



**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

*Comprehensive Annual Financial Report*

For the year ended June 30, 2003

**MISSOURI DEVELOPMENT FINANCE BOARD**  
A COMPONENT UNIT OF THE STATE OF MISSOURI

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

- PREPARED BY:  
THE ACCOUNTING DEPARTMENT:**
- **PAMELA IVES HILL, CPA, EDFP – CONTROLLER**
  - **JONATHAN E. BRIGHTWELL, CPA – ACCOUNTANT**

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2003**

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MISSOURI DEVELOPMENT FINANCE BOARD

**Principal Officials**

BOARD MEMBERS

Ms. Elizabeth T. Solberg, Chair  
Mr. John D. Starr, Vice Chair  
Ms. Susan Lauman Constance, Secretary  
Mr. Bill Burch, Treasurer  
Mr. Paul S. Lindsey  
Mr. James O'Mara  
Mr. Larry Neff  
Mr. Richard J. Wilson  
Mr. Nelson C. Grumney, Jr.  
The Honorable Joe Maxwell, Lieutenant Governor  
Mr. Joseph L. Driskill, Director, Department of Economic Development  
Mr. Lowell Mohler, Director, Department of Agriculture

BOARD COUNSEL

Mr. David Queen, Esq. Gilmore & Bell, P.C.

STAFF

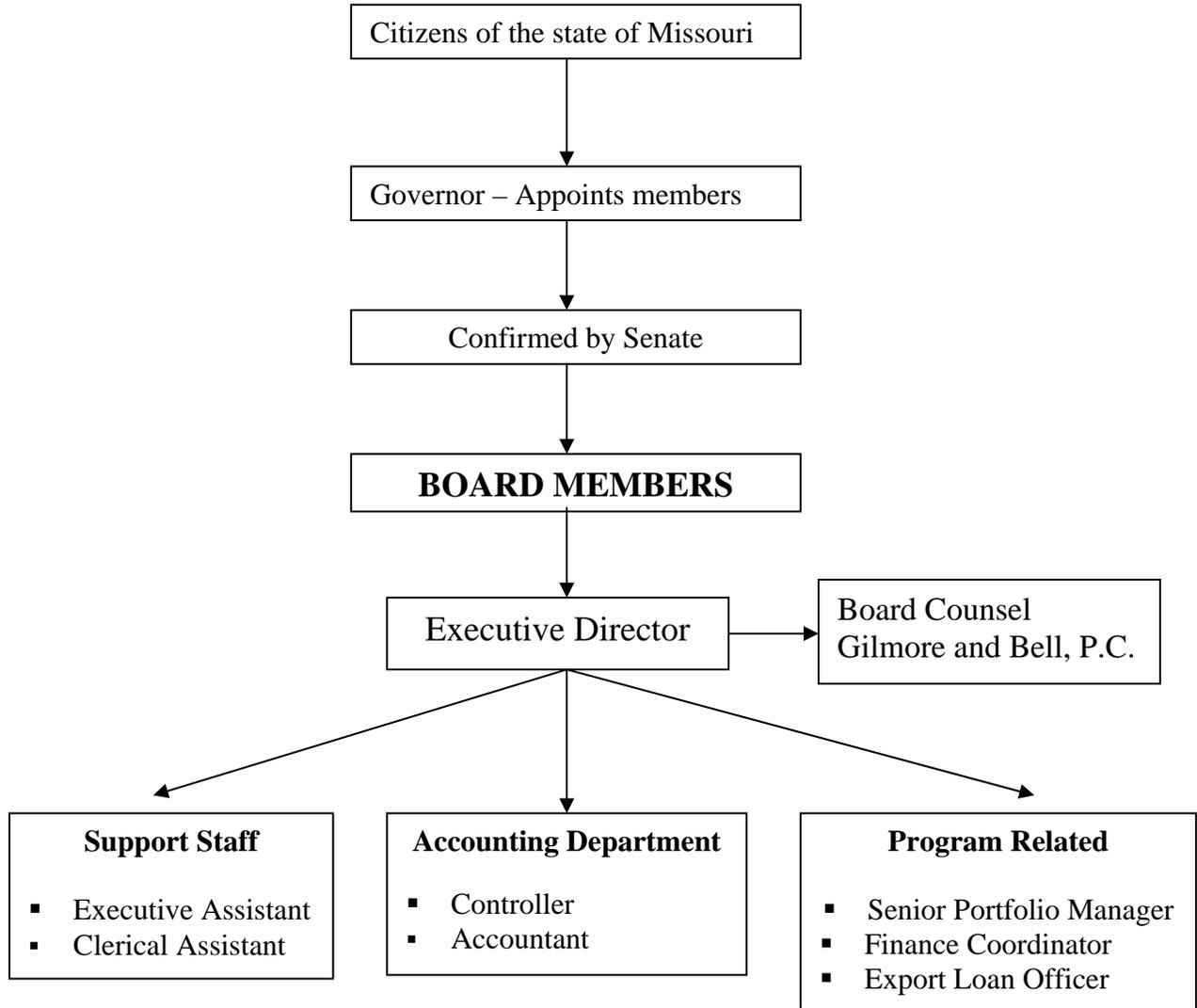
Mr. Robert V. Miserez, Executive Director  
Ms. Pamela Ives Hill, CPA, EDFP, Controller  
Mr. Jonathan E. Brightwell, CPA, Accountant  
Ms. Kathleen Barney, Sr. Portfolio Manager  
Ms. Ashley Weaver, Finance Coordinator  
Ms. Alice Bernard-Jones, Export Loan Officer  
Ms. Pam Campbell, Executive Assistant  
Ms. Cheryl M. Berkler, Administrative Assistant

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams Keepers LLC

**MISSOURI DEVELOPMENT FINANCE BOARD**

**Organizational Chart**



**CHAIR:**  
ELIZABETH T. SOLBERG

**MEMBERS:**  
BILL BURCH  
SUSAN LAUMAN CONSTANCE  
JOHN D. STARR  
PAUL S. LINDSEY  
JAMES O'MARA  
LARRY NEFF  
RICHARD J. WILSON  
NELSON C. GRUMNEY, JR.



## MISSOURI DEVELOPMENT FINANCE BOARD

**EX-OFFICIO MEMBERS:**  
JOE MAXWELL,  
LIEUTENANT GOVERNOR

JOSEPH L. DRISKILL,  
Director,  
Economic Development

PETER HOFHERR,  
Director, Agriculture

**EXECUTIVE DIRECTOR:**  
ROBERT V. MISEREZ

December 19, 2003

Members of the Missouri Development Finance Board:

We are pleased to submit the comprehensive annual financial report of the Missouri Development Finance Board (the "Board") of the State of Missouri for the fiscal year ended June 30, 2003. The accounting department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Board. We believe this data, as presented, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of operations of the Board as measured by the financial ability of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Board's financial affairs have been included.

### REPORT ORGANIZATION

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The Introductory Section includes the transmittal letter, a list of principal officials, and an organizational chart. Included in the transmittal letter is an analysis of revenues and expenditures in the Board's funds.

The Financial Section includes the independent auditors' report, the Management Discussion and Analysis (MD&A), the combined financial statements, and the notes to the financial statements. The MD&A, required by Generally Accepted Accounting Principles, provides a narrative introduction, overview, and analysis to accompany the financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The Statistical Section contains comprehensive statistical data for the Missouri Development Finance Board and the State of Missouri. The statistical section is designed to provide the user of the Comprehensive Annual Financial Report a broader and more complete understanding of the Board and the State of Missouri. Where appropriate, ten-year comparative data is presented to indicate trends.

### REPORTING ENTITY

The Missouri Development Finance Board is a "body corporate and politic" created by the State of Missouri. Its statutory citation is the Revised Statutes of Missouri (RSMo)

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100.250 to 100.297. The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri's Comprehensive Annual Financial Report.

## **STRUCTURE, ECONOMIC CONDITION, AND OUTLOOK**

The original development board was created by Missouri statute in 1982 as the Missouri Industrial Development Board. The current legislative authorization dates to 1993 and was the fourth major statutory change since 1982. Each of these changes resulted in increased autonomy and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing products and structures to carry out its mission of facilitating economic and infrastructure development projects. The Board administers ten different programs that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. Single issue industrial revenue bond projects - Private purpose projects.  
Pursuant to RSMo 100.270, the Missouri Development Finance Board is authorized to issue industrial revenue bonds. Interest on these bonds can be taxable or tax exempt. The bonds can be issued for the acquisition or renovation of fixed assets owned by businesses involved in the manufacturing or production of tangible products.
2. Single issue infrastructure bond projects. - Public purpose projects.  
Missouri Statute 100.263 authorized the public purpose infrastructure bond program in 1989. These bonds finance essential infrastructure improvements and related work for local governments, state agencies, and qualified public/private partnerships.
3. Missouri Tax Credit for Contributions.  
Missouri Statute 100.286.6 authorized the Missouri Tax Credit for Contributions program. Through this program, the Missouri Development Finance Board is authorized to grant tax credits equal to fifty percent of contributions. Contributions are used to pay the cost of improvements such as water, sewer, gas, electric systems, streets, bridges, rail spurs, storm water drainage, and essential public purpose infrastructure facilities which are owned by a public entity and are available for use by the general public. Per statute, the Board is authorized to use a maximum of \$10 million in tax credits during any *calendar year*. The statutory limitation can be exceeded with the consent of the Directors of Economic Development and Revenue and the Commissioner of Administration.
4. Tax Credit Bond Enhancement Program.  
The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of Public Entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program.  
The Direct Loan Program provides direct loans at reasonable interest rates.
6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.  
The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the Missouri Development Finance Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri. The incentives offered by BUILD are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive.
7. Quick Loan Program.  
The purpose of this program is to provide Missouri governmental and quasi-governmental entities quick access to short term loans at tax-exempt rates. Loans should be for a minimum of \$250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.
8. Missouri Infrastructure Loan Program (MIDOC).  
Through this program, the Missouri Development Finance Board offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. Water and sewer projects addressing public health and safety receive priority. The Program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects. Interest rates are three percent with a maximum loan amount of \$100,000.
9. Loan Guarantees.  
The Board is empowered under RSMo section 100.250 and 100.297, as amended, to guarantee loans to credit-worthy businesses which cannot otherwise obtain credit at reasonable rates and terms in order to create or retain full-time employment.
10. City/State Partners Program.  
The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provide loan programs to support the production of goods and services for export.

The Board completed fiscal year 2003 in excellent financial condition. The change in net assets in fiscal year ended June 30, 2003 was \$10,961,330 versus \$2,523,633 in fiscal year 2002. The Board's activities not only provided funding for the Board's operations but also helped maintain the Board's balance sheet. Assets were \$96,519,580 and

\$100,779,426 at June 30, 2003 and June 30, 2002, respectively. The Board's involvement in very large projects has grown and, correspondingly, the Board's on-going responsibility to monitor those projects and their funds has increased dramatically.

As a major manufacturing, financial, and agricultural state, Missouri's economic health is tied closely to that of the nation. The economic outlook will follow the national trends during fiscal year 2003. At the end of June 2003, the state unemployment rate was 5.7% compared to 5.4% at the end of June 2002. The national rate was 6.4% and 5.9 % at June 30, 2003 and 2002, respectively.

## **MAJOR INTIATIVES**

During fiscal year ended June 30, 2003, the Board has assisted 12 projects that will result in total Board-related financing of almost \$132 million dollars. The Board has authorized an additional 2 projects that are in various stages of development that will result in over \$14.2 million in financing once complete. During fiscal year ended June 30, 2002, the Board assisted 30 projects.

### St. Louis Conference Center Hotel

The SLCCCH project was completed during fiscal year 2003 and consists of the renovation and expansion of two existing hotel facilities (Gateway and Lennox) near the America's Center and Trans World Dome in downtown St. Louis. The \$260 million project includes meeting rooms, conference facilities, and approximately 1,100 hotel rooms, and is an additional catalyst for St. Louis' downtown revitalization.

The Board owned parking garage, the 9<sup>th</sup> Street and St. Charles Garage, was constructed to serve the parking needs of the SLCCCH and surrounding developments. The garage began operations in August 2002. Additionally, in August 2002 the Board approved a parking lease agreement for the new garage that will serve the adjacent Merchandise Mart redevelopment project.

### Ninth Street Garage and Old Post Office and U.S. Custom House

In November 2002, the Board approved the Ninth Street Garage and Old Post Office and U.S. Custom House (NSG/OPO) plan utilizing the Tax Credits for Contribution program. The Board will accept up to \$28,000,000 in contributions for \$14,000,000 in tax credits to provide for staging the overall NSG/OPO project in St. Louis. The money will be used for the acquisition, environmental remediation, and demolition of the Century building. Further, the Board will construct, own, and operate the Ninth Street Garage on the site of the Century building and acquire and lease the Old Post Office and U.S. Custom House.

The parking made available by the development and construction of the Ninth Street Garage is a condition of the redevelopment of the Old Post Office and U.S. Custom House building nearby. The Old Post Office redevelopment would not occur without the availability of parking provided by the Ninth Street Garage.

