541</u>	<u>\$ 29,905,925</u>	<u>\$ 29,775,412</u>	<u>\$ 28,817,232</u>
<b>Business-Type Activities</b>					
Net Investment in Capital Assets	\$ 53,757	\$ 52,217	\$ 50,081	\$ 50,291	\$ 45,990
Restricted	4,889	5,630	9,675	6,303	7,949
Unrestricted	<u>248,082</u>	<u>(117,891)</u>	<u>(344,734)</u>	<u>(485,576)</u>	<u>(437,995)</u>
<b>Total Business-Type Activities   Net Position</b>	<u>\$ 306,728</u>	<u>\$ (60,044)</u>	<u>\$ (284,978)</u>	<u>\$ (428,982)</u>	<u>\$ (384,056)</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 28,573,200	\$ 28,218,507	\$ 27,923,574	\$ 26,645,843	\$ 25,896,777
Restricted	3,794,972	3,793,929	3,908,015	4,345,906	3,915,069
Unrestricted	<u>(1,094,075)</u>	<u>(1,333,939)</u>	<u>(2,210,642)</u>	<u>(1,645,319)</u>	<u>(1,378,670)</u>
<b>Total Primary Government   Net Position</b>	<u>\$ 31,274,097</u>	<u>\$ 30,678,497</u>	<u>\$ 29,620,947</u>	<u>\$ 29,346,430</u>	<u>\$ 28,433,176</u>

Continues Below

	2009	2008	2007	2006	2005
<b>Governmental Activities</b>					
Net Investment in Capital Assets	\$ 26,247,223	\$ 25,324,173	\$ 25,475,504	\$ 25,840,886	\$ 25,572,008
Restricted	3,537,444	6,003,212	5,032,619	3,824,769	3,250,204
Unrestricted	<u>(1,260,231)</u>	<u>(2,327,482)</u>	<u>(1,909,993)</u>	<u>(1,453,203)</u>	<u>(1,321,738)</u>
<b>Total Governmental Activities   Net Position</b>	<u>\$ 28,524,436</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>					
Net Investment in Capital Assets	\$ 48,442	\$ 42,360	\$ 40,922	\$ 39,669	\$ 43,304
Restricted	6,771	45,362	9,517	3,942	12,407
Unrestricted	<u>(1,050)</u>	<u>329,265</u>	<u>185,453</u>	<u>33,993</u>	<u>(151,323)</u>
<b>Total Business-Type Activities   Net Position</b>	<u>\$ 54,163</u>	<u>\$ 416,987</u>	<u>\$ 235,892</u>	<u>\$ 77,604</u>	<u>\$ (95,612)</u>
<b>Primary Government</b>					
Net Investment in Capital Assets	\$ 26,295,665	\$ 25,366,533	\$ 25,516,426	\$ 25,880,555	\$ 25,615,312
Restricted	3,544,215	6,048,574	5,042,136	3,828,711	3,262,611
Unrestricted	<u>(1,261,281)</u>	<u>(1,998,217)</u>	<u>(1,724,540)</u>	<u>(1,419,210)</u>	<u>(1,473,061)</u>
<b>Total Primary Government   Net Position</b>	<u>\$ 28,578,599</u>	<u>\$ 29,416,890</u>	<u>\$ 28,834,022</u>	<u>\$ 28,290,056</u>	<u>\$ 27,404,862</u>

\*Fiscal year 2013 amounts have been restated.

