MISSOURI DEVELOPMENT FINANCE BOARD

A Component Unit of the State of Missouri

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

MISSOURI DEVELOPMENT FINANCE BOARD
A Component Unit of the State of Missouri

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

Prepared By The Accounting Department

Krystal Davis, CPA, CGMA
Controller

Dawn Holt, CPA
Senior Accountant

Missouri Development Finance Board
200 Madison St., Suite 1000 • PO Box 567
Jefferson City, MO 65101 • 573-751-8479

www.mdfb.org

MISSOURI DEVELOPMENT FINANCE BOARD
(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

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(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

Principal Officials

BOARD MEMBERS

Ms. Marie J. Carmichael, Chair
Governor-Appointed Member
Springfield

Committees
Executive, Personnel, Finance, Audit
SSGPPC Board Member

Mr. John D. Starr, Vice Chairman
Governor-Appointed Member
Kansas City

Committees
Executive, Personnel, Audit

Mr. Larry D. Neff, Secretary
Governor-Appointed Member
Neosho

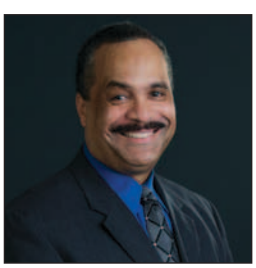
Committees
Executive, Personnel, Audit

Mr. John E. Mehner, Treasurer
Governor-Appointed Member
Cape Girardeau

Committees
Executive, Personnel, Finance

Mr. Kelley M. Martin
Governor-Appointed Member
Kansas City

Committees
Finance
SSGPPC Board Member



Mr. Reuben A. Shelton
Governor-Appointed Member
St. Louis

Committees
Finance

Mr. Patrick J. Lamping
Governor-Appointed Member
Barnhart
SSGPPC Board Member

Mr. Bradley G. Gregory
Governor-Appointed Member
Bolivar

Committees
Audit

The Honorable Peter D. Kinder
Lieutenant Governor
Ex-Officio Member

Mr. Chris Pieper, Acting Director, Department of Economic Development
Ex-Officio Member

Committees
Personnel, Finance

Dr. Jon Hagler, Director
Department of Agriculture
Ex-Officio Member

Ms. Sara Pauley, Director
Department of Natural Resources
Ex-Officio Member

Board membership consists of eight volunteer members appointed by the Governor and confirmed by the Senate, and four ex-officio members.

Organizational Chart

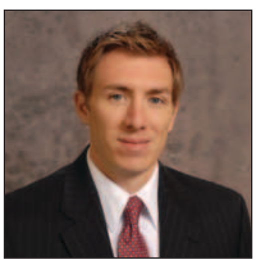
STAFF

Robert V. Miserez
Executive Director

Accounting Department

Krystal Davis, CPA, CGMA
Controller

Dawn Holt, CPA
Senior Accountant



Ryan Vermette
Compliance Officer

Program Staff

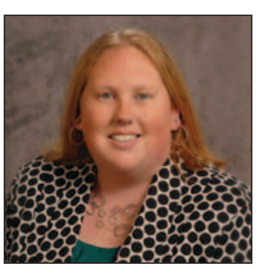
Kathleen Barney
Senior Portfolio Manager

Kimberly Martin
Community Development Program Manager

Alice Bernard-Jones
International Business Manager

Support Staff

Valerie Haller
Executive Assistant



Erin Carel
Administrative Assistant

Board Counsel
Mr. David Queen
Gilmore & Bell, P.C.

Independent Certified Public Accountants
Heidi A. Chick, CPA
Williams-Keepers LLC

Transmittal Letter

Missouri Development Finance Board

September 14, 2012

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri for the fiscal year ended June 30, 2012. The Accounting Department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams-Keepers LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Missouri Development Finance Board's financial statements for the year ended June 30, 2012. The *Independent Auditors' Report* is located at the front of the *Financial Section* of this report.

Management's Discussion and Analysis (MD&A) immediately follows the *Independent Auditors' Report* and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read with it as well.

Profile of the Government

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) Sections 100.250 to 100.297 and 100.700 to 100.850. 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*.