## BUILD Missouri

RSMo Section 100.700 approved the Business Use Incentives for Large-Scale Development Act that created the BUILD Missouri program. During fiscal year ended 1998, the Board used the BUILD program to issue five bonds and approve four new projects. During fiscal year ended 1999, a single bond was issued and five new bonds were approved. In fiscal year 2000, one new issue has been approved and eight have closed and in fiscal year 2001, five issues were approved and two have closed. Additionally, in fiscal year 2002, three issues were approved and three have closed. Finally, in fiscal year 2003, one issue was approved and three have closed.

Since the program's inception, the Board has approved 22 BUILD bond projects for various locations throughout the State. The total jobs created—once all currently approved BUILD bonds are issued—will be over 9,600 jobs and will include over \$1.245 billion in new private investment within Missouri.

## Smaller Communities

While many of the bond and tax credit projects are very large, the Board continues to work toward its goal to actively seek out-state projects (outside the metropolitan areas of Kansas City and St. Louis). These efforts can be demonstrated by the initiation of the Downtown Revitalization Tax Credit for Contribution Program that focuses on smaller, out-state communities. In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated \$500,000 in tax credits annually to help maximize the program's impact on smaller communities. The Board has given formal approval to the revitalization plans of the Cities of Lexington, Sweet Springs, Versailles, Charleston, Monett, Warsaw, Warrensburg, Cabool, Jefferson City and Neosho.

In addition, during fiscal year 2003, the Board approved and issued 4 new Infrastructure Development Fund (MIDOC) loans to improve the water and wastewater system needs of smaller communities. During its history, the MIDOC program has issued 71 out-state loans with over \$4.31 million in loaned principal.

## Future Projects

The Board has many significant projects in progress that will impact both the metropolitan and rural areas of the State. The Board continues to work to improve the area around one of its most complex projects, the St. Louis Convention Center Hotel, with assistance provided to the Merchandise Mart and proposals associated with the Old Post Office and Custom House.

Additionally, the Board will be significantly involved in the infrastructure financing associated with the new Cardinals Ballpark development in downtown St. Louis. The Board will be utilizing its Tax Credits for Contributions program and funding an additional investment secured by and repaid from St. Louis County with the Board's

Infrastructure Revenue Bond program. The Board's financial involvement does not derive from any of its own assets, but rather is acting in a conduit capacity.

Furthermore, The Board is continuing work with the City of Kansas City on projects with the Kansas City Public Library Garage, Uptown and Valentine areas.

In addition, the Board has two BUILD bonds in process and three other bond projects authorized, but not yet issued.

## **FINANCIAL INFORMATION**

### Internal Controls

In fulfilling its responsibilities for reliable financial statements, management depends on the Board's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and transactions are executed in accordance with management's authorization and properly classified. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgements by management.

The members of the Board review and approve financial information on a monthly basis for appropriateness, reliability, clarity, and timeliness.

### Budgetary Controls

The Board is not legally required to adopt a fiscal budget, has not adopted a fiscal budget, and hence, no budget-to-actual schedules are included within the financial statements.

### Primary Functions

The Board's mission is to assist infrastructure and economic development projects in Missouri that have a high probability of success, but are not feasible without the Board's assistance.

The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. As mentioned before, the Board administers ten different programs that correspond to its mission to benefit the citizens of the State of Missouri.

### Proprietary Operations

The Board's funds are all Proprietary – Enterprise funds and are maintained on the accrual basis of accounting. Thus, revenues are recognized when earned and expenses are recorded when the liability is incurred.

## Debt Administration

One of the Board's primary functions is as a conduit issuer of bonds for public and private entities. With the exception of the St. Louis Conference Center Hotel project entered into during fiscal year 2001, the Board has no liability for repayment of revenue bonds and funding notes aside from any required reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

The Board owns a parking garage, the St. Louis Conference Center Hotel Parking Garage (also know as, Ninth Street and St. Charles garage), which began operations in August 2002 to serve to the St. Louis Conference Center Hotel and adjacent developments.

For additional information regarding the Board's debt, refer to Note 7 of the Notes to the Combined Financial Statements and the debt-related tables presented in the Statistical Section of this Report.

## Cash Management

The accounting department strives to keep abreast of current trends and procedures for cash management and forecasting to insure the efficient and profitable use of the Board's cash resources. Interest bearing accounts are used for all cash operations, with excess funds invested primarily in short-term U.S. Government Agency securities. All funds in bank accounts are 100% collateralized.

## Risk Management

Fiduciary bonding and workers compensation insurance are maintained through various commercial insurance companies. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Conference Center Hotel parking garage. The Board is self-insured for all other risks of loss.

The Board maintains employee health insurance through the Missouri Consolidated Health Care Plan. The Board pays for employee and family coverage for the least expensive plan option with the employee paying the difference if a more expensive plan is chosen.

The Board provides life insurance for its employees at two times their annual salary and long-term disability insurance through American General and Northwest Mutual Insurance Company respectively.

## **OTHER INFORMATION**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Missouri Development Finance Board for its Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2002, fiscal year ended June 30, 2001 and fiscal year ended June 30, 2000. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Independent Audit

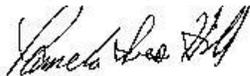
The Columbia, Missouri office of Williams-Keepers, LLC audited the combined financial statements for the fiscal year ended June 30, 2003, and their opinion has been included in this report. The audit was conducted in such a manner as to enable Williams-Keepers, LLC to form an opinion on the combined financial statements taken as a whole. Williams-Keepers, LLC has issued an unqualified opinion on the Board's combined financial statements.

An unqualified opinion is the best opinion an organization can receive on its financial statements from an independent certified public accountant. It indicates that the auditors' examination has disclosed no conditions that cause them to believe that the combined financial statements are not fairly presented in all material respects. Their audit was made in accordance with generally accepted auditing standards.

## **ACKNOWLEDGEMENTS**

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would also like to thank the firm of Williams-Keepers, LLC and their staff for their assistance in the preparation of this report.

Respectfully submitted,



Pamela Ives Hill, CPA, EDFP  
Controller



Jonathan E. Brightwell, CPA  
Accountant

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Missouri Development Finance Board

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

## **FINANCIAL SECTION**



COLUMBIA  
JEFFERSON CITY  
MEXICO

## INDEPENDENT AUDITORS' REPORT

Members of the Missouri  
Development Finance Board:

We have audited the accompanying financial statements of the Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund, and the business-type activities of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the year ended June 30, 2003, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Board as of June 30, 2002, were audited by other auditors whose report dated September 6, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund and the business-type activities of the Missouri Development Finance Board as of June 30, 2003, and the respective changes in its financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Williams Keepers LLC".

September 25, 2003

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**Management's Discussion and Analysis**

As management of the Missouri Development Finance Board (the "Board"), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of our organization for the fiscal year ended June 30, 2003.

**Financial Highlights**

- The assets of the Board exceeded its liabilities at the close of the 2003 fiscal year by \$50,150,960 (*Net Assets*). Of this amount, \$31,750,078 (*Unrestricted Net Assets*) may be used to meet the Board's ongoing obligations to citizens and creditors.
- The Board's total net assets increased by \$10,961,330 during fiscal year 2003. Approximately 91% of this is for contributed revenue for the tax credit for contribution program that will be used to build parking garages the Board will own and operate in both Kansas City and St. Louis' downtown urban cores to facilitate economic development.
- At the end of the 2003 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund was \$29,178,965, or approximately 23 times the Industrial Development and Reserve Fund's 2003 operating and non-operating expenditures of \$1,229,446.
- The Board's total debt decreased by \$13,455,000 (-39%) during the 2003 fiscal year and the key factor in this decrease was the pay off of the St. Louis Conference Center Hotel Bridge Loan and the corresponding pay off of the St. Louis Conference Center Hotel 2000 Series A bonds.
- The Board opened the 9<sup>th</sup> St. and St. Charles Parking Garage (SLCCH Garage) for business August 2002 and began the construction of the Kansas City Library Parking Garage (KCLG). The Board received contributions of \$5,000,639 for the construction of the KCLG, recognized as contributed revenue. In addition, the Board received \$10,000,000 in contributions for the construction of the 9<sup>th</sup> Street Garage and renovation of the Old Post Office. The contributions were recognized as \$5,000,000 in contributed revenue and \$5,000,000 as deferred revenue. The garage operations are a new source of revenue and expense for the Board, as well as, an increase in capital assets. Please see footnotes 8 and 9 for further details.

**Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financials statements, and 3) notes to the financial statements.

However, because the Board uses only Proprietary funds which present financial statement information in the same manner as government-wide financial statements only with more detail, we present two components. The Board's basic financial statements comprise: 1) fund financial statements and 2) notes to the financial statements.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-

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legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The Board's funds are considered proprietary funds.

*Proprietary funds.* Of the two types of proprietary funds, the Board maintains one type: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Infrastructure Development Fund (MIDOC). The Industrial Development and Reserve Fund is considered to be a major fund of the Board.

*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.

**Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by \$50,150,960 at the close of fiscal year 2003, by \$39,189,630 at the close of fiscal year 2002 and \$36,665,997 at the close of fiscal year 2001.

The following summarizes the composition of the Board's net assets as of June 30:

	2003		2002		2001	
	\$	%	\$	%	\$	%
Investment in capital assets, net of related debt	\$ 7,018,010	13.99%	\$ 7,670,238	19.57%	\$ 7,762,497	21.17%
Restricted	11,382,872	22.70%	2,415,081	6.16%	4,083,826	11.14%
Unrestricted	31,750,078	63.31%	29,104,311	74.27%	24,819,674	67.69%
	<u>\$50,150,960</u>	<u>100.00%</u>	<u>\$39,189,630</u>	<u>100.00%</u>	<u>\$36,665,997</u>	<u>100.00%</u>

Unrestricted net assets are funds which may be used to meet the Board's ongoing obligations to citizens and creditors. Restricted net assets are restricted to specific purposes and may not be used for anything else. Capital assets are used to provide services to the citizens of Missouri. The decrease in investment in capital assets, net of related debt, for the current fiscal year is due to the completion of the St. Louis Conference Center Hotel parking garage and its corresponding debt, the acquisition of land and the construction in process for the Kansas City Library parking garage and the acquisition of the Century building for the construction of the 9<sup>th</sup> Street parking garage in St. Louis. Due to the significance of operations, these activities are reflected in the Parking Garage Fund.

The increase in net assets for the current fiscal year is due to the change in net assets from the contributed revenue of \$10,000,639, of which \$5,000,000 is for the construction of the 9<sup>th</sup> Street Garage/Century demolition and the Old Post Office renovation and \$5,000,639 is for the construction of the Kansas City Library Parking Garage. The increase in net assets of \$2,523,633 for FY2002 is due to the increased change in net assets from increased

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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operating and non-operating revenues over operating and non-operating expenses. In FY2001, the contributed revenue of \$7,250,000 was a major component of the investment in capital assets, net of related debt. Of this contribution, \$6,000,000 was used to build the SLCCH garage, and \$1,250,000 was used to fund the Continental Building Loan.

The following summarizes the changes in net assets for the years ended June 30:

	2003		2002		2001	
	\$	%	\$	%	\$	%
Operating income	\$ 704,581	6.43%	\$2,388,677	94.65%	\$1,398,647	14.25%
Nonoperating revenue	256,110	2.34%	134,956	5.35%	1,168,506	11.90%
Contributed revenue	10,000,639	91.23%	-	0.00%	7,250,000	73.85%
Change in net assets	<u>\$10,961,330</u>	<u>100.00%</u>	<u>\$2,523,633</u>	<u>100.00%</u>	<u>\$9,817,153</u>	<u>100.00%</u>

The decrease in operating income from 2002 to 2003 is primarily related to the decrease in loan and note receivable interest income from 2002 due to the pay off of the St. Louis Convention Center Hotel loan receivable. The St. Louis Convention Center Hotel loan's outstanding balance as of June 30, 2002, was \$13,455,000 with an interest rate of 9.5% with interest income of \$1,753,225 and \$759,329 earned in FY2002 and FY2003, respectively. Other considerations for the decrease in operating income are a decline in participation fee income of \$179,540 and an increase in professional fees of \$139,862 for FY2003.