**STATE OF MISSOURI  
CHANGES IN NET POSITION  
FISCAL YEARS 2005-2014  
(In Thousands of Dollars)**

	2014	2013*	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities:</b>										
<b>Expenses</b>										
General Government	\$ 1,005,991	\$ 1,063,418	\$ 1,029,012	\$ 1,089,731	\$ 1,129,030	\$ 1,182,233	\$ 1,210,044	\$ 1,092,613	\$ 981,614	\$ 1,035,396
Education	6,431,390	6,368,472	6,373,757	6,536,907	6,815,521	6,589,358	6,379,189	6,042,581	5,773,048	5,669,627
Natural and Economic	874,795	933,019	1,053,949	935,078	1,082,526	1,043,449	1,006,560	928,873	867,915	834,269
Transportation and Law Enforcement	1,856,470	1,924,306	2,021,423	2,529,791	2,699,070	2,375,104	2,258,653	2,303,272	2,025,341	2,189,839
Human Services	12,626,092	12,335,625	12,299,493	11,713,021	11,740,145	10,898,796	9,876,132	9,191,994	9,890,652	9,771,651
Interest on Debt (Excluding Direct Expense)	156,094	161,386	207,906	199,948	196,413	210,342	174,011	149,987	130,438	126,202
<b>Total Expenses</b>	<b>22,950,832</b>	<b>22,786,226</b>	<b>22,985,540</b>	<b>23,004,476</b>	<b>23,662,705</b>	<b>22,299,282</b>	<b>20,904,589</b>	<b>19,709,320</b>	<b>19,669,008</b>	<b>19,626,984</b>
<b>Program Revenues</b>										
Charges for Services:										
General Government	551,379	698,300	883,228	705,914	875,161	756,969	775,528	669,640	724,442	705,241
Transportation and Law Enforcement	232,249	250,898	239,684	267,875	319,941	400,842	400,134	474,086	308,743	134,297
Human Services	504,369	554,365	459,517	550,690	653,463	531,250	363,644	302,002	422,912	422,706
Other Activities	333,999	351,193	285,725	314,375	380,133	369,976	277,190	239,907	154,925	191,423
Operating Grants and Contributions	9,651,532	9,702,624	9,889,453	9,802,842	9,489,240	8,317,356	7,697,736	7,828,289	7,758,885	7,767,831
Capital Grants and Contributions	933,996	1,039,043	1,096,052	1,814,207	1,454,811	966,394	971,801	306	---	---
<b>Total Program Revenues</b>	<b>12,207,524</b>	<b>12,596,423</b>	<b>12,853,659</b>	<b>13,455,903</b>	<b>13,172,749</b>	<b>11,342,787</b>	<b>10,486,033</b>	<b>9,514,230</b>	<b>9,369,907</b>	<b>9,221,498</b>
<b>Total Governmental Activities</b>	<b>(10,743,308)</b>	<b>(10,189,803)</b>	<b>(10,131,881)</b>	<b>(9,548,573)</b>	<b>(10,489,956)</b>	<b>(10,956,495)</b>	<b>(10,418,556)</b>	<b>(10,195,090)</b>	<b>(10,299,101)</b>	<b>(10,405,486)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes:										
Sales and Use	2,925,867	2,883,852	2,705,002	2,570,243	2,572,491	2,635,068	2,871,465	2,929,398	3,047,305	3,003,405
Individual Income	5,718,800	5,833,306	5,116,876	4,878,166	4,840,809	5,169,741	5,447,817	5,140,588	5,271,506	4,821,500
Corporate Income	427,320	429,797	378,444	394,389	360,764	377,801	463,826	496,378	520,324	351,116
County Foreign Insurance	180,779	175,212	167,969	182,679	171,497	177,393	186,566	178,507	186,647	163,952
Alcoholic Beverage	30,370	30,294	28,652	27,247	27,657	26,689	27,754	28,074	29,068	28,045
Corporate Franchise	54,670	61,444	61,389	70,743	82,182	82,114	82,360	69,704	76,574	118,343
Fuel	629,105	648,989	620,074	1,833	233	2,671	3,073	5,351	15,319	41,832
Miscellaneous Taxes	605,247	630,228	623,414	1,210,758	1,207,501	1,160,700	1,173,076	1,164,171	1,307,727	1,334,595
Grants and Contributions not Restricted to Specific Programs	73,651	120,380	244,859	889,742	1,301,531	499,542	196,397	195,662	158,745	158,140
Unrestricted Investment Earnings	35,038	(15,858)	21,525	23,281	28,870	69,339	136,782	145,879	146,234	80,161
Special Items	---	---	(120)	---	---	---	---	---	---	---
Extraordinary Items	(132)	---	---	---	---	---	---	---	---	---
Transfers	291,421	290,900	300,608	255,908	258,947	257,441	264,416	256,687	258,773	207,159
<b>Total General Revenues and Other Changes in Net Position</b>	<b>10,972,136</b>	<b>11,078,544</b>	<b>10,268,692</b>	<b>10,504,989</b>	<b>10,852,482</b>	<b>10,458,499</b>	<b>10,853,532</b>	<b>10,610,399</b>	<b>11,018,222</b>	<b>10,308,248</b>
<b>Total Governmental Activities Change in Net Position</b>	<b>\$ 228,828</b>	<b>\$ 888,741</b>	<b>\$ 136,811</b>	<b>\$ 956,416</b>	<b>\$ 362,526</b>	<b>\$ (497,996)</b>	<b>\$ 434,976</b>	<b>\$ 415,309</b>	<b>\$ 719,121</b>	<b>\$ (97,238)</b>
<b>Business-Type Activities:</b>										
<b>Expenses</b>										
State Lottery	\$ 894,146	\$ 876,290	\$ 835,526	\$ 755,410	\$ 724,915	\$ 726,106	\$ 740,189	\$ 689,426	\$ 665,848	\$ 575,667
Unemployment Compensation	568,787	858,697	1,280,157	1,714,276	2,216,078	1,292,531	498,318	444,962	412,937	501,098
Petroleum Storage Tank Insurance	13,244	18,101	22,171	13,940	13,925	17,186	21,516	16,249	13,243	25,944
State Fair Fees	4,207	3,968	3,963	3,700	3,843	4,303	3,648	4,189	4,060	3,800
State Parks and DNR	9,063	9,179	10,659	12,278	9,042	14,211	8,178	7,686	12,656	5,456
Historic Preservation	333	388	340	509	1,145	714	403	256	93	267
Missouri Veterans' Homes	97,647	97,012	76,598	76,033	70,884	62,378	57,075	53,215	46,662	58,756
Surplus Property	2,502	3,017	3,065	2,293	2,542	1,759	3,530	3,152	3,086	2,635
Revenue Information	---	32	72	1,199	1,513	5,345	1,090	1,234	871	1,191
<b>Total Expenses</b>	<b>1,589,929</b>	<b>1,866,684</b>	<b>2,232,551</b>	<b>2,579,638</b>	<b>3,043,887</b>	<b>2,124,533</b>	<b>1,333,947</b>	<b>1,220,369</b>	<b>1,159,456</b>	<b>1,174,814</b>
<b>Program Revenues</b>										
Charges for Services:										
State Lottery	1,171,580	1,156,235	1,109,108	1,011,055	984,187	981,431	1,005,421	946,017	925,079	793,750
Other Activities	57,834	57,009	56,538	55,153	56,659	60,015	101,062	65,390	64,624	63,924
Operating Grants and Contributions	999,456	1,172,524	1,507,428	1,725,481	1,823,732	967,324	657,534	618,071	603,727	542,984
<b>Total Program Revenues</b>	<b>2,228,870</b>	<b>2,385,768</b>	<b>2,673,074</b>	<b>2,791,689</b>	<b>2,864,578</b>	<b>2,008,770</b>	<b>1,764,017</b>	<b>1,629,478</b>	<b>1,593,430</b>	<b>1,400,658</b>
<b>Total Business-Type Activities</b>	<b>638,941</b>	<b>519,084</b>	<b>440,523</b>	<b>212,051</b>	<b>(179,309)</b>	<b>(115,763)</b>	<b>430,070</b>	<b>409,109</b>	<b>433,974</b>	<b>225,844</b>
<b>General Revenues and Other Changes in Net Position</b>										
Unrestricted Investment Earnings	2,029	(3,138)	4,312	(1,050)	2,533	10,152	15,424	5,684	(2,189)	3,213
Adjustments to Claims Reserve	17,223	---	---	---	---	---	---	---	---	---
Special Items	---	---	(224)	---	---	---	---	---	---	---
Capital Contributions	---	35	---	---	---	---	---	---	35	---
Transfers	(291,421)	(290,900)	(300,608)	(255,908)	(258,947)	(257,441)	(264,416)	(256,687)	(258,773)	(207,159)
<b>Total General Revenues and Other Changes in Net Position</b>	<b>(272,169)</b>	<b>(294,003)</b>	<b>(296,520)</b>	<b>(256,958)</b>	<b>(256,414)</b>	<b>(247,289)</b>	<b>(248,992)</b>	<b>(251,003)</b>	<b>(260,927)</b>	<b>(203,946)</b>
<b>Total Business-Type Activities Change in Net Position</b>	<b>\$ 366,772</b>	<b>\$ 225,081</b>	<b>\$ 144,003</b>	<b>\$ (44,907)</b>	<b>\$ (435,723)</b>	<b>\$ (363,052)</b>	<b>\$ 181,078</b>	<b>\$ 158,106</b>	<b>\$ 173,047</b>	<b>\$ 21,898</b>
<b>Total Primary Government Change in Net Position</b>	<b>\$ 595,600</b>	<b>\$ 1,113,822</b>	<b>\$ 280,814</b>	<b>\$ 911,509</b>	<b>\$ (73,197)</b>	<b>\$ (861,048)</b>	<b>\$ 616,054</b>	<b>\$ 573,415</b>	<b>\$ 892,168</b>	<b>\$ (75,340)</b>

\*Fiscal year 2013 amounts have been restated.

STATE OF MISSOURI  
 FUND BALANCES – GOVERNMENTAL FUNDS  
 FISCAL YEARS 2005–2014  
 (In Thousands of Dollars)

	2014	2013*	2012	2011	2010
<b>General Fund</b>					
Nonspendable	\$ 50,504	\$ 56,048	\$ 61,207	\$ 42,906	\$ 44,158
Restricted	286,717	285,878	340,205	475,205	186,737
Committed	560,138	506,778	504,569	512,623	534,620
Assigned	70,694	67,277	63,484	59,783	51,734
Unassigned	241,420	530,431	195,193	325,123	423,227
<b>Total General Fund</b>	<u>1,209,473</u>	<u>1,446,412</u>	<u>1,164,658</u>	<u>1,415,640</u>	<u>1,240,476</u>
<b>All Other Governmental Funds</b>					
Nonspendable	1,170,054	1,126,253	1,077,138	1,016,981	986,201
Restricted	1,546,605	1,636,550	1,745,287	2,137,789	2,021,223
Committed	346,033	337,874	291,723	284,455	219,557
Assigned	399,296	370,090	367,261	339,192	355,202
<b>Total All Other Governmental Funds</b>	<u>3,461,988</u>	<u>3,470,767</u>	<u>3,481,409</u>	<u>3,778,417</u>	<u>3,582,183</u>
<b>Total Fund Balances, Governmental Funds</b>	<u>\$ 4,671,461</u>	<u>\$ 4,917,179</u>	<u>\$ 4,646,067</u>	<u>\$ 5,194,057</u>	<u>\$ 4,822,659</u>

\*Fiscal year 2013 amounts have been restated.