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 authority and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing programs to carry out its mission of facilitating economic and infrastructure development projects. The Board administers 12 different programs and has 2 component units that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. **Revenue Bonds for Private Commercial and Nonprofit Projects**
   Pursuant to RSMo Section 100.275, the Board is authorized to issue revenue bonds for purposes permitted under RSMo Section 100.255, including the purchase, construction and improvement of facilities used for manufacturing and other commercial purposes, and for recreational and cultural facilities.

2. **Revenue Bonds for Public Infrastructure Projects**
   The Board also is authorized to issue its revenue bonds to finance essential infrastructure improvements and related work for local governments, state agencies and qualified public/private partnerships.

3. **Tax Credit for Contribution Program**
   RSMo Section 100.286.6 authorized the Tax Credit for Contribution Program. Through this program, the Board is authorized to grant tax credits equal to 50% of contributions made to the Board. Contributions are used to pay the costs of projects for Missouri governmental, quasi-governmental and nonprofit entities which have been approved by the Board. Per statute, during any calendar year, the Board can authorize no greater than $10 million. The limitation on tax credit authorization and approval provided under this subsection may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter by the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration, but in no event shall authorizations exceed $25 million in a calendar year.

   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. In February 2008, the Board increased its commitment to this program to $1 million in tax credits annually. The Board can rescind the reservation each calendar year.

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 authorized under RSMo Sections 100.700 to 100.850 is an incentive tool that allows the Department of Economic Development and the Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri and create a significant number of new jobs. 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. **Missouri Infrastructure Development Loan Program (MIDOC)**
   The MIDOC Program 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 3% with a maximum loan amount of $150,000; however, if there is a critical need and with Board approval, this maximum loan amount may be exceeded.

8. **Loan Guarantees**
The Board is empowered under RSMo Sections 100.250 to 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.

9. **City/State Partners Program**
The City/State Partners Program is a corporate agreement 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 provides loan programs to support the production of goods and services for export.

10. **Missouri Downtown Economic Stimulus Act (MODESA)**
The MODESA Program is an incentive tool that allows the Department of Economic Development and the Board to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization.

11. **Downtown Revitalization and Economic Assistance for Missouri (DREAM)**
The DREAM Initiative is a comprehensive, streamlined approach to downtown revitalization that provides a one-stop shop of technical and financial assistance for select communities to more efficiently and effectively engage in the downtown revitalization process. The DREAM Initiative is created through a partnership between the Missouri Development Finance Board, the Missouri Department of Economic Development and the Missouri Housing Development Commission.

12. **Small Business Loan Program**
In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03. This E.O. directed the Department of Economic Development to work with the Board "to create a pool of funds designated for low-interest direct loans for small businesses." In response, the Board established a $2 million fund. Loans were for $25,000 or less, bear interest at 3%, and can be used for capital and operational needs.

    To better utilize the program, in December 2010 the Board voted to increase the maximum loan amount to $50,000 and authorized an increase in the maximum number of employees from 5 to 15. In June 2011, the Small Business Loan Program was expanded to provide financial assistance and access to capital for businesses located in Presidentially-declared disaster areas within the State. Businesses impacted by the flooding or tornados of 2011 are first required to apply and be denied disaster assistance by the U.S. Small Business Administration. Once approved by the Board, these loans are permitted a choice of a 3% interest rate with a 2-year principal and interest deferral or 1% interest rate for the 10-year term of the loan. These businesses are not required to meet the number of employees requirement defined above.

13. **Missouri Community Investment Corporation (MCIC)**
    The MCIC is a discretely presented component unit of MDFB. The Board members of MDFB as well as five additional members serve as the Board for the MCIC. The MCIC is a non-profit organization established for the primary purpose to serve as a qualified community development entity (CDE) in connection with the New Markets Tax Credit Program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. In October 2007, MCIC was notified that it would not receive an allocation of tax credits. The MCIC will be inactive until such an allocation is received.

14. **Seventh Street Garage Public Parking Corporation (SSGPPC)**
    The SSGPPC is a blended component unit of MDFB and is reported within the Parking Garage Fund. SSGPPC is legally separate corporation and meets the requirement for a charitable corporation under Federal income tax section 501(c)(3). Three Board members of MDFB serve as members for the SSGPPC. The SSGPPC was established primarily to serve as a qualified active low-income business (QALICB) located in a low-income census tract as defined in Section 45D of the Internal Revenue Code of 1986 as amended. The SSGPPC is responsible for the maintenance and operations of a garage at 601 Locust Street in St. Louis, Missouri, known as the Seventh Street Garage.