Further detailed information related to the Board's net assets and changes in net assets are included on the following pages.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**Missouri Development Finance Board's Net Assets**

Business-Type Activities											
	Industrial Development & Reserve Fund 2003	Parking Garage Funds 2003	Infrastructure Development Fund 2003	Eliminations or Transfers 2003	Industrial Development & Reserve Fund 2002	Infrastructure Development Fund 2002	Industrial Development & Reserve Fund 2001	Infrastructure Development Fund 2001	Totals 2003	Totals 2002	Totals 2001
Current & Other assets	29,326,156	14,119,422	2,346,950	(416,384)	41,508,783	2,280,482	44,087,489	2,216,424	45,376,144	43,789,265	46,303,913
Restricted Assets(Tax Credit Contributions)	23,025,426				36,491,985		52,547,688		23,025,426	36,491,985	52,547,688
Capital assets	2,175,101	25,942,909			20,498,176		9,799,243		28,118,010	20,498,176	9,799,243
Total assets	54,526,683	40,062,331	2,346,950	(416,384)	98,498,944	2,280,482	106,434,420	2,216,424	96,519,580	100,779,426	108,650,844
Other liabilities	2,014,930	3,476,128	2,250	(416,384)	151,606		166,648		5,076,924	151,606	166,648
Long-term liabilities outstanding	20,191,696	21,100,000			61,438,190		71,818,199		41,291,696	61,438,190	71,818,199
Total liabilities	22,206,626	24,576,128	2,250	(416,384)	61,589,796		71,984,847		46,368,620	61,589,796	71,984,847
Net Assets:											
Invested in capital assets, net of related debt	2,175,101	4,842,909			7,670,238		7,762,497		7,018,010	7,670,238	7,762,497
Restricted	965,991	10,416,881			2,415,081		4,083,826		11,382,872	2,415,081	4,083,826
Unrestricted	29,178,965	226,413	2,344,700		26,823,829	2,280,482	22,603,250	2,216,424	31,750,078	29,104,311	24,819,674
Total net assets	32,320,057	15,486,203	2,344,700		36,909,148	2,280,482	34,449,573	2,216,424	50,150,960	39,189,630	36,665,997

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**Missouri Development Finance Board Change in Net Assets**

Business-Type Activities											
	Industrial Development & Reserve Fund 2003	Parking Garage Fund 2003	Infrastructure Development Fund 2003	Eliminations or Transfers 2003	Industrial Development & Reserve Fund 2002	Infrastructure Development Fund 2002	Industrial Development & Reserve Fund 2001	Infrastructure Development Fund 2001	Totals 2003	Totals 2002	Totals 2001
Revenues:											
Participation fees	1,227,872			(453,563)	953,849		708,783		774,309	953,849	708,783
Interest on loans & notes receivables	763,780		63,176		1,906,387	62,180	1,156,616	60,054	826,956	1,968,567	1,216,670
Rental income	25,008				175,282		117,534		25,008	25,008	25,008
Contractual income	56,684								56,684	64,011	52,162
Parking garage income		730,097							730,097	0	0
Other income	1,187								1,187	86,263	40,364
Capital grants & contributions		10,000,639					7,250,000		10,000,639	0	7,250,000
Non-operating revenues:											
Interest on cash & investments	565,824	31,475	1,042		797,921	1,878	1,688,452	11,887	598,341	799,799	1,700,339
Total revenues	2,640,355	10,762,211	64,218	(453,563)	3,833,439	64,058	10,921,385	71,941	13,013,221	3,897,497	10,993,326
Expenses:											
Personnel	497,701				410,064		399,044		497,701	410,064	399,044
Professional fees	217,156	444,004		(444,004)	77,294		35,022		217,156	77,294	35,022
Depreciation & amortization	100,297	394,300			99,571		97,252		494,597	99,571	97,252
Parking garage operating expenses		334,825							334,825	-	-
Travel, Supplies & Misc.	157,490	17,450		(9,559)	122,092		113,022		165,381	122,092	113,022
Non-operating expenses:											
Bond interest expense	256,802	85,429			664,843		531,833		342,231	664,843	531,833
Total Expenses	1,229,446	1,276,008	-	(453,563)	1,373,864		1,176,173		2,051,891	1,373,864	1,176,173
Increase in net assets	1,410,909	9,486,203	64,218		2,459,575	64,058	9,745,212	71,941	10,961,330	2,523,633	9,817,153
Net assets, beginning of year	36,909,148	-	2,280,482		34,449,573	2,216,424	24,704,361	2,144,483	39,189,630	36,665,997	26,848,844
Reclassification of net assets:	(6,000,000)	6,000,000							-		
Net assets, end of year	32,320,057	15,486,203	2,344,700		36,909,148	2,280,482	34,449,573	2,216,424	50,150,960	39,189,630	36,665,997

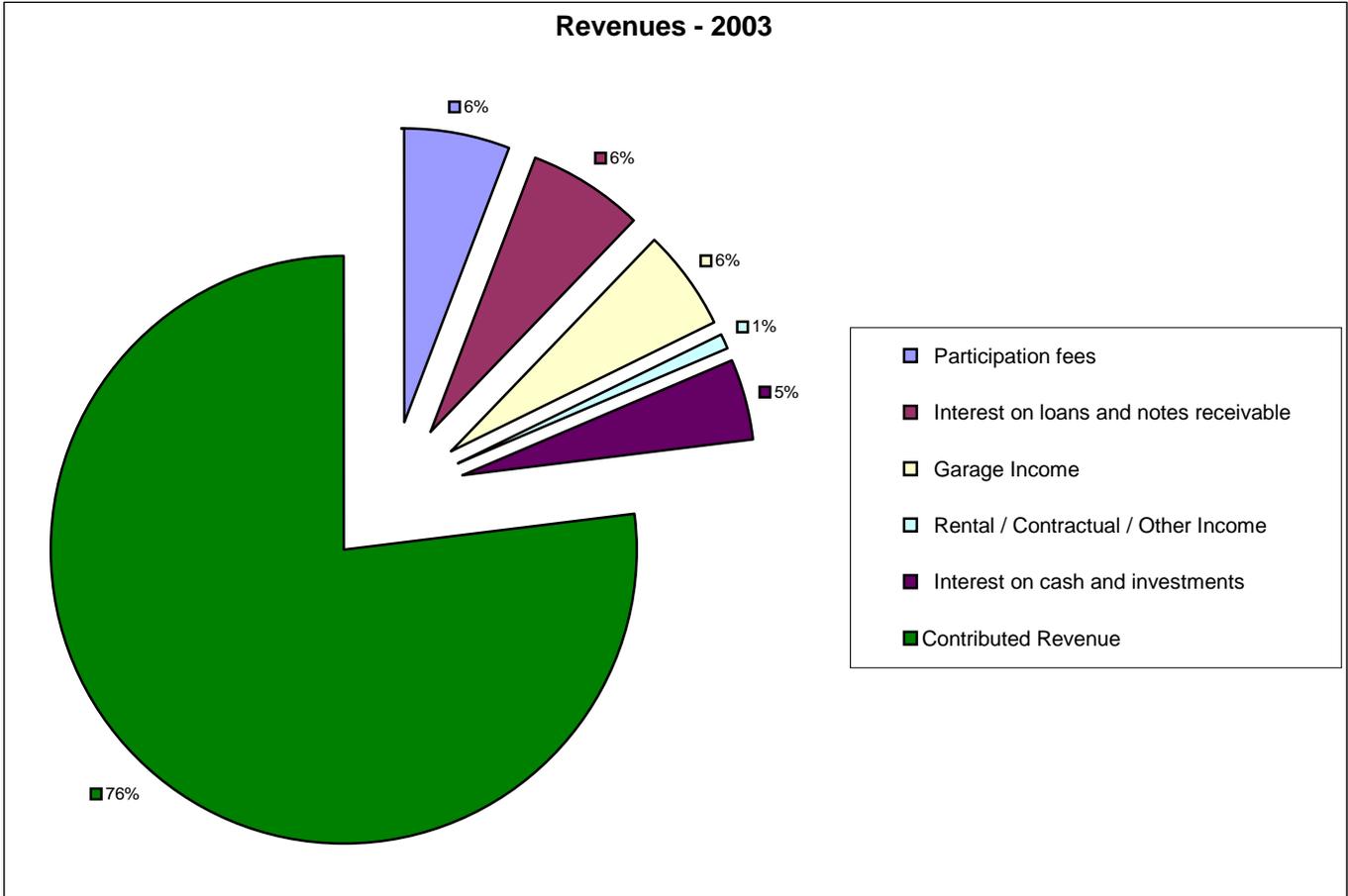
## MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

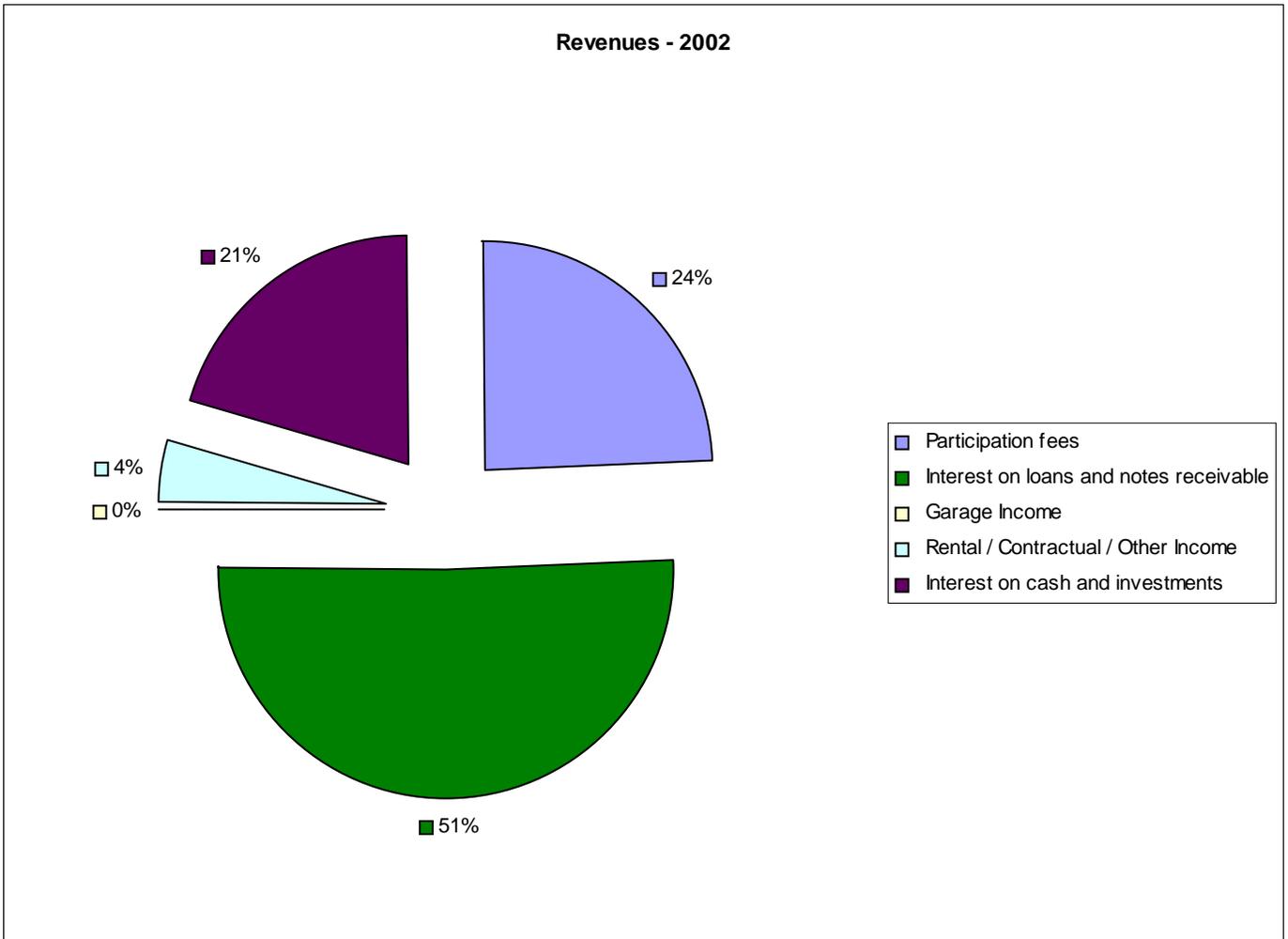
- Participation fees before eliminations increased \$274,023 (29%), after eliminations declined by \$179,540 (-19%) during the current fiscal year, increased by \$245,066 (35%) during the prior fiscal year, and declined by 33% in fiscal year 2001. The increase in the current fiscal year is due to several refundings and additional public activity bond development and increased BUILD participation fee income. The decline after eliminations is from a one time adjustment to fees regarding transfers of fees between the Industrial Development and Reserve Fund and the Parking Garage Fund. The 35% increase in participation fees in FY2002 is from increased fee income from private activity bonds and BUILD. In FY2001, there was a 33% decline in participation fee income and that was primarily due to the lack of BUILD participation fee income as the program was in the beginning stages of development.
- Interest on loans and notes receivable declined by \$1,141,611 (-60%) during the current fiscal year and increased by \$751,897 (62%) during the prior fiscal year. Most of this decline in the current fiscal year is the product of the St. Louis Conference Center Hotel bridge loan pay off early in 2003 and most of the increase in the prior fiscal year is the product of the interest earned for the year on the St. Louis Conference Center Hotel bridge loan. In FY2001, interest on loans and notes receivable was relatively stable.
- Parking garage operating income is a new income source for the current fiscal year as the St. Louis Conference Center Hotel parking garage started operation in August 2002.
- For the current fiscal year, there was a net increase of \$10,000,639 in contribution revenue, and there was a net decline of \$7,250,000 for the prior fiscal year. The current fiscal year's increase is attributed to \$5,000,639 in contributed revenue for the Kansas City Library parking garage and to \$5,000,000 in contributed revenue for the 9<sup>th</sup> Street Garage that will support the Old Post Office project. The 2002 fiscal year did not have any contribution revenue; however, in fiscal year 2001, the contribution revenue consisted of \$6,000,000 for the St. Louis Conference Center Hotel parking garage and \$1,250,000 for the Continental Building loan, a total of \$7,250,000 in contributions. See footnote 8 and 9 for further details.
- Interest income on cash and investments was down \$201,458 (25%) for the current fiscal year due to continued declines in the interest rate environment. For the prior fiscal year, interest income on cash and investments was \$900,540 (-53%) lower due to the marked decline in interest rates from 2001. For fiscal years 2003, 2002, 2001 the Board's average interest rate on cash and investments was approximately 1.30%, 2%, and 3.80% respectively.
- The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. To that end, the beginning balance of \$6,000,000 for the St. Louis Conference Center Hotel Garage was transferred from the Industrial Development and Reserve fund to the Parking Garage Fund. The three garages are as follows: St. Louis Conference Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the Old Post Office redevelopment in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during FY2003; the remaining two garages are in the development and construction, respectively.
- The eliminations/transfers are for participation fees charged by the Board between funds for operational activities the Board provides the Parking Garage Fund. The fees are an expense for the Parking Garage Fund and are offsetting during consolidation. However, the result without elimination is that income and expense would be overstated. See footnote 11 for further details.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
 (A Component Unit of the State of Missouri)