	2009	2008	2007	2006	2005
<b>General Fund</b>					
Reserved	\$ 589,532	\$ 584,516	\$ 567,880	\$ 526,159	\$ 577,561
Unreserved	716,371	1,310,239	1,289,033	988,240	326,920
<b>Total General Fund</b>	<u>1,305,903</u>	<u>1,894,755</u>	<u>1,856,913</u>	<u>1,514,399</u>	<u>904,481</u>
<b>All Other Governmental Funds</b>					
Reserved	1,218,019	1,112,262	1,068,533	988,493	876,859
Unreserved, Reported in:					
Special Revenue Funds	1,182,724	1,314,796	1,184,853	1,192,431	1,043,965
Capital Projects Funds	540,554	927,694	542,038	213,026	251,124
Permanent Funds	124	116	88	96	87
<b>Total All Other Governmental Funds</b>	<u>2,941,421</u>	<u>3,354,868</u>	<u>2,795,512</u>	<u>2,394,046</u>	<u>2,172,035</u>
<b>Total Fund Balances, Governmental Funds</b>	<u>\$ 4,247,324</u>	<u>\$ 5,249,623</u>	<u>\$ 4,652,425</u>	<u>\$ 3,908,445</u>	<u>\$ 3,076,516</u>

**STATE OF MISSOURI  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FISCAL YEARS 2005-2014  
(In Thousands of Dollars)**

	2014	2013*	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Taxes	\$ 10,549,046	\$ 10,557,831	\$ 9,956,574	\$ 9,398,840	\$ 8,987,066	\$ 9,503,743	\$ 10,220,623	\$ 10,030,906	\$ 10,648,213	\$ 9,646,452
Licenses, Fees, and Permits	654,438	647,233	647,130	630,944	637,078	657,725	638,048	574,873	622,911	591,530
Sales	12,308	10,261	8,827	10,131	8,917	10,301	12,064	34,973	11,321	16,849
Leases and Rentals	480	1,212	313	665	934	448	438	373	155	2,143
Services	111,280	115,219	119,076	155,498	243,998	244,557	231,509	230,173	240,857	182,112
Contributions and Intergovernmental	10,654,904	10,860,366	11,230,111	12,500,062	12,265,891	9,763,754	8,865,962	8,025,979	7,930,499	7,901,109
Investment Earnings:										
Net Increase (Decrease) in the										
Fair Value of Investments	6,737	(25,606)	6,392	(53)	1,734	(9,565)	6,172	15,758	(113)	3,152
Interest	50,251	27,839	33,068	34,496	44,954	103,068	203,782	185,163	136,876	69,698
Penalties and Unclaimed Properties	74,977	112,951	51,591	54,812	60,284	48,730	64,004	63,151	83,174	25,854
Cost Reimbursement/Miscellaneous	507,925	687,609	745,602	662,070	963,030	739,288	507,021	478,419	427,916	441,555
Total Revenues	<u>22,622,346</u>	<u>22,994,915</u>	<u>22,798,684</u>	<u>23,447,465</u>	<u>23,213,886</u>	<u>21,062,049</u>	<u>20,749,623</u>	<u>19,639,768</u>	<u>20,101,809</u>	<u>18,880,454</u>
<b>Expenditures:</b>										
Current:										
General Government	837,611	884,342	886,309	883,953	889,467	952,780	1,021,589	923,316	850,355	852,997
Education	6,419,286	6,351,934	6,363,447	6,525,986	6,809,217	6,582,393	6,373,671	6,044,098	5,776,495	5,668,542
Natural and Economic Resources	831,466	856,133	934,767	832,855	974,260	894,815	853,872	819,326	759,733	792,650
Transportation and Law Enforcement	1,350,476	1,406,509	1,627,620	1,758,410	1,814,485	1,515,903	1,429,102	1,394,597	1,206,611	1,174,113
Human Services	12,448,032	12,162,029	12,320,259	11,627,776	11,632,371	10,829,000	9,835,109	9,158,585	9,796,523	9,795,983
Capital Outlay:										
General Government	26	8	---	1	5	---	---	321	386	245
Education	---	---	---	---	---	---	---	18,042	21,687	13,769
Transportation and Law Enforcement	852,833	963,001	1,115,457	1,253,100	1,409,557	1,308,229	1,144,171	1,250,233	1,231,092	903,776
Human Services	---	---	---	---	4	306	3,133	10,248	12,319	7,821
Debt Service:										
Principal	256,221	216,017	212,483	242,497	227,307	219,496	196,669	197,212	170,295	127,264
Interest	187,123	189,920	208,518	225,858	209,428	191,684	186,432	165,470	121,301	120,982
Bond Issuance Costs	1,545	920	606	1,552	8,101	1,278	2,694	5,775	1,821	---
Underwriter's Discount	4,075	2,423	2,074	437	---	---	390	247	---	326
Arbitrage	---	---	---	42	374	583	---	---	---	---
Total Expenditures	<u>23,188,694</u>	<u>23,033,236</u>	<u>23,671,540</u>	<u>23,352,467</u>	<u>23,974,576</u>	<u>22,496,467</u>	<u>21,046,832</u>	<u>19,987,470</u>	<u>19,948,618</u>	<u>19,458,468</u>
Excess Revenues (Expenditures)	<u>(566,348)</u>	<u>(38,321)</u>	<u>(872,856)</u>	<u>94,998</u>	<u>(760,690)</u>	<u>(1,434,418)</u>	<u>(297,209)</u>	<u>(347,702)</u>	<u>153,191</u>	<u>(578,014)</u>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Notes/Capital Leases	1,400	712	1,776	6,300	6,675	26,317	52,245	8,794	41,924	53,025
Capital Lease Termination Payment	---	---	---	---	---	---	(22,559)	---	---	---
Debt Issuance	---	---	---	---	1,085,000	142,735	576,800	920,000	350,660	---
Issuance of Refunding Bonds	995,555	441,690	163,145	312,960	---	---	---	394,870	---	157,605
Swap Termination Payment	---	---	---	---	---	---	(11,118)	---	---	---
Payments to Escrow Agent	(1,177,908)	(486,904)	(168,589)	(351,599)	---	---	---	(433,477)	---	(175,553)
Bond Premium	195,638	48,276	7,944	40,468	30,631	2,835	28,361	77,099	21,336	18,274
Proceeds from Capital Asset Sale	13,867	19,310	16,864	14,703	12,938	11,087	13,142	8,675	6,634	5,920
Transfers In	304,688	312,595	300,699	255,959	259,810	258,568	266,263	257,287	260,967	239,465
Transfers Out	(12,763)	(21,846)	(144)	---	(738)	(902)	(6,476)	(120,586)	(1,598)	(19,420)
Total Other Financing Sources (Uses)	<u>320,477</u>	<u>313,833</u>	<u>321,695</u>	<u>278,791</u>	<u>1,394,316</u>	<u>440,640</u>	<u>896,658</u>	<u>1,112,662</u>	<u>679,923</u>	<u>279,316</u>
Net Change in Fund Balances	(245,871)	275,512	(551,161)	373,789	633,626	(993,778)	599,449	764,960	833,114	(298,698)
Increase (Decrease) in Reserve for Inventory	153	(4,402)	4,135	(2,389)	(279)	(105)	(2,251)	838	(129)	327
<b>Net Change in Fund Balances</b>	<u>\$ (245,718)</u>	<u>\$ 271,110</u>	<u>\$ (547,026)</u>	<u>\$ 371,400</u>	<u>\$ 633,347</u>	<u>\$ (993,883)</u>	<u>\$ 597,198</u>	<u>\$ 765,798</u>	<u>\$ 832,985</u>	<u>\$ (298,371)</u>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	2.02%	1.85%	1.89%	2.14%	1.99%	1.96%	1.96%	1.99%	1.59%	1.35%

\*Fiscal year 2013 amounts have been restated.

**STATE OF MISSOURI  
REVENUE BASE – TAXABLE SALES BY INDUSTRY  
FISCAL YEARS 2005–2014**

<b>Taxable Sales by Industry</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Agricultural/Forestry, Fishing, and Other	\$ 236,474,690	\$ 215,327,746	\$ 221,013,601	\$ 201,234,995	\$ 202,810,606
Mining	76,102,321	72,364,854	74,803,209	73,001,501	85,194,876
Construction	903,053,231	837,805,800	861,403,612	794,578,753	786,022,254
Manufacturing	4,452,723,181	4,122,180,876	3,761,027,682	2,916,005,779	2,994,039,718
Transportation and Public Utilities	8,296,512,631	7,865,266,716	7,836,415,362	8,377,819,035	8,347,862,197
Wholesale Trade	8,355,874,187	8,201,088,643	8,205,030,046	7,636,707,697	5,708,391,048
Retail Trade	46,883,720,342	45,955,834,897	45,578,697,317	43,451,150,211	42,667,031,160
Finance, Insurance, and Real Estate	428,174,408	555,096,635	577,095,000	573,590,035	562,957,084
Services	9,615,517,898	9,242,131,446	9,239,885,195	8,712,983,898	8,676,719,865
State and Local Government	196,281,904	164,729,390	167,737,492	150,984,890	135,174,330
Non-Classifiable	13,389,207	19,041,853	15,869,773	13,130,346	14,230,874
<b>Total Taxable Sales</b>	<b>\$ 79,457,824,000</b>	<b>\$ 77,250,868,856</b>	<b>\$ 76,538,978,289</b>	<b>\$ 72,901,187,140</b>	<b>\$ 70,180,434,012</b>
<b>Direct Sales Tax Rate</b>	4.225%	4.225%	4.225%	4.225%	4.225%

**Continues Below**

<b>Taxable Sales by Industry</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
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%

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
REVENUE BASE – PERSONAL INCOME BY INDUSTRY  
CALENDAR YEARS 2004–2013**

**Personal Income by Industry  
(In Thousands of Dollars)**

	2013	2012	2011	2010	2009
Farm Earnings	\$ 1,626,591	\$ 1,257,121	\$ 2,321,629	\$ 1,523,983	\$ 1,591,091
Agricultural/Forestry, Fishing, and Other	397,546	319,736	297,657	333,875	276,120
Mining	531,506	533,997	504,777	395,522	388,211
Construction/Utilities	11,722,352	11,021,154	10,551,329	10,588,278	11,331,673
Manufacturing	18,638,481	18,223,989	17,303,819	16,746,171	17,442,057
Transportation and Public Utilities	6,641,733	6,329,830	5,957,783	5,732,126	5,809,413
Wholesale Trade	9,614,681	9,401,253	8,969,791	8,721,745	8,658,427
Retail Trade	11,045,743	10,981,844	10,654,925	10,506,522	10,416,435
Finance, Insurance, and Real Estate	13,981,286	13,577,510	12,587,314	12,244,442	11,816,812
Services	73,357,863	70,695,009	67,723,434	65,813,475	64,334,920
Federal, Civilian	5,170,204	5,326,901	5,399,812	5,440,528	5,151,679
Military	2,165,907	2,087,494	2,151,087	2,185,296	2,318,306
State and Local Government	21,013,029	20,951,836	20,783,859	21,026,890	20,830,621
<b>Total Personal Income</b>	<b>\$ 175,906,922</b>	<b>\$ 170,707,674</b>	<b>\$ 165,207,216</b>	<b>\$ 161,258,853</b>	<b>\$ 160,365,765</b>
<b>Total Direct Personal Income Tax Rate</b>	6.0%	6.0%	6.0%	6.0%	6.0%

**Continues Below**

**Personal Income by Industry  
(In Thousands of Dollars)**

	2008	2007	2006	2005	2004
Farm Earnings	\$ 2,376,908	\$ 1,374,784	\$ 1,275,728	\$ 1,418,941	\$ 2,249,533
Agricultural/Forestry, Fishing, and Other	303,227	305,046	296,794	285,101	298,302
Mining	502,316	440,499	382,200	493,876	376,755
Construction/Utilities	12,516,453	12,386,303	12,504,699	11,841,236	11,336,058
Manufacturing	20,134,090	19,030,882	19,108,565	18,615,722	18,349,966
Transportation and Public Utilities	6,293,608	6,255,137	6,103,789	5,879,793	5,631,080
Wholesale Trade	9,231,605	9,027,671	8,465,151	8,073,239	7,627,621
Retail Trade	10,570,173	10,617,610	10,540,177	10,325,489	9,996,119
Finance, Insurance, and Real Estate	11,670,581	11,183,515	11,405,949	10,865,949	10,480,778
Services	67,549,088	63,543,402	59,934,255	56,500,169	53,613,041
Federal, Civilian	5,351,539	5,011,544	4,852,757	4,689,078	4,524,741
Military	2,595,583	2,323,860	2,109,152	1,972,637	1,828,320
State and Local Government	18,813,044	17,853,285	16,825,963	16,065,575	15,346,234
<b>Total Personal Income</b>	<b>\$ 167,908,215</b>	<b>\$ 159,353,538</b>	<b>\$ 153,805,179</b>	<b>\$ 147,026,805</b>	<b>\$ 141,658,548</b>
<b>Total Direct Personal Income Tax Rate</b>	6.0%	6.0%	6.0%	6.0%	6.0%

Source: Bureau of Economic Analysis

**STATE OF MISSOURI  
PERSONAL INCOME TAX REVENUE  
FISCAL YEARS 2005-2014**

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<b>Personal Income Tax Revenue</b>	2014	2013	2012	2011	2010
Personal Income Tax Revenue	\$6,421,723,597	\$6,374,093,816	\$5,851,270,707	\$5,641,812,271	\$5,495,341,696
Personal Income (Federal AGI)	\$286,579,465,435	\$238,522,413,855	\$232,336,289,876	\$206,107,657,668	\$214,909,582,160
Taxable Income	\$215,915,208,076	\$176,397,991,056	\$170,827,410,945	\$147,407,200,244	\$124,489,765,954
Average Effective Rate:					
Federal Adjusted Gross Taxable Income	2.24%	2.67%	2.52%	2.74%	2.56%
	2.97%	3.61%	3.43%	3.83%	4.41%

**Continues Below**

<b>Personal Income Tax Revenue</b>	2009	2008	2007	2006	2005
Personal Income Tax Revenue	\$5,949,266,333	\$6,119,090,558	\$5,736,793,026	\$5,360,679,833	\$4,866,468,578
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	2.34%	2.52%	2.66%	2.89%	3.01%
	3.16%	3.54%	3.63%	4.02%	4.24%

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

Source: Missouri Department of Revenue



**STATE OF MISSOURI  
PERSONAL INCOME TAX RATES  
FISCAL YEARS 2005-2014**

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**Ranges of Tax Rates  
on the Portion of  
Taxable Income**

<b>(In Thousands of Dollars)</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Tax Rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Income Levels	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2	1.1-2
Tax Rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Income Levels	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3	2.1-3
Tax Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Income Levels	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4	3.1-4
Tax Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income Levels	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5	4.1-5
Tax Rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Income Levels	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6	5.1-6
Tax Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Income Levels	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7	6.1-7
Tax Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Income Levels	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8	7.1-8
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Income Levels	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9	8.1-9
Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Income Levels	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+	9.1+

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

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
REVENUE PAYERS BY INDUSTRY  
FISCAL YEARS 2005-2014**