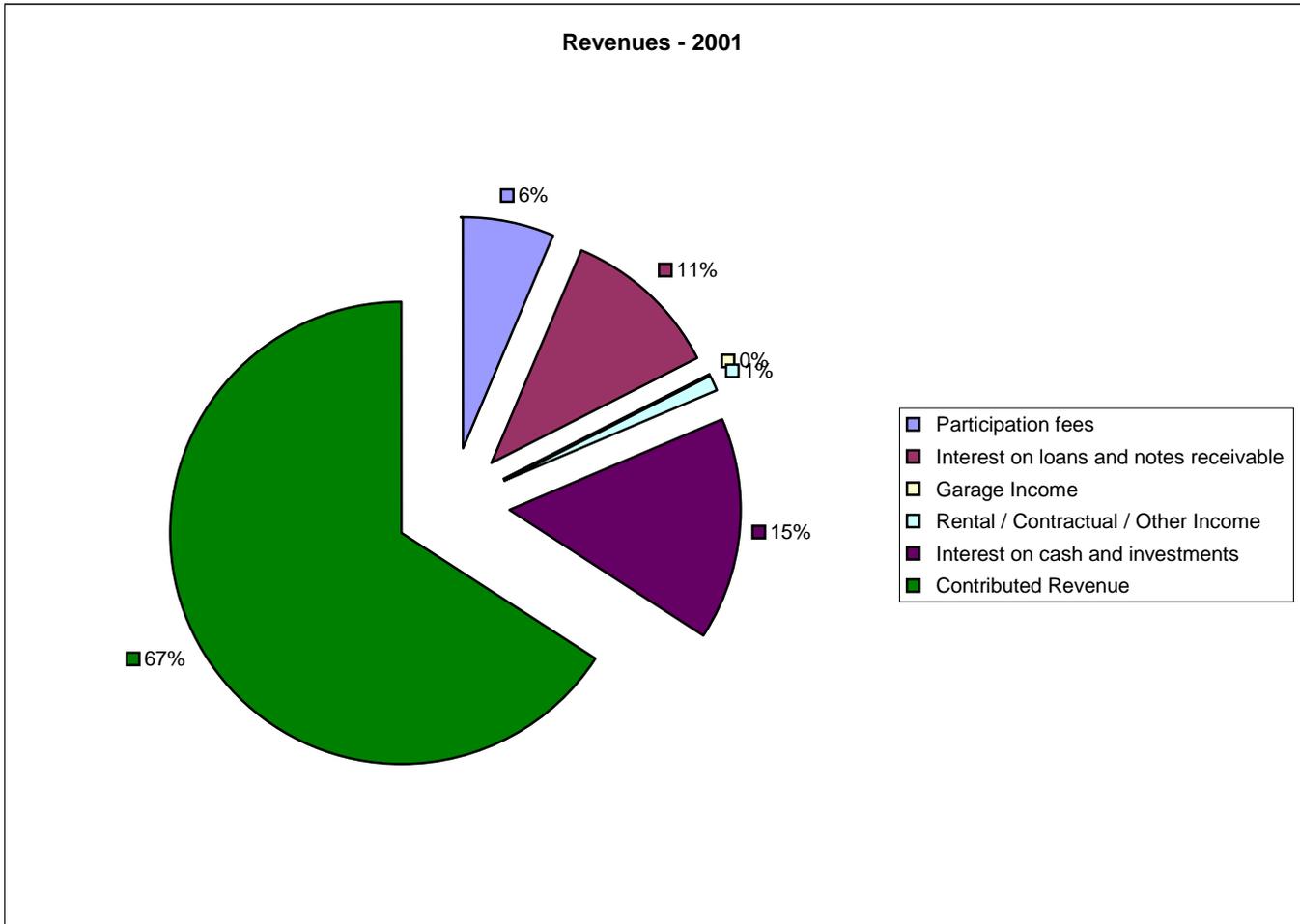
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Exceptions are the increase in professional fees of \$233,362 (121%), parking garage operating expenses \$334,825 and depreciation expense \$494,597 for the St. Louis Conference Center Hotel parking garage operation. The increase in professional fees is primarily for consultants conducting economic studies in partnership with the Department of Economic Development. The remaining increases are related to the garage operations starting in FY2003.



**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)



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**Capital Assets and Debt Administration**

The Board's investment in capital assets for its business type activities as of June 30, 2003 amounts to \$28,118,010, net of depreciation, an increase of \$7,619,834 from June 30, 2002. This investment in capital assets includes land, buildings, and equipment. The total increase in the Board's investment in capital assets for the current fiscal year was 37% as compared to 109% from the prior fiscal year.

One of the major capital asset events during the current fiscal year and prior fiscal year was the construction of the St. Louis Conference Center Hotel parking garage, a component of the St. Louis Conference Center Hotel and Garage project. Other major capital asset events in the current fiscal year were the acquisition of the land for construction of the Kansas City Library parking garage and the acquisition of the Century building for demolition and construction of the 9<sup>th</sup> Street parking garage for the Old Post Office project in St. Louis.

Missouri Development Finance Board's Capital Assets (net of depreciation)			
	2003	2002	2001
Land	\$ 8,039,625	\$ 4,705,000	\$ 4,705,000
Construction in process	1,684,451	14,122,938	3,331,746
Buildings and land	18,384,525	1,630,000	1,690,000
Equipment	9,409	40,238	72,497
<b>Total</b>	<b>\$28,118,010</b>	<b>\$20,498,176</b>	<b>\$9,799,243</b>

Additional information on the Board's capital assets can be found in note 5 of this report.

**Long-term Debt**

At the end of the current fiscal year, the Board had total bonded debt outstanding of \$21,100,000 and for the prior fiscal year \$34,555,000. The decrease in the long-term debt of \$13,455,000 in the current fiscal year is due to the payoff of the St. Louis Conference Center Hotel Series 2000A, taxable revenue anticipation notes. The Board's debt for the current fiscal year represents \$6,500,000 in St. Louis Conference Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds and \$14,600,000 St. Louis Conference Center Hotel Series 2000C, tax-exempt infrastructure facilities revenue bonds.

The decrease in long-term debt in the prior fiscal year of \$5,000,000 is due to the pay down of the St. Louis Conference Center Hotel Series 2000A, taxable revenue anticipation notes. **None of this amount comprises debt backed by the full faith and credit of the state of Missouri.**

Missouri Development Finance Board's Outstanding Debt			
	2003	2002	2001
Long-term debt	<b>\$21,100,000</b>	<b>\$34,555,000</b>	<b>\$39,555,000</b>

Additional information on the Board's long-term debt can be found in note 8 of this report.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**Item of Significance for the Current Year**

In the current year, the following item of interest occurred:

- The Board is party to a lawsuit that seeks a declaratory judgment that the Old Post Office and Ninth Street Parking Garage Project are not eligible for Federal and State Historic Tax Credits. These credits are not Board issued tax credits. The theory of the lawsuit is that the demolition of the Century building violates National Park Service rules related to the issuance of historic tax credits. The Century building was acquired with plans to demolish the building and construct the 9th Street Garage to support the Old Post Office after it is renovated. This demolition project is being undertaken in compliance with the order of a Missouri Circuit judge that pre-dates the lawsuit by over two-and-a-half years and also pre-dates the Plaintiff's acquisition of a downtown condominium unit by three months. This action is unlikely to result in a direct loss to the Board. However; there is potential for delay in the Old Post Office and Ninth Street Parking Garage project. See footnote 12 for more details.

**Significant Events for Next Year**

In the coming fiscal year, we anticipate the following significant events:

- The Board has entered into an agreement to be part of the development of the U.S. Custom House and Old Post Office (the "Old Post Office") in St. Louis, Missouri. As part of this development, the Board anticipates owning the Old Post Office and constructing the Ninth St. Garage to be built on the Century building site across the street from the Old Post Office. The Old Post Office is anticipated to be leased to the St. Louis U.S. Custom House and Post Office Building Associates, L.P. with a lease term of ninety-nine years. Although the details have not been finalized as of the date of this report, we do anticipate this will be finalized in the coming year.
- The Board entered into a contract with the developer, DLPG, LLC for the construction of the 485 space Kansas City Library Parking Garage for a cost not to exceed of \$6,472,670. The construction agreement is between the developer, DLPG, LLC and the contractor, J. E. Dunn. It is estimated the parking garage will be completed by Spring 2004.

**Requests for Information**

This financial report is designed to provide a general overview of the Missouri Development Finance Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Missouri Development Finance Board, Controller, P. O. Box 567, 301 W. High Street, Room 680, Jefferson City, MO 65102.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2003**

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Eliminations	Total Business-Type Activities
<b>ASSETS</b>					
Current assets:					
Cash	\$ 109,262	\$ 513,711	\$ 74,167	\$ -	\$ 697,140
Investments	20,877,938	-	-	-	20,877,938
Current portion of loans and notes receivable	1,097,324	-	199,058	-	1,296,382
Accrued interest on investments	236,460	-	-	-	236,460
Accrued interest and fees on loans receivable	32,025	-	30,315	-	62,340
Prepaid expenses and other assets	356,378	88,830	-	(416,384)	28,824
Total current assets	<u>22,709,387</u>	<u>602,541</u>	<u>303,540</u>	<u>(416,384)</u>	<u>23,199,084</u>
Noncurrent assets:					
Restricted assets	23,025,426	13,516,881	-	-	36,542,307
Long-term portion of loans and notes receivable	6,599,398	-	2,043,410	-	8,642,808
Bond issuance costs, less accumulated amortization of \$49,710	17,371	-	-	-	17,371
Capital assets:					
Assets not being depreciated	595,692	9,128,384	-	-	9,724,076
Assets being depreciated, net	1,579,409	16,814,525	-	-	18,393,934
Total noncurrent assets	<u>31,817,296</u>	<u>39,459,790</u>	<u>2,043,410</u>	<u>-</u>	<u>73,320,496</u>
Total assets	<u>\$54,526,683</u>	<u>\$ 40,062,331</u>	<u>\$ 2,346,950</u>	<u>\$ (416,384)</u>	<u>\$ 96,519,580</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 114,930	\$ 354,128	\$ 2,250	\$ (416,384)	\$ 54,924
Accrued bond interest	-	22,000	-	-	22,000
Deferred contribution revenue	1,900,000	3,100,000	-	-	5,000,000
Total current liabilities	<u>2,014,930</u>	<u>3,476,128</u>	<u>2,250</u>	<u>(416,384)</u>	<u>5,076,924</u>
Noncurrent liabilities:					
Tax credit for contribution deposits	20,159,435	-	-	-	20,159,435
Long-term debt	-	21,100,000	-	-	21,100,000
Loan guarantee default reserve	32,261	-	-	-	32,261
Total noncurrent liabilities	<u>20,191,696</u>	<u>21,100,000</u>	<u>-</u>	<u>-</u>	<u>41,291,696</u>
Total liabilities	<u>22,206,626</u>	<u>24,576,128</u>	<u>2,250</u>	<u>(416,384)</u>	<u>46,368,620</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,175,101	4,842,909	-	-	7,018,010
Restricted	965,991	10,416,881	-	-	11,382,872
Unrestricted	29,178,965	226,413	2,344,700	-	31,750,078
Total net assets	<u>32,320,057</u>	<u>15,486,203</u>	<u>2,344,700</u>	<u>-</u>	<u>50,150,960</u>
Total liabilities and net assets	<u>\$54,526,683</u>	<u>\$ 40,062,331</u>	<u>\$ 2,346,950</u>	<u>\$ (416,384)</u>	<u>\$ 96,519,580</u>