<b>Sales Tax</b>	2014		2013		2012	
	\$	%	\$	%	\$	%
Agricultural	9,991,056	0.30%	9,097,597	0.28%	9,337,825	0.29%
Mining	3,215,323	0.10%	3,057,415	0.09%	3,160,435	0.10%
Construction	38,153,999	1.14%	35,397,295	1.08%	36,394,303	1.13%
Manufacturing	188,127,554	5.60%	174,162,142	5.34%	158,903,420	4.91%
Transportation & Utilities	350,527,659	10.44%	332,307,519	10.18%	331,088,549	10.24%
Wholesale Trade	353,035,684	10.52%	346,495,995	10.62%	346,662,519	10.72%
Retail Trade	1,980,837,184	59.00%	1,941,634,024	59.49%	1,925,699,962	59.55%
Finance, Insurance, & Real Estate	18,090,369	0.54%	23,452,833	0.72%	24,382,264	0.75%
Services	406,255,631	12.10%	390,480,054	11.96%	390,385,149	12.07%
Government	8,292,910	0.25%	6,959,817	0.21%	7,086,909	0.22%
Non-Classifiable	565,694	0.02%	804,518	0.02%	670,498	0.02%
<b>Total</b>	<b>\$ 3,357,093,063</b>	<b>100.00%</b>	<b>\$ 3,263,849,209</b>	<b>100.00%</b>	<b>\$ 3,233,771,833</b>	<b>100.00%</b>
	2011	%	2010	%	2009	%
Agricultural	8,502,179	0.28%	8,568,748	0.29%	8,871,693	0.28%
Mining	3,084,313	0.10%	3,599,484	0.12%	3,754,656	0.12%
Construction	33,570,952	1.09%	33,209,440	1.12%	37,583,956	1.20%
Manufacturing	123,201,244	4.00%	126,498,178	4.27%	135,338,923	4.34%
Transportation & Utilities	353,962,854	11.49%	352,697,178	11.90%	348,468,776	11.16%
Wholesale Trade	322,650,900	10.47%	241,179,522	8.13%	296,578,387	9.50%
Retail Trade	1,835,811,096	59.60%	1,802,682,066	60.80%	1,893,678,571	60.65%
Finance, Insurance, & Real Estate	24,234,179	0.79%	23,784,937	0.80%	25,017,749	0.80%
Services	368,123,570	11.95%	366,591,414	12.36%	365,404,296	11.70%
Government	6,379,112	0.21%	5,711,115	0.19%	6,707,828	0.22%
Non-Classifiable	554,757	0.02%	601,254	0.02%	890,610	0.03%
<b>Total</b>	<b>\$ 3,080,075,156</b>	<b>100.00%</b>	<b>\$ 2,965,123,336</b>	<b>100.00%</b>	<b>\$ 3,122,295,445</b>	<b>100.00%</b>
	2008	%	2007	%	2006	%
Agricultural	8,113,043	0.25%	8,389,363	0.26%	8,035,272	0.26%
Mining	4,516,211	0.14%	5,430,562	0.17%	6,254,774	0.20%
Construction	37,501,898	1.17%	39,282,083	1.23%	39,256,419	1.25%
Manufacturing	126,551,548	3.96%	120,957,730	3.78%	135,930,915	4.32%
Transportation & Utilities	301,269,192	9.42%	324,197,696	10.12%	307,824,630	9.79%
Wholesale Trade	339,197,058	10.61%	352,288,511	11.00%	363,538,752	11.57%
Retail Trade	1,960,979,708	61.32%	1,950,519,024	60.91%	1,896,124,858	60.32%
Finance, Insurance, & Real Estate	22,741,986	0.71%	22,383,949	0.70%	22,543,866	0.72%
Services	389,226,814	12.17%	371,286,656	11.60%	356,313,304	11.34%
Government	6,866,503	0.22%	6,828,911	0.21%	6,631,039	0.21%
Non-Classifiable	831,025	0.03%	655,651	0.02%	705,332	0.02%
<b>Total</b>	<b>\$ 3,197,794,986</b>	<b>100.00%</b>	<b>\$ 3,202,220,136</b>	<b>100.00%</b>	<b>\$ 3,143,159,161</b>	<b>100.00%</b>
	2005	%				
Agricultural	7,311,996	0.25%				
Mining	6,099,229	0.20%				
Construction	33,010,961	1.10%				
Manufacturing	128,179,558	4.29%				
Transportation & Utilities	293,661,236	9.82%				
Wholesale Trade	343,764,423	11.49%				
Retail Trade	1,814,668,108	60.67%				
Finance, Insurance, & Real Estate	21,435,550	0.72%				
Services	338,655,256	11.32%				
Government	3,583,174	0.12%				
Non-Classifiable	688,741	0.02%				
<b>Total</b>	<b>\$ 2,991,058,232</b>	<b>100.00%</b>				

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
PERSONAL INCOME TAX FILERS/LIABILITY  
FISCAL YEARS 2005 AND 2014**

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**Personal Income \***

	2014			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,261,052	74.60%	\$ 1,260,938,222	21.67%
\$50,000 – \$100,000	793,094	18.14%	1,554,442,600	26.72%
\$100,000 – \$250,000	242,738	5.55%	1,175,185,545	20.20%
\$250,000 – \$1,000,000	59,408	1.36%	847,047,720	14.56%
\$1,000,000 and over	15,031	0.34%	980,382,079	16.85%
<b>Total</b>	<b>4,371,323</b>	<b>100.00%</b>	<b>\$ 5,817,996,166</b>	<b>100.00%</b>

	2005			
	Number of Filers	% of Total	Personal Income Tax Liability	% of Total
\$50,000 and under	3,370,705	82.60%	\$ 1,381,799,422	34.47%
\$50,000 – \$100,000	543,861	13.33%	1,124,700,381	28.05%
\$100,000 – \$250,000	124,636	3.05%	616,542,538	15.38%
\$250,000 – \$1,000,000	33,760	0.83%	486,315,065	12.13%
\$1,000,000 and over	7,854	0.19%	399,557,445	9.97%
<b>Total</b>	<b>4,080,816</b>	<b>100.00%</b>	<b>\$ 4,008,914,851</b>	<b>100.00%</b>

\*Federal Adjusted Gross Income

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

Source: Missouri Department of Revenue

**STATE OF MISSOURI  
RATIOS OF OUTSTANDING DEBT  
FISCAL YEARS 2005-2014  
(In Thousands of Dollars Except Per Capita)**

	2014	2013*	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities</b>										
General Obligation Bonds	\$ 323,395	\$ 378,150	\$ 432,765	\$ 487,090	\$ 528,910	\$ 600,075	\$ 666,165	\$ 684,515	\$ 739,935	\$ 790,910
Other Bonds	3,303,700	3,562,775	3,735,920	3,880,975	4,060,855	3,102,685	3,084,670	2,660,875	1,873,140	1,609,815
Leasehold Revenue Bonds	31,515	32,995	32,780	33,880	34,935	35,955	36,935	37,880	38,860	---
Certificates of Participation	65,160	76,910	76,910	76,910	87,550	96,235	105,325	113,990	122,255	124,490
Capital Leases	63,530	75,535	78,455	103,543	97,423	113,147	108,815	74,641	74,049	107,647
<b>Total Governmental Activities</b>	<b>\$ 3,787,300</b>	<b>\$ 4,126,365</b>	<b>\$ 4,356,830</b>	<b>\$ 4,582,398</b>	<b>\$ 4,809,673</b>	<b>\$ 3,948,097</b>	<b>\$ 4,001,910</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
<b>Business-Type Activities</b>										
Capital Leases	\$ 215	\$ 284	\$ 356	\$ 66	\$ 116	\$ 210	\$ 244	\$ ---	\$ ---	\$ ---
<b>Total Business-Type Activities</b>	<b>\$ 215</b>	<b>\$ 284</b>	<b>\$ 356</b>	<b>\$ 66</b>	<b>\$ 116</b>	<b>\$ 210</b>	<b>\$ 244</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>Total Primary Government</b>	<b>\$ 3,787,515</b>	<b>\$ 4,126,649</b>	<b>\$ 4,357,186</b>	<b>\$ 4,582,464</b>	<b>\$ 4,809,789</b>	<b>\$ 3,948,307</b>	<b>\$ 4,002,154</b>	<b>\$ 3,571,901</b>	<b>\$ 2,848,239</b>	<b>\$ 2,632,862</b>
Personal Income	\$ 245,771,389	\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019	\$ 223,548,498	\$ 209,131,189	\$ 198,727,013	\$ 186,752,616	\$ 180,546,848
Debt as a Percentage of Personal Income <sup>1</sup>	1.5%	1.8%	1.9%	2.1%	2.2%	1.8%	1.9%	1.8%	1.5%	1.5%
Debt Per Capita <sup>1</sup>	\$ 627	\$ 685	\$ 725	\$ 764	\$ 807	\$ 666	\$ 680	\$ 611	\$ 492	\$ 458
<b>Legal Debt Margin Calculation for Fiscal Year 2014:</b>										
General Obligation Bonds Authorized (Legislative Debt Limit)	\$ 1,726,395									
Unforeseen Emergency or Casual Deficiency	1,000									
Less: General Obligation Issued	(1,489,494)									
<b>Legal Debt Margin</b>	<b>\$ 237,901</b>									
<b>Legal Debt Margin Summary by Fiscal Year:</b>										
Legislative Debt Limit	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,726,395	\$ 1,686,395	\$ 1,646,395	\$ 1,606,395
Total Net Debt Applicable to Limit	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(1,488,494)	(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>\$ 237,901</b>	<b>\$ 237,901</b>	<b>\$ 237,901</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%	13.78%	13.78%	13.78%	13.78%	13.78%	14.70%	12.63%	10.45%

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

\*Fiscal year 2013 has been restated.

**STATE OF MISSOURI  
 PLEDGED REVENUE COVERAGE  
 FISCAL YEARS 2006–2014  
 (In Thousands of Dollars)**

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Fiscal Year	Gross Revenues <sup>1</sup>	Less: Operating Expenses <sup>2</sup>	Net Available Revenues	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
<b>Missouri Road Fund</b>						
2014	\$ 1,773,033	\$ 348,537	\$ 1,424,496	\$ 162,050	\$ 130,641	4.9
2013	1,822,318	333,327	1,488,991	153,525	135,511	5.2
2012	1,761,382	342,240	1,419,142	133,190	140,202	5.2
2011	2,237,700	305,649	1,932,051	137,015	146,326	6.8
2010	1,760,497	281,320	1,479,177	88,285	128,851	6.8
2009	997,990	279,971	718,019	84,896	113,591	3.6
2008	1,049,645	279,823	769,822	62,515	105,117	4.6
2007	1,024,787	269,210	755,577	73,350	82,049	4.9
2006	727,870	N/A	727,870	63,149	49,248	6.5

N/A = not available

<sup>1</sup>Revenues for Missouri Road Fund consist of a portion of the taxes and fees received by the State from the motor fuel tax, sales tax on motor vehicles, use tax on motor vehicles, revenue derived from motorists for their usage of the highways of the State, federal grants, and bond proceeds.

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

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

Source: Missouri Department of Transportation

**STATE OF MISSOURI  
DEMOGRAPHIC INDICATORS  
CALENDAR YEARS 2004–2013**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Population</b>					
Missouri (In Thousands)	6,044	6,022	6,011	5,996	5,961
Change	0.4%	0.2%	0.3%	0.6%	0.6%
National (In Thousands)	316,129	313,914	311,592	309,330	306,772
Change	0.7%	0.7%	0.7%	0.8%	0.9%
<b>Total Personal Income</b>					
Missouri					
(In Thousands of Dollars)	\$ 245,771,389	\$ 235,153,679	\$ 228,218,407	\$ 218,778,293	\$ 216,049,019
Change	4.5%	3.0%	4.3%	1.3%	-3.4%
National					
(In Thousands of Dollars)	\$ 14,151,427,000	\$ 13,401,868,693	\$ 12,949,905,000	\$ 12,308,496,000	\$ 11,916,808,000
Change	5.6%	3.5%	5.2%	3.3%	-4.3%
<b>Per Capita Personal Income</b>					
Missouri	\$ 40,663	\$ 39,049	\$ 37,969	\$ 36,406	\$ 36,243
Change	4.1%	2.8%	4.3%	0.4%	-4.0%
National	\$ 44,765	\$ 42,693	\$ 41,560	\$ 39,791	\$ 38,846
Change	4.9%	2.7%	4.4%	2.4%	-5.1%
<b>Resident Civilian Labor Force and Employment</b>					
Civilian Labor Force					
(In Thousands)	3,018	2,993	3,022	3,053	3,051
Employed (In Thousands)	2,821	2,785	2,767	2,767	2,768
Unemployed (In Thousands)	197	207	255	286	283
Unemployment Rate	6.5%	6.9%	8.4%	9.4%	9.3%
National Unemployment Rate	7.4%	8.1%	8.9%	9.6%	9.3%

**Continues Below**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Population</b>					
Missouri (In Thousands)	5,924	5,888	5,843	5,790	5,748
Change	0.6%	0.8%	0.9%	0.7%	
National (In Thousands)	304,094	301,231	298,380	295,517	292,805
Change	1.0%	1.0%	1.0%	0.9%	
<b>Total Personal Income</b>					
Missouri					
(In Thousands of Dollars)	\$ 223,548,498	\$ 209,131,189	\$ 198,727,013	\$ 186,752,616	\$ 180,546,848
Change	6.9%	5.2%	6.4%	3.4%	
National					
(In Thousands of Dollars)	\$ 12,451,599,000	\$ 11,900,562,000	\$ 11,256,516,000	\$ 10,476,669,000	\$ 9,928,790,000
Change	4.6%	5.7%	7.4%	5.5%	
<b>Per Capita Personal Income</b>					
Missouri	\$ 37,737	\$ 35,521	\$ 34,013	\$ 32,253	\$ 31,412
Change	6.2%	4.4%	5.5%	2.7%	
National	\$ 40,947	\$ 39,506	\$ 37,725	\$ 35,452	\$ 33,909
Change	3.6%	4.7%	6.4%	4.6%	
<b>Resident Civilian Labor Force and Employment</b>					
Civilian Labor Force					
(In Thousands)	3,046	3,050	3,034	3,011	2,986
Employed (In Thousands)	2,861	2,896	2,888	2,850	2,814
Unemployed (In Thousands)	186	155	147	162	172
Unemployment Rate	6.1%	5.1%	4.8%	5.4%	5.8%
National Unemployment Rate	5.8%	4.6%	4.6%	5.1%	5.5%

NOTE: 2011 Civilian Labor Force, Employed, Unemployed, and Unemployed Rate changed due to a change in reported totals from Missouri Economic Research Center Local Area Unemployment Statistics (LAUS).

Sources: Bureau of Economic Analysis, Missouri Economic Research and Information Center, Bureau of Labor Statistics

**STATE OF MISSOURI  
ECONOMIC INDICATORS  
CALENDAR YEARS 2004-2013**

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
<b>School Enrollment (In Thousands)</b>					
Elementary and Secondary Education	888	888	886	890	892
Higher Education – Private Institutions	90	91	98	95	93
Total Enrollment	<u>978</u>	<u>979</u>	<u>984</u>	<u>985</u>	<u>985</u>
% Change from Prior Year	-0.1%	-0.5%	-0.1%	0.0%	0.3%
<b>Higher Education</b>					
<b>Public Community Colleges</b>					
Number of Campuses	19	19	19	19	20
Number of Students (FTE*)	65,773	67,721	70,964	70,320	65,034
<b>State Technical College</b>					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	1,325	1,236	1,161	1,133	1,116
<b>State Colleges/Universities</b>					
Number of Campuses	14	14	14	14	14
Number of Students (FTE)	118,669	118,055	117,609	114,655	112,539

Continues Below

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
<b>School Enrollment (In Thousands)</b>					
Elementary and Secondary Education	893	894	898	898	892
Higher Education – Private Institutions	89	88	86	84	82
Total Enrollment	<u>982</u>	<u>982</u>	<u>984</u>	<u>982</u>	<u>974</u>
% 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
<b>State Technical College</b>					
Number of Campuses	1	1	1	1	1
Number of Students (FTE)	976	891	888	885	854
<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

\*FTE is Full-Time Equivalent.