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

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2002**

	Industrial Development and Reserve Fund	Infrastructure Development Fund	Total Business-Type Activities
<b>ASSETS</b>			
Current assets:			
Cash	\$ 274,187	\$ 110,228	\$ 384,415
Investments	13,944,474	-	13,944,474
Current portion of loans and notes receivable	3,880,744	179,372	4,060,116
Accrued interest on investments	151,968	-	151,968
Accrued interest and fees on loans receivable	1,595,864	28,780	1,624,644
Prepaid expenses and other assets	4,780	-	4,780
Total current assets	<u>19,852,017</u>	<u>318,380</u>	<u>20,170,397</u>
Noncurrent assets:			
Restricted assets	36,491,985	-	36,491,985
Long-term portion of loans and notes receivable	21,635,224	1,962,102	23,597,326
Bond issuance costs, less accumulated amortization of \$45,540	21,542	-	21,542
Capital assets:			
Assets not being depreciated	18,827,938	-	18,827,938
Assets being depreciated, net	<u>1,670,238</u>	<u>-</u>	<u>1,670,238</u>
Total noncurrent assets	<u>78,646,927</u>	<u>1,962,102</u>	<u>80,609,029</u>
Total assets	<u>\$ 98,498,944</u>	<u>\$ 2,280,482</u>	<u>\$ 100,779,426</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other accrued liabilities	\$ 50,648	\$ -	\$ 50,648
Accrued bond interest	<u>100,958</u>	<u>-</u>	<u>100,958</u>
Total current liabilities	<u>151,606</u>	<u>-</u>	<u>151,606</u>
Noncurrent liabilities:			
Tax credit for contribution deposits	25,804,842	-	25,804,842
Long-term debt	34,555,000	-	34,555,000
Deferred revenue	1,046,087	-	1,046,087
Loan guarantee default reserve	<u>32,261</u>	<u>-</u>	<u>32,261</u>
Total noncurrent liabilities	<u>61,438,190</u>	<u>-</u>	<u>61,438,190</u>
Total liabilities	<u>61,589,796</u>	<u>-</u>	<u>61,589,796</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,670,238	-	7,670,238
Restricted	2,415,081	-	2,415,081
Unrestricted	<u>26,823,829</u>	<u>2,280,482</u>	<u>29,104,311</u>
Total net assets	<u>36,909,148</u>	<u>2,280,482</u>	<u>39,189,630</u>
Total liabilities and net assets	<u>\$ 98,498,944</u>	<u>\$ 2,280,482</u>	<u>\$ 100,779,426</u>

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

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Eliminations	Total Business-Type Activities
<b>OPERATING REVENUES</b>					
Participation fees	\$ 1,227,872	\$ -	\$ -	\$ (453,563)	\$ 774,309
Interest on loans and notes receivable	763,780	-	63,176	-	826,956
Rental income	25,008	-	-	-	25,008
Contractual income	56,684	-	-	-	56,684
Parking garage operating income	-	730,097	-	-	730,097
Other income	1,187	-	-	-	1,187
Total operating revenues	<u>2,074,531</u>	<u>730,097</u>	<u>63,176</u>	<u>(453,563)</u>	<u>2,414,241</u>
<b>OPERATING EXPENSES</b>					
Personnel	497,701	-	-	-	497,701
Professional fees	217,156	444,004	-	(444,004)	217,156
Travel	68,610	-	-	-	68,610
Supplies and other	66,837	-	-	-	66,837
Depreciation and amortization	100,297	394,300	-	-	494,597
Parking garage operating expenses	-	334,825	-	-	334,825
Miscellaneous	22,043	17,450	-	(9,559)	29,934
Total operating expenses	<u>972,644</u>	<u>1,190,579</u>	<u>-</u>	<u>(453,563)</u>	<u>1,709,660</u>
Operating income (loss)	<u>1,101,887</u>	<u>(460,482)</u>	<u>63,176</u>	<u>-</u>	<u>704,581</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Interest on cash and investments	565,824	31,475	1,042	-	598,341
Bond interest expense	(256,802)	(85,429)	-	-	(342,231)
Total nonoperating income (expense)	<u>309,022</u>	<u>(53,954)</u>	<u>1,042</u>	<u>-</u>	<u>256,110</u>
Income (loss) before contributed revenue and interfund transfers	1,410,909	(514,436)	64,218	-	960,691
CONTRIBUTED REVENUE	-	10,000,639	-	-	10,000,639
INTERFUND TRANSFER (NOTE 5)	<u>(6,000,000)</u>	<u>6,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(4,589,091)	15,486,203	64,218	-	10,961,330
Total net assets - beginning	<u>36,909,148</u>	<u>-</u>	<u>2,280,482</u>	<u>-</u>	<u>39,189,630</u>
Total net assets - ending	<u>\$32,320,057</u>	<u>\$ 15,486,203</u>	<u>\$ 2,344,700</u>	<u>\$ -</u>	<u>\$ 50,150,960</u>

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

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	Industrial Development and Reserve Fund	Infrastructure Development Fund	Total Business-Type Activities
<b>OPERATING REVENUES</b>			
Participation fees	\$ 953,849	\$ -	\$ 953,849
Interest on loans and notes receivable	1,906,387	62,180	1,968,567
Rental income	25,008	-	25,008
Contractual income	64,011	-	64,011
Other income	86,263	-	86,263
Total operating revenues	<u>3,035,518</u>	<u>62,180</u>	<u>3,097,698</u>
<b>OPERATING EXPENSES</b>			
Personnel	410,064	-	410,064
Professional fees	77,294	-	77,294
Travel	47,253	-	47,253
Supplies and other	58,470	-	58,470
Depreciation and amortization	99,571	-	99,571
Miscellaneous	16,369	-	16,369
Total operating expenses	<u>709,021</u>	<u>-</u>	<u>709,021</u>
Operating income	<u>2,326,497</u>	<u>62,180</u>	<u>2,388,677</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest on cash and investments	797,921	1,878	799,799
Bond interest expense	(664,843)	-	(664,843)
Total nonoperating income	<u>133,078</u>	<u>1,878</u>	<u>134,956</u>
Change in net assets	2,459,575	64,058	2,523,633
Total net assets - beginning	<u>34,449,573</u>	<u>2,216,424</u>	<u>36,665,997</u>
Total net assets - ending	<u>\$ 36,909,148</u>	<u>\$ 2,280,482</u>	<u>\$ 39,189,630</u>

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

**MISSOURI DEVELOPMENT FINANCE BOARD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2003**

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 3,286,770	\$ 701,273	\$ 63,891	\$ 4,051,934
Receipts for tax credit projects	6,786,607	-	-	6,786,607
Payments to suppliers	(311,695)	(502,157)	-	(813,852)
Payments to tax credit projects	(13,478,099)	-	-	(13,478,099)
Payments to employees	(496,370)	-	-	(496,370)
Net cash provided (used) by operating activities	<u>(4,212,787)</u>	<u>199,116</u>	<u>63,891</u>	<u>(3,949,780)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Loans and notes receivable principal payments	17,819,246	-	276,005	18,095,251
Loans and notes receivable issued	-	-	(377,000)	(377,000)
Interfund transfers	(350,504)	350,504	-	-
Net cash provided (used) by noncapital financing activities	<u>17,468,742</u>	<u>350,504</u>	<u>(100,995)</u>	<u>17,718,251</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Bond principal paid	(13,455,000)	-	-	(13,455,000)
Bond interest paid	(298,760)	(342,341)	-	(641,101)
Acquisition of land	-	(3,334,625)	-	(3,334,625)
Acquisition of buildings and equipment	(607,988)	(4,370,212)	-	(4,978,200)
Tax credit contributions	1,900,000	13,100,639	-	15,000,639
Net cash provided (used) by capital and related financing activities	<u>(12,461,748)</u>	<u>5,053,461</u>	<u>-</u>	<u>(7,408,287)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of investments	(79,623,065)	(81,500)	-	(79,704,565)
Maturities of investments	72,689,603	3,637,689	-	76,327,292
Interest on cash and investments	481,332	96,449	1,043	578,824
Net cash provided by investing activities	<u>(6,452,130)</u>	<u>3,652,638</u>	<u>1,043</u>	<u>(2,798,449)</u>
Net increase (decrease) in cash and cash equivalents	(5,657,923)	9,255,719	(36,061)	3,561,735
Cash and cash equivalents - July 1	11,002,856	-	110,228	11,113,084
Cash and cash equivalents - June 30	<u>\$ 5,344,933</u>	<u>\$ 9,255,719</u>	<u>\$ 74,167</u>	<u>\$ 14,674,819</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 1,101,887	\$ (460,482)	\$ 63,176	\$ 704,581
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	100,297	394,300	-	494,597
(Increase) decrease in accrued interest on loans and notes receivable	1,563,839	-	(1,535)	1,562,304
(Increase) in prepaid expenses and other assets	(351,598)	(88,830)	-	(440,428)
Increase in accounts payable and accrued liabilities	64,282	354,128	2,250	420,660
(Decrease) in deferred revenue	(1,046,087)	-	-	(1,046,087)
(Decrease) in tax credit for contribution deposits	(5,645,407)	-	-	(5,645,407)
Total adjustments	<u>(5,314,674)</u>	<u>659,598</u>	<u>715</u>	<u>(4,654,361)</u>
Net cash provided (used) by operating activities	<u>\$ (4,212,787)</u>	<u>\$ 199,116</u>	<u>\$ 63,891</u>	<u>\$ (3,949,780)</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets</b>				
Cash	\$ 109,262	\$ 513,711	\$ 74,167	\$ 697,140
Restricted assets	23,025,426	13,516,881	-	36,542,307
Less: Restricted investments	<u>(17,789,755)</u>	<u>(4,774,873)</u>	<u>-</u>	<u>(22,564,628)</u>
Total cash and cash equivalents	<u>\$ 5,344,933</u>	<u>\$ 9,255,719</u>	<u>\$ 74,167</u>	<u>\$ 14,674,819</u>

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

**MISSOURI DEVELOPMENT FINANCE BOARD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2002**

	Industrial Development and Reserve Fund	Infrastructure Development Fund	Total Business-Type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,691,037	\$ 59,484	\$ 1,750,521
Receipts for tax credit projects	14,535,808	-	14,535,808
Payments to suppliers	(1,670,977)	-	(1,670,977)
Payments to tax credit projects	(18,146,365)	-	(18,146,365)
Payments to employees	(408,643)	-	(408,643)
Net cash provided (used) by operating activities	<u>(3,999,140)</u>	<u>59,484</u>	<u>(3,939,656)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Loans and notes receivable principal payments	9,356,998	184,122	9,541,120
Loans and notes receivable issued	(5,295,744)	(394,000)	(5,689,744)
Net cash provided (used) by noncapital financing activities	<u>4,061,254</u>	<u>(209,878)</u>	<u>3,851,376</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Bond principal paid	(5,000,000)	-	(5,000,000)
Bond interest paid	(687,999)	-	(687,999)
Acquisition of buildings and equipment	(10,794,334)	-	(10,794,334)
Net cash (used) by capital and related financing activities	<u>(16,482,333)</u>	<u>-</u>	<u>(16,482,333)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(190,754,751)	-	(190,754,751)
Maturities of investments	188,269,468	-	188,269,468
Interest on cash and investments	781,683	1,878	783,561
Net cash provided by investing activities	<u>(1,703,600)</u>	<u>1,878</u>	<u>(1,701,722)</u>
Net decrease in cash and cash equivalents	(18,123,819)	(148,516)	(18,272,335)
Cash and cash equivalents - July 1	<u>29,126,675</u>	<u>258,744</u>	<u>29,385,419</u>
Cash and cash equivalents - June 30	<u>\$ 11,002,856</u>	<u>\$ 110,228</u>	<u>\$ 11,113,084</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income	\$ 2,326,497	\$ 62,180	\$ 2,388,677
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	99,571	-	99,571
(Increase) in accrued interest on loans and notes receivable	(1,080,929)	(2,696)	(1,083,625)
Decrease in prepaid expenses and other assets	42,507	-	42,507
Increase in accounts payable and accrued liabilities	8,114	-	8,114
(Decrease) in tax credit for contribution deposits	(3,610,557)	-	(3,610,557)
(Decrease) in deferred revenue	(1,698,176)	-	(1,698,176)
(Decrease) in loan guarantee default reserve	(86,167)	-	(86,167)
Total adjustments	<u>(6,325,637)</u>	<u>(2,696)</u>	<u>(6,328,333)</u>
Net cash provide (used) by operating activities	<u>\$ (3,999,140)</u>	<u>\$ 59,484</u>	<u>\$ (3,939,656)</u>
<b>Reconciliation of cash and cash equivalents to the statement of net assets:</b>			
Cash	\$ 274,187	\$ 110,228	\$ 384,415
Restricted assets	36,491,985	-	36,491,985
Less: Restricted investments	<u>(25,763,316)</u>	<u>-</u>	<u>(25,763,316)</u>
Total cash and cash equivalents	<u>\$ 11,002,856</u>	<u>\$ 110,228</u>	<u>\$ 11,113,084</u>

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

# MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

### (1) Financial Reporting Entity and Summary of Significant Accounting Policies

#### (a) *Financial Reporting Entity*

The Missouri Development Finance Board (the Board), created by Sections 100.250 to 100.297 of the Revised Statutes of Missouri (RSMo), is an independent, self-supporting, quasi-governmental entity, governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints nine of the Board members. The remaining three Board members are the Lieutenant Governor, Director of the Department of Economic Development, and Director of the Department of Agriculture.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue taxable and tax-exempt industrial revenue bonds or notes; provide loans or loan guarantees to projects for eligible businesses; provide loans 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 for approved projects. The Board also has other authorized powers under state statute, including the ability to acquire, own, improve, and use real and personal property such as the parking garages.

#### (b) *Basis of Presentation*

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities in Enterprise Funds, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Board has three active and two inactive Enterprise Funds.

Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The Board's active funds are as follows:

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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

- *Industrial Development and Reserve Fund* – The Industrial Development and Reserve Fund was established in 1982 by Section 100.260 RSMo, as amended, and is funded by appropriations from the State General Revenue Fund or from various other sources as specified by the RSMo. Appropriations may be used to make eligible direct loans or may be pledged as loan, note, or bond guarantees. RSMo (Sections 33.080 and 100.260) provide that funds appropriated by the general assembly for this fund shall not lapse and the balance shall not be transferred to the General Revenue Fund – State. This fund also includes construction costs related to the Old Post Office redevelopment project and building leasing operations.
- *Parking Garage Fund* – The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the Old Post Office redevelopment in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during 2003; the remaining two garages are under construction at June 30, 2003.
- *Infrastructure Development Fund* – The Infrastructure Development Fund was established in 1988 by Section 100.263 RSMo, as amended, and is funded by appropriations from the State General Fund or from various other sources as specified by the RSMo. Funds may be used to make low-interest or interest-free loans, and loan guarantees to local political subdivisions and state agencies. The Board has received appropriations to fund local infrastructure improvements.

**(c) Method of Accounting**

The accrual basis of accounting is utilized for all Board funds. With this measurement focus, revenues are recognized when earned and expenses are recorded when incurred.

The Board recognizes revenue on application fees when received since the fees are nonrefundable.

The Board recognizes revenue on issuance fees at the time of the issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to bond issuance are recognized when incurred, as there is no reasonable method of allocating the expenses to issuance revenues because of the above-mentioned uncertainties.

Application fees and issuance fees are recognized as participation fees on the Statement of Revenues, Expenses, and Changes in Net Assets.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions

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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

received for tax credits on behalf of the Board's projects are recorded as revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issues subsequent to November 30, 1989, are not applied.

***(d) Investments***

The Board has the power to invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivisions obligations with the two highest credit rating categories. Investments with initial maturities of one year or less are stated at amortized cost. Investments with initial maturities of greater than one year are carried at fair value based on quoted market prices.

***(e) Provision for Doubtful Loans***

The Board provides for an allowance of uncollectible loans and notes receivable as considered reasonable by management based on its assessment of collectibility. An allowance has also been established for the guaranteed loan program.

***(f) Capital Assets***

Capital assets, which consist of land, building, and equipment are stated at cost. Contributions of fixed assets are recorded at fair market value at the time received. Capital assets are defined by the Board as assets with an individual cost of more than \$500 and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Equipment	3 – 5 years

Fully depreciated fixed assets are included in capital asset accounts until their disposal.

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. During 2003, the Board capitalized interest paid to finance the construction of the St. Louis Conference Center Hotel parking garage. The total amount of interest incurred is \$559,547, the amount capitalized is \$217,315, and the amount expensed is \$342,827.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

**(g) *Compensated Absences***

Under terms of the Board's personnel policy, Board employees are granted vacation, personal days, sick, and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, personal days, and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation, personal days, and compensatory hours are included as a current liability in the accompanying combined financial statements. The costs of sick leave are recorded when paid and are not accrued.

**(h) *Bond Issue Costs***

Bond issue costs represent costs related to the Series 1992-A Infrastructure Facilities Revenue Bond Program. These costs are being amortized over fifteen years as they are recovered through loan participation fees.

**(i) *Participation Fees***

The Board receives participation fees on certain direct loans, loan guarantees, bonds, and tax credit contributions. Participation fees are recorded as revenue when they become due to the Board.

Direct infrastructure loans are made to local governmental entities for public infrastructure needs. A \$750 fee is assessed for the direct infrastructure loans to cover legal counsel costs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of \$500 and a maximum of \$2,500. The issuance fee for private bonds is on a scale ranging from 0.375% to 0.125%, depending on the size of the issue. The issuance fee for public bonds is 0.5% of the issue.

For each tax credit for contribution project, fees are 2% of the first one million dollars in contributions and 1% of the contributions thereafter.

**(j) *Issuance of Conduit Bonds***

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Conference Center Hotel project (see Note 7), are conduit obligations with bond insurance and letters of credit. The debtor pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 12 to the financial statements for further information.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

***(k) Cash and Cash Equivalents***

Cash and cash equivalents for the combined statements of cash flows include cash and short-term investments with original maturities of ninety days or less.

***(l) Net Assets***

Equity is categorized in the statement of net assets as invested in capital assets net of related debt, restricted, and unrestricted. Restricted consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, then unrestricted resources when they are needed. Unrestricted consists of net assets not invested in capital assets that do not meet the definition of "restricted".

***(m) Classification of Operating, Nonoperating, and Contributed Revenue***

The Board has classified its revenues as operating, nonoperating, or contributed revenues according to the following criteria:

*Operating revenues:* Include revenue sources related to the basic purpose of the Board and include interest income on loans and fees and charges for services.

*Nonoperating revenues:* Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments.

*Contributed revenues:* Include revenue related to the contributions for tax credit program authorized under state statute and received for Board owned projects.

***(n) Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**(2) Cash and Investments**

Pursuant to the Board's formal investment policy, the Board's excess funds have been deposited in open accounts, time deposits, certificates of deposit, U.S. government agency securities, and repurchase agreements.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

The Board's cash and investments are categorized to give an indication of the level of custodial risk assumed by the Board at year-end. Category 1 includes investments that are insured or registered for which the securities are held by the Board or its agent in the Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent, but not in the Board's name.

The Board's cash and investments are categorized as follows:

	Category			Carrying Amount
	1	2	3	
U.S. government and agency securities	\$ 31,212,025	4,757,872	--	35,969,897
Certificates of deposit				12,916,123
Cash deposits				9,155,408
Accrued interest				312,417
Total restricted and unrestricted cash and investments				\$ 58,353,845
As reflected on the combined balance sheet:				
Cash				\$ 697,140
Investments				20,877,938
Accrued interest				236,460
Restricted assets				36,542,307
Total restricted and unrestricted cash and investments				\$ 58,353,845

For the year ended June 30, 2002, the Board had investments in U.S. Government and agency securities with a carrying amount of \$39,790,784. Of that amount, \$30,760,724 and \$9,030,060 were categorized as Category 1 and Category 2 investments, respectively.

Collateralization at June 30, 2003 is as follows:

Total cash deposits	\$ 9,155,408
Certificates of deposit	12,916,123
Total carrying amount of deposits	\$ 22,071,531
Bank balance of deposits	\$ 22,120,725

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

Amount insured by the FDIC		\$	1,000,000
Amount collateralized with securities pledged by the financial institutions			11,420,452
Amount collateralized with letter of credit pledged by financial institutions			2,347,000
Amount not collateralized			<u>7,353,273</u>
Bank balance of deposits		\$	<u>22,120,725</u>

As required by Missouri law, the depository banks pledge securities, in addition to the Federal Depository Insurance Corporation insurance, to equal or exceed the amount on deposit at all times. At June 30, 2003, securities with a fair value of \$16,959,088 are held in a joint custody account with the Federal Reserve Bank. Securities with a fair value of \$2,574,324 are held in the name of the Board by a pledging institution's trust department or agent. Additionally, a pledging institution's agent issued letters of credit with a limit of \$2,420,000 with the Board named as beneficiary.

The amount not collateralized was due to one financial institution's failure to follow the Board's instructions regarding statutory collateral requirements. As of the issuance of this report, the Board's deposits at this financial institution have been collateralized properly.

At June 30, 2002, securities with a fair value of \$2,050,063 were held in a joint custody account with the Federal Reserve Bank. Securities with a fair value of \$12,636,646 were held by the pledging institution's trust department or agent in the name of the Board.

**(3) Loans and Notes Receivable**

Direct loans through the Industrial Development and Reserve Fund represent loans to individual companies and political subdivisions in Missouri. Direct loans through the Infrastructure Development Fund represents three percent loans made to local political subdivisions.

Loans and notes receivable at June 30, 2003 and 2002 are as follows:

	2003		2002	
	Current	Long-term	Current	Long-term
Loans and notes receivable:				
Industrial Development and Reserve Fund	\$ 1,097,324	6,599,398	3,880,744	21,635,224
Infrastructure Development Fund	<u>199,058</u>	<u>2,074,682</u>	<u>179,372</u>	<u>1,993,374</u>
Total	1,296,382	8,674,080	4,060,116	23,628,598
Less: allowance for doubtful loans	<u>--</u>	<u>(31,272)</u>	<u>--</u>	<u>(31,272)</u>
Total loans and notes receivable, net	<u>\$ 1,296,382</u>	<u>8,642,808</u>	<u>4,060,116</u>	<u>23,597,326</u>

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

**(4) Restricted Assets**

In November 1995, the Board issued \$8,800,000 of bonds for a Series 1995 Limited Obligation Leasehold Revenue Bond Program. The Board was required to deposit, from existing funds, an amount equal to 10% of the outstanding bond issuance in an escrow account. At June 30, 2003, the outstanding bond balance was \$5,500,000, requiring an escrow balance of \$550,000.

In September 1992, the Board issued \$15,000,000 of bonds for a Series 1992-A Infrastructure Facilities Revenue Bond Program. The Board was required to deposit, from existing funds, \$25,000 in a separate issuer account.

In June 1999 and May 2000, the Board placed unrestricted Board funds of \$500,000 each into Second Loss Debt Service Reserve Funds for two of its infrastructure bonds.

In December 2000, the Board issued \$39,555,000 of bonds to fund a loan for the St. Louis Conference Center Hotel and land and construction costs for the hotel's parking garage. The restricted assets held for this project at June 30, 2003 are reserved as a contingency for the garage portion of the project.

Restricted assets consist of the following at June 30, 2003 and 2002:

	<b>2003</b>	<b>2002</b>
Leasehold Revenue Bond Program	\$ 550,000	569,000
Infrastructure Bond Debt Service Reserve Funds	1,025,000	1,025,000
Tax credit for contribution deposits (Note 6)	20,159,435	25,804,842
St. Louis Conference Center Hotel reserve deposits subsequently transferred to Parking Garage Fund in 2003 (Note 9)	--	9,093,143
Old Post Office construction and reserve deposits (Note 10)	1,290,991	--
Total restricted assets – Industrial Development and Reserve Fund	\$ 23,025,426	36,491,985
St. Louis Conference Center Hotel reserve deposits (Note 9)	\$ 4,979,398	--
Ninth Street Garage construction and reserve deposits (Note 10)	6,162,283	--
Kansas City Library Garage construction deposits (Note 10)	2,375,200	--
Total restricted assets – Parking Garage Fund	\$ 13,516,881	--

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

**(5) Capital Assets**

During August 1989, the Board received a \$2,400,000 contribution from a taxpayer to acquire and renovate a vacant, historic office building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a twenty-year lease with the United Way of Kansas City (the "United Way") to rent the building upon completion of the renovation. The lease provides for monthly rental payments of \$2,084, with an option to purchase the building at the end of the lease term (August 1, 2009) for \$1,884,658. The lease is accounted for as an operating lease and the building and contribution have been recorded as land and building and invested in capital assets.

During December 2000, the Board used a \$6,000,000 contribution from a taxpayer and \$21,100,000 in bond proceeds to purchase land and begin construction of a parking garage for the St. Louis Conference Center Hotel project. When the Parking Garage Fund was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund. The garage began operations during August 2002. Additionally, the construction in process recorded for this garage was reclassified as building during 2003 and transferred into the Parking Garage Fund.

During 2003, the Board used a \$10,000,000 contribution from a taxpayer to purchase and begin development of the Old Post Office project in downtown St. Louis. The proceeds have been used for the design phase of the Old Post Office renovation and land and demolition costs for an office building adjacent to the Old Post Office that will be replaced by a parking garage. The Old Post Office portion of the project is accounted for within the Industrial Development and Reserve Fund, and the garage portion is accounted for in the Parking Garage Fund. Both portions of the project are included in construction in process.