Sources: Missouri Department of Elementary and Secondary Education and Missouri Department of Higher Education

**STATE OF MISSOURI  
PRINCIPAL EMPLOYERS  
CALENDAR YEARS 2004 AND 2013**

**2013**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	57,000	2.02%
Wal-Mart Associates, Inc.	25,000+	0.89%
University of Missouri	20,000-25,000	0.71% - 0.89%
Washington University	15,000-20,000	0.53% - 0.71%
US Post Office	12,500-15,000	0.44% - 0.53%
The Boeing Company	12,500-15,000	0.44% - 0.53%
Barnes-Jewish Hospital	7,500-10,000	0.27% - 0.35%
Department of Defense	7,500-10,000	0.27% - 0.35%
Schnuck Markets, Inc.	7,500-10,000	0.27% - 0.35%
Department of Veterans Affairs	7,500-10,000	0.27% - 0.35%
Lester E Cox Medical Center	7,500-10,000	0.27% - 0.35%
Total	<u>179,500 - 207,000</u>	<u>6.36% - 7.34%</u>
<b>Total Missouri Employment</b>		<b>2,820,747</b>

**2004**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total State Employment</b>
State of Missouri <sup>1</sup>	62,000	2.20%
Wal-Mart Associates, Inc.	25,000+	0.89%
Boeing Corporation	10,000-25,000	0.36% - 0.89%
Washington University	10,000-25,000	0.36% - 0.89%
Schnucks Markets, Inc.	7,500-10,000	0.27% - 0.36%
Barnes-Jewish Hospital	7,500-10,000	0.27% - 0.36%
Ford Motor Company	7,500-10,000	0.27% - 0.36%
May Department Stores	7,500-10,000	0.27% - 0.36%
Daimler Chrysler	5,000-7,500	0.18% - 0.27%
Lester E Cox Medical	5,000-7,500	0.18% - 0.27%
United Parcel Service, Inc.	5,000-7,500	0.18% - 0.27%
SBC (Southwestern Bell) Management	5,000-7,500	0.18% - 0.27%
St. John's Regional Health Center	5,000-7,500	0.18% - 0.27%
Hallmark Cards	5,000-7,500	0.18% - 0.27%
St. John's Mercy Hospital	5,000-7,500	0.18% - 0.27%
St. Louis University	5,000-7,500	0.18% - 0.27%
Total	<u>177,000 - 237,000</u>	<u>6.29% - 8.42%</u>
<b>Total Missouri Employment</b>		<b>2,813,961</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 2005, State Employee Headcount report



**STATE OF MISSOURI  
STATE EMPLOYEES BY FUNCTION  
FISCAL YEARS 2006-2014  
FULL-TIME EQUIVALENTS\***

	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>									
Legislature	671	670	683	703	725	716	719	732	749
Judiciary	3,530	3,470	3,369	3,393	3,626	3,755	3,731	3,777	3,826
Public Defender	575	565	595	578	570	558	555	558	561
Governor	23	26	28	32	33	24	32	33	34
Lt. Governor	5	5	6	6	6	6	6	7	7
Secretary of State	228	244	244	253	261	272	277	275	266
State Auditor	113	111	116	116	119	124	128	127	132
State Treasurer	49	48	49	50	49	51	51	51	51
Attorney General	376	363	350	371	408	420	451	443	427
Office of Administration	1,933	2,132	2,161	2,139	2,040	2,091	2,046	1,783	868
Revenue	1,347	1,344	1,364	1,383	1,421	1,487	1,523	1,586	1,766
Total General Government	<u>8,850</u>	<u>8,978</u>	<u>8,965</u>	<u>9,024</u>	<u>9,258</u>	<u>9,504</u>	<u>9,519</u>	<u>9,372</u>	<u>8,687</u>
<b>Education</b>									
Elementary and Secondary Education	2,678	2,631	2,714	2,635	2,662	2,760	2,650	2,654	2,719
Higher Education	57	64	61	65	75	73	67	58	67
Total Education	<u>2,735</u>	<u>2,695</u>	<u>2,775</u>	<u>2,700</u>	<u>2,737</u>	<u>2,833</u>	<u>2,717</u>	<u>2,712</u>	<u>2,786</u>
<b>Natural and Economic Resources</b>									
Agriculture	464	456	467	535	617	494	479	467	456
Insurance, Financial Institutions and Professional Registration	762	759	755	744	734	741	748	192	200
Conservation	1,896	1,901	1,872	1,894	1,982	2,085	2,065	2,190	2,270
Economic Development	786	822	891	947	1,019	994	1,024	1,604	1,681
Labor and Industrial Relations	881	967	998	987	924	777	810	913	1,056
Natural Resources	2,075	2,047	2,042	1,934	1,903	2,121	2,102	2,061	2,175
Total Natural and Economic Resources	<u>6,864</u>	<u>6,952</u>	<u>7,025</u>	<u>7,041</u>	<u>7,179</u>	<u>7,212</u>	<u>7,228</u>	<u>7,427</u>	<u>7,838</u>
<b>Transportation and Law Enforcement</b>									
Transportation	5,502	5,410	5,804	6,399	6,970	6,969	6,961	7,196	7,300
Public Safety	5,220	5,320	5,309	5,281	5,336	5,412	5,294	5,085	5,101
Total Transportation and Law Enforcement	<u>10,722</u>	<u>10,730</u>	<u>11,113</u>	<u>11,680</u>	<u>12,306</u>	<u>12,381</u>	<u>12,255</u>	<u>12,281</u>	<u>12,401</u>
<b>Human Services</b>									
Health and Senior Services	1,793	1,798	1,753	1,706	1,826	1,927	1,885	1,877	1,969
Mental Health	8,076	8,101	8,089	8,256	8,961	9,613	9,500	9,602	9,784
Social Services	7,145	7,244	7,371	7,562	8,138	8,584	8,624	8,553	8,794
Corrections	11,069	10,880	10,864	10,990	11,175	11,364	11,020	11,138	11,235
Total Human Services	<u>28,083</u>	<u>28,023</u>	<u>28,077</u>	<u>28,514</u>	<u>30,100</u>	<u>31,488</u>	<u>31,029</u>	<u>31,170</u>	<u>31,782</u>
State Total	<u>57,254</u>	<u>57,378</u>	<u>57,955</u>	<u>58,959</u>	<u>61,580</u>	<u>63,418</u>	<u>62,748</u>	<u>62,962</u>	<u>63,494</u>

\*Based on a four quarter average.