During 2003, the Board also used a portion of \$5,000,639 in contributions from several taxpayers to begin construction of a parking garage to support the new downtown headquarters for the Kansas City Public Library. Capital assets related to this project are included in construction in process.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Deletions/ Retirements	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 4,705,000	3,334,625	--	8,039,625
Construction in process	<u>14,122,938</u>	<u>4,770,338</u>	<u>17,208,825</u>	<u>1,684,451</u>
Total capital assets, not being depreciated	<u>18,827,938</u>	<u>8,104,963</u>	<u>17,208,825</u>	<u>9,724,076</u>
Capital assets, being depreciated:				
Building	2,400,000	17,208,825	--	19,608,825
Equipment	<u>133,253</u>	<u>5,298</u>	<u>--</u>	<u>138,551</u>
Total capital assets, being depreciated	<u>2,533,253</u>	<u>17,214,123</u>	<u>--</u>	<u>19,747,376</u>
Less: accumulated depreciation for:				
Building	770,000	454,300	--	1,224,300
Equipment	<u>93,015</u>	<u>36,127</u>	<u>--</u>	<u>129,142</u>
Total accumulated depreciation	<u>863,015</u>	<u>490,427</u>	<u>--</u>	<u>1,353,442</u>
Total capital assets, being depreciated, net	<u>1,670,238</u>	<u>16,723,696</u>	<u>--</u>	<u>18,393,934</u>
Total capital assets, net	<u>\$ 20,498,176</u>	<u>24,828,659</u>	<u>17,208,825</u>	<u>28,118,010</u>

A summary of capital assets by fund at June 30, 2003 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	\$ --	8,039,625	8,039,625
Building	2,400,000	17,208,825	19,608,825
Equipment	138,551	--	138,551
Construction in process	<u>595,692</u>	<u>1,088,759</u>	<u>1,684,451</u>
Sub-total	3,134,243	26,337,209	29,471,452
Less: accumulated depreciation	<u>(959,142)</u>	<u>(394,300)</u>	<u>(1,353,442)</u>
Total capital assets, net	<u>\$ 2,175,101</u>	<u>25,942,909</u>	<u>28,118,010</u>

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June 30, 2003 and 2002

Capital asset activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001	Additions	Deletions/ Retirements	Balance June 30, 2002
Capital assets, not being depreciated:				
Land	\$ 4,705,000	--	--	4,705,000
Construction in process	<u>3,331,746</u>	<u>10,791,192</u>	<u>--</u>	<u>14,122,938</u>
Total capital assets, not being depreciated	<u>8,036,746</u>	<u>10,791,192</u>	<u>--</u>	<u>18,827,938</u>
Capital assets, being depreciated:				
Building	2,400,000	--	--	2,400,000
Equipment	<u>150,481</u>	<u>3,142</u>	<u>20,370</u>	<u>133,253</u>
Total capital assets, being depreciated	<u>2,550,481</u>	<u>3,142</u>	<u>20,370</u>	<u>2,533,253</u>
Less: accumulated depreciation for:				
Building	710,000	60,000	--	770,000
Equipment	<u>77,984</u>	<u>35,401</u>	<u>20,370</u>	<u>93,015</u>
Total accumulated depreciation	<u>787,984</u>	<u>95,401</u>	<u>20,370</u>	<u>863,015</u>
Total capital assets, being depreciated, net	<u>1,762,497</u>	<u>(92,259)</u>	<u>--</u>	<u>1,670,238</u>
Total capital assets, net	<u>\$ 9,799,243</u>	<u>10,698,933</u>	<u>--</u>	<u>20,498,176</u>

A summary of capital assets by fund at June 30, 2002 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	\$ 4,705,000	--	4,705,000
Building	2,400,000	--	2,400,000
Equipment	150,481	--	150,481
Construction in process	<u>3,331,746</u>	<u>--</u>	<u>3,331,746</u>
Sub-total	10,587,227	--	10,587,227
Less: accumulated depreciation	<u>(787,984)</u>	<u>--</u>	<u>(787,984)</u>
Total capital assets, net	<u>\$ 9,799,243</u>	<u>--</u>	<u>9,799,243</u>

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

**(6) Tax Credit for Contribution Deposits**

The Board administers the Missouri Tax Credit for Contribution program. The program was authorized in 1989 by passage of RSMo 100.286.6. Through this program, the Board is authorized to grant tax credits against certain state income taxes equal to fifty percent of contributions. Eligible infrastructure projects are granted the contributions. Contributions received by the Board are remitted to fund the project upon requests supported by proof of eligible reimbursable project expenditures. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. At June 30, 2003 and 2002, the Board held Tax Credit for Contribution deposits of \$20,159,435 and \$25,804,842, respectively.

**(7) Long-Term Debt**

Summary of debt held during the year ended June 30, 2003 is as follows:

\$18,455,000 St. Louis Convention Center Hotel Series 2000A, taxable revenue anticipation note. Due on December 1, 2005, plus interest up to 8.5%. The taxable revenue anticipation note was paid off early during 2003.	\$	--
\$6,500,000 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds; and \$14,600,000 St. Louis Convention Center Hotel Series 2000C, tax exempt infrastructure facilities revenue bonds. Due in annual installments of \$300,000 to \$15,600,000 beginning December 1, 2006 through December 1, 2020, plus interest up to 8.5%		<u>21,100,000</u>
Total	\$	<u><u>21,100,000</u></u>

Changes in long-term debt for the year ended June 30, 2003 were as follows:

		Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due within one year
Revenue anticipation note	\$	13,455,000	--	13,455,000	--	--
Infrastructure facilities revenue bonds		<u>21,100,000</u>	--	--	<u>21,100,000</u>	--
Total	\$	<u><u>34,555,000</u></u>	<u><u>--</u></u>	<u><u>13,455,000</u></u>	<u><u>21,100,000</u></u>	<u><u>--</u></u>

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2003 and 2002

Changes in long-term debt for the year ended June 30, 2002 were as follows:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002	Due within one year
Revenue anticipation note	\$ 18,455,000	--	5,000,000	13,455,000	--
Infrastructure facilities					
Revenue bonds	21,100,000	--	--	21,100,000	--
Total	\$ 39,555,000	--	5,000,000	34,555,000	--

The annual debt service requirements as of June 30, 2003 are as follows:

	Principal	Interest	Total
2004	\$ --	1,793,500	1,793,500
2005	--	1,798,414	1,798,414
2006	--	1,793,500	1,793,500
2007	300,000	1,793,500	2,093,500
2008	300,000	1,768,000	2,068,000
2009-2013	1,600,000	8,466,769	10,066,769
2014-2018	2,100,000	7,696,622	9,796,622
2019-2021	16,800,000	4,134,633	20,934,633
Totals	\$ 21,100,000	29,244,938	50,344,938

The annual debt service schedule above assumes an interest rate of 8.5%, representing the maximum interest rate under a rate cap agreement purchased during closing of the financing for the St. Louis Conference Center Hotel and Garage project. The actual interest paid during 2003 averaged 1.26%.

The rate cap agreements purchased were 8.5% on the Series B bonds and 6.7% on the Series C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

**(8) Deferred Revenue**

In December 2000, the Board entered into a loan agreement with the developers of the St. Louis Conference Center Hotel. As part of that loan agreement, \$3,285,000 of the loan proceeds were set aside with the project trustee to pay the interest on the loan as it came due. Additionally, interest earned on this prepaid interest deposit was applied to interest on the loan. Interest of \$18,336 and \$55,049 was earned on the deposits during 2003 and 2002, respectively, for a total of \$3,431,418 available for interest since the inception of the loan. Of this total, the Board earned \$586,034 and \$1,753,225 during 2003 and 2002, respectively.

# MISSOURI DEVELOPMENT FINANCE BOARD

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2003 and 2002

Additionally, as part of the closing of the Series B and C bonds for the St. Louis Conference Center Hotel project, the Board received issuance fees of \$350,504. The fees pertained to debt issued for the construction of the parking garage the Board owns and will operate in the future. The fees were unearned as of June 30, 2002 and were recognized as income during 2003 when the garage became operational.

In March 2003, the Board received \$10,000,000 in exchange for tax credits that will benefit the Old Post Office and Ninth Street Garage project in St. Louis. The Board will own the Old Post Office building and the adjacent parking garage that will be constructed on Ninth Street. As of June 30, 2003, the details of the project had not been finalized. Of the total \$10,000,000 contribution received, the Board is obligated to return \$5,000,000 to the State of Missouri if the project does not go through. As a result, the Board has deferred recognition of \$5,000,000 of this contribution until the project has been finalized. Of this amount, \$1,900,000 and \$3,100,000 has been recorded in the Industrial Development and Reserve Fund and the Parking Garage Fund, respectively

Deferred revenue in the Industrial Development and Reserve Fund at June 30, 2003 and 2002 consisted of the following:

	<u>2003</u>	<u>2002</u>
Prepaid interest on loan receivable	\$ --	695,583
Deferred participation fee revenue	--	350,504
Deferred contribution revenue	<u>1,900,000</u>	<u>--</u>
Deferred revenue, end of year	<u>\$ 1,900,000</u>	<u>1,046,087</u>

Deferred revenue in the Parking Garage Fund at June 30, 2003 and 2002 consisted of the following:

	<u>2003</u>	<u>2002</u>
Deferred contribution revenue	<u>\$ 3,100,000</u>	<u>--</u>

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

**(9) Rental Income**

Future minimum rental income on noncancelable operating leases is as follows:

	<b>Industrial Development &amp; Reserve Fund</b>	<b>Parking Garage Fund</b>
2004	\$ 25,008	579,282
2005	25,008	579,282
2006	25,008	579,282
2007	25,008	579,282
2008	25,008	579,282
Thereafter	28,134	22,267,413
Totals	\$ 153,174	25,163,823

The building being leased from the Industrial Development and Reserve Fund is located in downtown Kansas City and is leased by the United Way of Greater Kansas City. The carrying value of the building is \$2,400,000 and accumulated depreciation at June 30, 2003 was \$830,000. The lease expires August 15, 2009.

The parking garage being leased from the Parking Garage Fund is an 880 space garage constructed by the Board to support the St. Louis Conference Center Hotel project in downtown St. Louis. The carrying value of the garage is \$17,208,825 with accumulated depreciation of \$394,300. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is \$554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of \$25,000 through August 2, 2021.

**(10) Contributed Assets**

During the year ended June 30, 2003, the Board received \$15,000,639 of contributions for tax credits to fund the Old Post Office & Ninth Street Garage and Kansas City Library projects. \$10,000,639 of the contributions was recognized as contributed revenue in the statement of revenues, expenses, and changes in net assets, and \$1,900,000 and \$3,100,000 were recorded as deferred revenue in the Industrial Development and Reserve Fund and Parking Garage Fund, respectively.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

**(11) Interfund Balances and Activity**

The Board has recorded income and expense items between the various funds to account for fees the Board is permitted to retain in the Industrial Development Reserve Fund related to various projects reported in the Parking Garage Fund. These amounts and balances were eliminated in the financial statements.

Balances due to/from other funds at June 30, 2003, consist of the following:

Due to the Parking Garage Fund from the Industrial Development and Reserve Fund representing participation fees transferred in error	\$ 60,006
Due to the Industrial Development and Reserve Fund from the Parking Garage Fund for participation fees earned when parking garage became operational	354,128
Due to the Industrial Development and Reserve Fund from the Infrastructure Development Fund representing legal fees paid for new loans	<u>2,250</u>
Total due to/from other funds	<u>\$ 416,384</u>

Transfers to/from other funds for the year ended June 30, 2003 were as follows:

Transfer to the Industrial Development and Reserve Fund from the Parking Garage Fund representing participation and professional fees related to the St. Louis Conference Center Hotel project financing	\$ 350,504
Transfer to the Industrial Development and Reserve Fund from the Parking Garage Fund representing participation and professional fees related to the financing of the parking garage portion of the Old Post Office project	93,500
Transfer to the Industrial Development and Reserve Fund from the Parking Garage Fund representing participation fees and miscellaneous expenses related to each parking garage	<u>9,559</u>
Total transfers to/from other funds	<u>\$ 453,563</u>

**(12) Commitments and Contingencies**

*(a) Loan Guarantees*

The Board has guaranteed repayment to the financial institution holding the loan of up to 65% of the outstanding guaranteed balance of certain approved loans to businesses in the State. Total loans outstanding under the Loan Guarantee Program amounted to approximately \$115,080 at June 30, 2003 and 2002, respectively, of which approximately \$32,261 was guaranteed by the Board. During 2003, no loans defaulted.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

***(b) Conduit Bond Issues***

The Board has issued \$702,452,603 in Single Issue Industrial Revenue Bonds, \$57,810,000 in Private Activity Composite Industrial Revenue Bonds, and \$792,020,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes at June 30, 2003 were approximately \$548,363,100, \$5,285,000, and \$315,830,000, respectively.

The Board has no liability for repayment of the above revenue bonds and funding notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying combined financial statements. Security for the bondholders consists of insurance, letters of credit, and annual appropriations pledges and certain funds held through trustees under the various indentures.

***(c) Legal Matters***

On May 28, 2003, a lawsuit was filed under the National Historic Preservation Act (“NHPA”) against the Board and numerous other parties to stop the demolition of the Board-owned Century Building in downtown St. Louis. That demolition project is being undertaken in compliance with the order of a Missouri Circuit judge that pre-dates the plaintiff’s complaint by over two-and-a-half years and the plaintiff’s acquisition of a downtown condominium unit in the affected area by three months. Because of this, the Board does not feel the plaintiff has a legitimate claim.

The lawsuit may also halt the rehabilitation of the Old Post office, which is scheduled to become the new home of the Missouri Court of Appeals and Webster University and which will serve as the centerpiece for the rehabilitation of vacant and underutilized historic buildings near the Old Post Office as well as the Ninth Street Garage to be built on the site of the Century Building. Plaintiff is attempting to stop the long-planned rehabilitation of the Old Post Office and the state court-ordered demolition of the derelict Century Building for the construction of the Ninth Street Garage by asking the Court to declare the developers of the Old Post Office ineligible to receive federal and state historic preservation tax credits that are to be awarded after the Old Post Office rehabilitation project is complete.

This action is being contested in Court and the cost of defending the lawsuit is being borne by the developers of the Old Post Office under an indemnity agreement between the developers and the Board. This action is unlikely to result in a direct loss to the Board, however; there is potential for delay in the Old Post Office and Ninth Street Garage project.

***(d) Risk Management***

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers’ compensation claims. The Board carries commercial

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Conference Center Hotel parking garage. The Board is self-insured for all other risks of loss.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. Other than the coverage for the St. Louis Conference Center Hotel parking garage, no substantive changes were made in the type and amounts of the Board's insurance coverage during 2003.

*(e) Construction Commitments*

The Board as owner; MC Lioness Realty Group, LLC as the project manager; and DLPG, LLC as the developer; entered into a garage development agreement for the construction of the Kansas City Public Library Parking Garage on April 15, 2003. The agreement stipulated that DLPG, LLC deliver a fully executed garage construction contract with a guaranteed maximum price of not more than \$6,472, 670 and authorizes the construction contractor, J.E. Dunn to proceed with construction of the parking garage. The actual construction contract is between J.E. Dunn and DLPG, LLC and the contractor delivered a performance bond that was sufficient cover 100% of the labor and materials for the construction of the parking garage. The parking garage is a 460 space multi-level facility expected to be completed within a year, subject to project extensions.

**(13) Employees' Retirement Plan**

*(a) Defined Contribution Pension Plan*

In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which is currently administered by Prudential Investments, a division of The Prudential Insurance Company of America. The Board has the authority to amend or terminate the plan's provisions at any time. Contributions are discretionary and determined on an annual basis by the Board. There are no contribution requirements for employees.

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed \$24,607 and \$32,930 for the years ended June 30, 2003 and 2002, respectively. The contributions amounted to 10% and 11.59% of the eligible employees' salaries for each of the years then ended, respectively.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
(A Component Unit of the State of Missouri)

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2003 and 2002

*(b) Deferred Compensation Plan*

In 2002, the Board established a deferred compensation plan called the Missouri Development Finance Board 457 Deferred Compensation Plan (457 plan) and the deferred compensation match plan called the Missouri Development Finance Board 401(a) Deferred Compensation Match Plan (401(a) plan), which are currently administered by Nationwide Retirement Solutions, Inc.

The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees are eligible to participate in the plans after one year of service to the Board and must contribute \$25 per month to receive the employer matching contribution of \$25 per month. Compensation deferred under the Plan is invested at the direction of the covered employee.

**STATISTICAL SECTION  
(UNAUDITED)**

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**EXPENSES BY SOURCE**

Fiscal Year Ended	Operating Expenses									Non-Operating Expense
	Personnel	Professional Fees	Travel	Supplies and Other	Depreciation and Amortization	Parking Garage Operating Expense	Loan Guarantee Default	Miscellaneous	Bond Interest Expense	
2003	\$ 497,701	\$ 217,156	\$ 68,610	\$ 66,837	\$ 494,597	\$ 334,825	\$ -	\$ 29,934	\$ 342,231	
2002	410,064	77,294	47,253	58,470	99,571	-	-	16,369	664,843	
2001	399,044	35,022	40,307	36,465	97,252	-	-	36,250	531,833	
2000	363,858	44,062	65,262	101,664	80,278	-	132,179	-	-	
1999	263,387	111,893	47,532	43,496	95,292	-	257,037	-	-	
1998	250,168	38,680	36,214	54,846	74,426	-	96,301	15,000	-	
1997	176,342	75,703	34,544	40,720	74,887	-	-	3,761	-	
1996	155,443	26,360	31,188	88,468	72,995	-	59	25,000	-	
1995	109,925	29,340	38,691	25,850	72,234	-	258,661	156,105	-	
1994	97,638	34,891	19,660	24,687	67,217	-	37,505	246,585	-	

Data Source: Records of the Missouri Development Finance Board

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**REVENUES BY SOURCE**

Fiscal Year Ended	Operating Revenues							Non-Operating Revenues	Contributed Revenue
	Participation Fees	Interest on Loans and Notes Receivable	Rent	Contractual	State Payments - Loan Guarantee Defaults	Parking Garage Operating Income	Miscellaneous	Interest on Cash and Investments	Contributed Assets (1)
2003	\$ 774,309	\$ 826,956	\$ 25,008	\$ 56,684	\$ -	\$ 730,097	\$ 1,187	\$ 598,341	\$ 10,000,639
2002	953,849	1,968,567	25,008	64,011	-	-	86,263	799,799	-
2001	708,783	1,216,670	25,008	52,162	-	-	40,364	1,700,339	7,250,000
2000	2,137,021	1,321,095	25,008	52,188	-	-	89	973,631	-
1999	894,503	308,915	32,061	58,918	257,037	-	174	655,840	-
1998	1,302,647	565,377	52,568	72,149	96,301	-	88	386,600	-
1997	260,270	260,243	25,008	68,550	-	-	746,545	400,351	-
1996	260,179	532,680	25,008	50,400	59	-	39,234	26,693	-
1995	404,662	417,786	25,008	-	258,661	-	92,947	15,465	-
1994	276,570	254,028	25,008	-	-	-	3,113	19,357	-

Data Source: Records of the Missouri Development Finance Board

- (1) During fiscal year 2001, the Missouri Development Finance Board adopted GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. In previous years contributed assets were recorded as increases to contributed capital.

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**CONDUIT BOND ACTIVITY**

Fiscal Year	Single Issue Industrial Revenue Bonds		Private Activity Composite Industrial Revenue Bonds		Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds	
	Principal Issued	Number of Issuances	Principal Issued	Number of Issuances	Principal Issued	Number of Issuances
Cumulative	\$ 734,552,603	69	\$ 56,960,000	28	\$ 780,885,000	46
2003	11,390,000	1	-	-	93,205,000	3
2002	187,505,000	6	-	-	109,320,000	7
2001	8,000,000	1	-	-	68,330,000	3
2000	205,750,000	5	-	-	164,575,000	5
1999	62,812,000	3	-	-	24,600,000	3
1998	40,165,000	3	-	-	129,600,000	3
1997	7,200,000	2	-	-	17,900,000	1
1996	18,700,000	5	-	-	8,800,000	1
1995	17,115,000	4	-	-	32,690,000	4
1994	22,885,000	6	-	-	22,415,000	3

Data Source: Records of the Missouri Development Finance Board

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**REVENUE BOND COVERAGE**

Fiscal Year Ended (1)	Gross Revenue	Current Expenses (2)	Available for Debt Service	Debt Service Requirements (Cash Basis)			
				Principal (3)	Interest	Total	Coverage
2003	\$ 3,012,582	\$ 1,215,063	\$ 1,797,519	\$ -	\$ 641,101	\$ 641,101	2.80
2002	3,897,497	609,450	3,288,047	-	687,999	680,020	4.84
2001	3,743,326	547,088	3,196,238	-	407,719	474,698	6.73

Data Source: Records of the Missouri Development Finance Board

- (1) Fiscal year 2001 was the first year the Missouri Development Finance Board has issued revenue bonds for its activities.
- (2) Excludes depreciation, amortization, and non-operating expense.
- (3) Excludes an early redemption of \$5.0 million and \$13.455 million in bonds during fiscal years 2002 and 2003, respectively, that were not due until fiscal year 2006.

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
ECONOMIC DATA**

Industrial Growth				
Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2003	44	27	7,399	\$ 695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919
1994	82	57	8,940	768,838

Data Source: Missouri Department of Economic Development

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
ECONOMIC DATA**

Bank Deposits  
(In Millions)

Fiscal Year	State Banks	National Banks	Total Deposits
2003	\$ 41,407	\$ 21,039	\$ 62,446
2002	41,184	21,768	62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008
1995	30,152	27,297	57,449
1994	28,939	25,649	54,588

Data Source: Missouri Department of Economic Development

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**(STATE OF MISSOURI)**  
**ECONOMIC DATA**

Privately Owned Housing Units Authorized By Building Permits

<u>Calendar Year</u>	<u>Number of Units</u>	<u>Valuation (In Thousands)</u>
2002	28,255	\$ 3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: U.S. Department of Commerce -- Bureau of the Census

Major Private Employers

The State's major private employers and the approximate number employed by each in 2002 were as follows:

<u>Employer</u>	<u>Number Employed</u>
1. Wal-Mart Associates, Inc.	32,500 - 35,000
2. Boeing Corporation	12,500 - 15,000
3. Washington University	12,500 - 15,000
4. Schnuck Markets, Inc.	10,000 - 12,500
5. Barnes-Jewish Hospital	7,500 - 10,000
6. May Department Stores	7,500 - 10,000
7. Ford Motor Company	7,500 - 10,000
8. Daimler Chrysler	5,000 - 7,500
9. Lester E Cox Medical	5,000 - 7,500
10. American Airlines, Inc.	5,000 - 7,500
11. SBC Management	5,000 - 7,500
12. Hallmark Cards	5,000 - 7,500
13. AT&T Corporation	5,000 - 7,500
14. St. John's Regional Health Center	5,000 - 7,500

Data Source: Missouri Department of Economic Development

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
DEMOGRAPHIC STATISTICS**

Population Statistics

Census Year	Population (In Thousands)	% Change	% of Total	
			Urban	Rural
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce -- Bureau of the Census

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
DEMOGRAPHIC STATISTICS**

School Enrollment  
(In Thousands)

Academic Year	Elementary and Secondary Enrollment (1)	Higher Education Enrollment (2)	Totals	% Change From Prior Year
2002-03	894	224	1,118	1.4%
2001-02	890	213	1,103	0.3%
2000-01	894	206	1,100	0.2%
1999-00	895	203	1,098	0.5%
1998-99	895	198	1,093	0.6%
1997-98	893	194	1,087	1.4%
1996-97	883	189	1,072	1.1%
1995-96	874	186	1,060	1.0%
1994-95	862	188	1,050	0.9%
1993-94	852	189	1,041	0.8%

Data Sources: (1) Missouri Department of Elementary and Secondary Education  
(2) Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
DEMOGRAPHIC STATISTICS**

Personal Income						
Calendar Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2002	\$ 164,143	\$ 8,922,320	\$ 28,936	\$ 30,941	2.5	1.7
2001	159,093	8,677,490	28,221	30,413	2.6	2.2
2000	154,099	8,398,871	27,493	29,760	6.3	6.7
1999	143,814	7,779,521	25,857	27,880	2.7	3.7
1998	138,987	7,418,497	25,171	26,893	5.2	5.8
1997	131,144	6,928,545	23,926	25,412	4.8	4.7
1996	123,992	6,538,103	22,828	24,270	4.4	4.4
1995	117,640	6,192,235	21,873	23,255	3.7	4.1
1994	112,314	5,878,362	21,094	22,340	4.6	3.7
1993	106,298	5,598,446	20,166	21,539	3.7	2.8

Data Source: U.S. Department of Commerce -- Bureau of Economic Analysis

**MISSOURI DEVELOPMENT FINANCE BOARD**  
**(STATE OF MISSOURI)**  
**DEMOGRAPHIC STATISTICS**

Employment  
(In Thousands Except Unemployment Rates Data)

<u>Calendar Year</u>	<u>Civilian Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployed</u>	<u>Missouri Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2002	2,990	2,825	165	5.5	5.8
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1
1993	2,661	2,489	172	6.5	6.9

Data Source: Missouri Department of Labor and Industrial Relations

**MISSOURI DEVELOPMENT FINANCE BOARD  
(STATE OF MISSOURI)  
SCHEDULE OF MISCELLANEOUS STATISTICS  
As of June 30, 2003**

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Missouri Development Finance Board

Dates of Legislative Authorization	1982, 1985, 1989, 1993
Number of Projects Since Inception	353
Amount of Board Authorized Projects Since Inception	\$1,728,408,064

State of Missouri

Adoption of State Constitution	1821, 1865, 1877, 1945
Land Area (Square Miles)	68,945
Miles of State Highway	32,340
State Highway Patrol Protection:	
Number of Troops (Stations)	9
Number of Uniformed Highway Patrol	1,045
Higher Education:	
Public Community Colleges --	
Number of Campuses	18
Number of Students [average annual full-time equivalent (FTE)]	50,373
Number of Regular Term Teaching Positions (FTE)	1,220
State Technical College –	
Number of Campuses	1
Number of Students (FTE)	860
Number of Regular Term Teaching Positions (FTE)	42
State Colleges/Universities –	
Number of Campuses	14
Number of Regular Term Students (FTE)	98,633
Number of Regular Term Teaching Positions (FTE)	4,455
Recreation:	
Number of State Parks and Historic Sites	83
Acres of State Parks and Historic Sites	139,730
Number of State Conservation Areas	1,125
Acres of State Conservation Areas	975,298

*Sources:*

Land Area	Missouri State Manual
Miles of Highway	Department of Transportation
State Highway Patrol Protection	Department of Public Safety/Highway Patrol
Higher Education	Department of Higher Education
Recreation	Department of Conservation
	Department of Natural Resources/Division of State Parks

**MISSOURI DEVELOPMENT FINANCE BOARD  
ACKNOWLEDGEMENTS**

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**With Assistance from:**

State of Missouri – Office of Administration: Division of Accounting, Financial Reporting Section