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

**STATE OF MISSOURI  
OPERATING INDICATORS BY FUNCTION  
FISCAL YEARS 2006-2014**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>									
Individual Income Tax Returns Processed (In Thousands)	2,848	2,945	2,969	2,917	2,877	2,946	3,013	3,902	2,770
Sales and Use Tax Returns Processed (In Thousands)	703	730	760	773	785	772	788	1,055	742
Driver Licenses Processed (In Thousands)	1,415	1,308	1,208	1,160	1,090	1,179	964	1,052	1,106
Motor Vehicle Registrations Processed (In Thousands)	4,215	4,050	3,905	3,828	3,844	3,502	3,866	3,856	2,994
Audit Reports Issued	150	146	123	168	151	101	91	88	103
Statewide Court Filings (In Thousands)	2,652	2,685	2,565	2,525	2,359	2,322	2,196	2,027	2,152
Business Services Requests made on Secretary of State Web Page (In Thousands)	141,599	89,958	121,974	81,643	79,974	76,744	44,300	36,000	35,000
Checks Issued (In Thousands)	1,363	1,722	1,971	2,216	2,465	2,667	2,807	3,035	3,309
Unclaimed Property Returned (In Thousands)	\$ 40,042	\$ 39,509	\$ 38,239	\$ 36,373	\$ 35,014	\$ 26,672	\$ 34,531	\$ 22,966	\$ 21,816
<b>Education</b>									
High School Drop Out Rate	2.8%	3.0%	3.5%	4.0%	4.1%	3.9%	4.2%	4.7%	3.8%
Accredited Elementary and Secondary School Districts*	507	---	506	510	510	511	512	513	511
Clients Achieving Employment after Receiving Vocational Rehabilitation Services	60.0%	62.7%	61.0%	56.0%	61.0%	67.1%	67.7%	70.2%	67.6%
Student Loan Recovery Rate	31.2%	34.2%	36.5%	30.0%	28.2%	30.5%	36.4%	33.5%	35.6%
Scholarships/Grants Awarded to Eligible Missouri Residents (In Thousands)	\$ 107,413	\$ 104,265	\$ 97,077	\$ 91,146	\$ 98,593	\$ 108,981	\$ 89,728	\$ 41,466	\$ 41,845
<b>Natural and Economic Resources</b>									
Job Placement Rate of Unemployed Individuals that Registered on MissouriCareerSource Web Page	56.0%	55.4%	55.2%	58.2%	57.9%	64.0%	66.0%	62.0%	63.3%
Insurance Policies Filed Electronically	99.4%	99.4%	99.5%	96.0%	96.0%	94.7%	50.0%	50.0%	50.0%
Initial Unemployment Claims (In Thousands)	355	364	427	502	582	565	396	411	393
International Certificate of Free Sales Issued	6,453	7,819	7,821	6,301	4,924	3,865	2,904	2,768	---
Hunting License Holders (In Thousands)	612	606	593	588	592	591	580	579	570
Visitors to Missouri State Parks and Historic Sites (In Thousands)	17,468	18,093	17,846	16,363	15,891	15,307	15,577	16,069	16,650
<b>Transportation and Law Enforcement</b>									
Methamphetamine Labs Seized	129	244	274	340	245	165	274	259	375
State – Licensed Fire Safety Inspections	15,348	15,680	15,177	11,487	10,603	11,008	11,998	11,684	9,848
Buildings Served by Missouri Capitol Police	72	72	72	73	75	83	82	82	79
Alcohol Licenses Issued	30,743	30,723	30,498	29,960	29,051	28,437	28,199	26,704	26,145
Missouri Major Roads Rated in Good Condition	89.7%	88.5%	88.1%	85.8%	86.5%	83.4%	78.0%	74.0%	60.8%
Difference Between Awarded and Actual Transportation Construction Costs	0.8%	0.5%	0.2%	(0.4%)	(1.9%)	1.1%	0.9%	0.9%	3.1%
<b>Human Services</b>									
Medicaid Enrollees	825,974	868,226	889,159	897,306	892,691	850,722	833,112	822,685	830,262
Food Stamp Recipients	839,734	927,927	943,835	949,136	909,139	827,639	899,332	826,313	795,963
Doses of Vaccine Issued by Vaccines for Children Providers (In Thousands)	1,192	1,385	1,354	1,420	1,384	1,317	1,360	1,097	1,075
Incarcerated Offenders	31,905	31,408	31,057	30,771	30,418	30,476	30,803	29,975	30,185
Individuals Served in State Comprehensive Psychiatric Service Facilities	1,649	1,694	1,716	2,170	4,120	6,759	6,882	7,805	7,772

\*Department of Elementary and Secondary Education presented no accreditation classifications to the Board of Education during fiscal year 2013. Charter schools are not included in the statistics.

Sources: State agencies

**STATE OF MISSOURI  
CAPITAL ASSET STATISTICS  
BY FUNCTION  
FISCAL YEARS 2005-2014**

	2014	2013*	2012*	2011	2010	2009	2008	2007	2006	2005
<b>General Government</b>										
Parcels of Land	20	20	20	20	20	21	21	20	18	15
Land Improvements	58	50	40	38	38	37	37	35	35	31
Square Footage of Buildings	1,035,704	1,014,621	1,006,449	1,013,314	1,011,732	1,015,214	1,001,281	996,590	991,800	1,071,699
Equipment	35,055	36,050	35,651	35,316	35,333	36,813	35,171	42,333	44,469	49,644
Software	1,625	826	293	213	168	88	---	---	---	---
<b>Education</b>										
Parcels of Land	31	31	31	31	31	31	31	32	32	32
Land Improvements	54	54	46	43	43	32	31	31	31	29
Square Footage of Buildings	136,203	140,159	136,465	136,465	133,494	135,230	135,230	135,230	102,719	134,162
Equipment	6,286	6,175	6,102	5,984	5,911	6,031	6,010	6,679	6,780	6,723
Trademarks	1	1	1	1	---	---	---	---	---	---
<b>Natural and Economic Resources</b>										
Parcels of Land	826	826	826	825	824	823	815	811	815	812
Land Improvements	408	386	328	324	323	325	323	318	320	216
Temporary Easements	1	1	1	1	1	---	---	---	---	---
Square Footage of Buildings	575,485	602,174	611,550	616,729	622,181	622,285	625,779	622,887	528,136	370,505
Equipment	34,028	35,159	35,064	36,097	36,881	38,807	41,145	43,534	46,574	46,915
Software	57	51	36	20	12	3	---	---	---	---
State Parks and Historic Sites	87	87	85	85	85	85	84	84	84	84
State Conservation Areas	1,189	1,197	1,193	1,196	1,179	1,169	1,165	1,151	1,148	1,140
<b>Transportation and Law Enforcement</b>										
Parcels of Land	650	682	790	805	819	831	836	853	862	1,608
Land Improvements	439	420	349	307	264	245	198	184	177	183
Permanent Easements	548	467	382	254	221	---	---	---	---	---
Temporary Easements	867	875	833	961	1,086	---	---	---	---	---
Square Footage of Buildings	181,880	180,140	175,664	175,138	164,119	164,119	151,533	158,081	157,658	157,172
Equipment	66,095	65,813	66,994	67,649	67,959	67,100	65,074	63,327	62,984	61,965
Software	529	429	358	202	146	---	---	---	---	---
Miles of State Highway	33,890	33,885	33,845	33,702	33,639	33,676	33,685	32,800	32,423	32,402
State-Owned Bridges and Culverts	10,371	10,364	10,405	10,405	10,335	10,249	10,276	10,240	10,224	10,190
Highway Patrol Stations	9	9	9	9	9	9	9	9	9	9
<b>Human Services</b>										
Parcels of Land	81	81	83	83	83	84	84	84	83	85
Land Improvements	173	168	161	157	154	130	118	115	115	112
Square Footage of Buildings	924,164	919,900	900,749	924,380	932,827	952,117	962,710	967,653	870,129	834,352
Equipment	44,712	46,221	50,229	63,442	70,684	78,543	91,178	98,649	107,434	106,334
Software	59	32	28	13	10	7	---	---	---	---
Correctional Facilities	30	30	30	30	30	30	28	26	26	24

\*Restated fiscal year 2013 for Equipment under Natural and Economic Resources.

\*Restated fiscal year 2012 for Software under Transportation and Law Enforcement.

Source: State of Missouri capital asset records by agency.

STATE OF MISSOURI  
ACKNOWLEDGEMENTS

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