The Board completed fiscal year 2012 in sound financial condition. Assets were $144,022,344 and $166,813,130 at June 30, 2012 and 2011, respectively. The change in net assets for the fiscal year ended June 30, 2012 was $376,056 versus $(3,809,618) for fiscal year ended June 30, 2011. During fiscal year 2012, the Board not only fulfilled its mission to the State of Missouri by maintaining the Board's activities, but also rose above its mission to fill critical needs for customized workforce training through a $5 million grant paid to the Department of Economic Development.

Economic Conditions

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is closely tied to that of the nation. The economic outlook followed the national trends during fiscal year 2012. At the end of June 2012, the state unemployment rate was 7.1% compared to 8.7% at the end of June 2011. The national unemployment rate improved to 8.2% at June 2012 from 9.2% at June 2011.

Overall cash flow from Board operations is down as a result of the economic downturn. Participation fee income has continued its downward trend since 2010. The impact of this trend has been mitigated due to decreasing program administration costs.

Tax Credit for Contribution participation fee income continues to decline. Upon Board approval of a project, the program provides a 50% tax credit to donors to assist in financing public purpose projects. The Board collects 4% of the contributed amount in fee income. During the 2009 legislative session, a cap not to exceed $10 million in authorizations annually was added to the Board's statute; the cap maybe exceeded only upon mutual agreement by three cabinet officers but in no event shall exceed $25 million in a calendar year. The change in statute, the economy in general, and the heightened discretion over tax credit use during times of State budgetary stress have resulted in declines in issuances and thus fee income from this program in the past two years. At the end of fiscal year 2012, there have been more inquiries of potential projects; however, it is too early to tell if these projects will have a significant impact on future fee income.

Application fees from the BUILD Missouri program have seen growth over prior years. This is a program the Board jointly administers with the Missouri Department of Economic Development to provide assistance for companies looking to locate or expand facilities and create new jobs in the State of Missouri. With unemployment at high levels nationwide, now more than ever Missouri (and other states) is focusing attention on attracting new jobs. Retention and expansion efforts have been a key focus of the Missouri Department of Economic Development. During fiscal year 2012, the Board collected ten application fees which is equivalent to application fees collected in both 2011 and 2010. The Board will continue to work with the Department on this program. We anticipate increased revenues from this program in subsequent fiscal years.

Participation fees from Public Activity Revenue Bonds increased during fiscal year 2012 due to more issuances including refinancings.

Over the past five years, the Board's emphasis and key source of income has shifted to its parking garages. During fiscal year 2012, the newly constructed Seventh Street Garage (SSG) completed its first full year of operations. The construction of the SSG is a small component of a collaborative effort to revitalize a section of downtown St. Louis into an office, retail and entertainment destination. MX Retail is in the final stages of securing retail tenants on the main floors of the facility; MX has one tenant open and three in or soon to begin construction. The St. Louis Convention Center Hotel Garage (SLCCHG) continues to maintain its current level of operations and there has been increased interest in vacant spaces in the Ninth Street Garage (NSG). In addition to the potential for increased revenue streams in the parking garage during fiscal year 2012, the Board paid off $15 million in debt on the Ninth Street Garage which will increase future change in net assets for this facility and the Parking Garage Fund as a whole.

DREAM revenues continue to decline as designated communities fulfill their plans for downtown revitalization. Along with the decline in revenues is a greater decline in the costs to administer the program. With the winding down of the DREAM program, the Board will work to develop other means of assisting smaller communities.

As a result of the economic downturn, the Board continues to generate negative cash flow from operations. We anticipate that program specific funding; which is drawing to a close, to have a positive impact on future cash flows. In addition, the Board has trimmed staff by consolidating job duties, and has conducted Board meetings via telephone conference when appropriate as a means of keeping costs low.

Long-Term Financial Planning

In previous fiscal years, the Board has maintained a natural hedge against rising interest rates to offset bond interest expense through its cash reserves. However, over the past five years there has been an increase in requests for assistance in the form of grants and program funding. All requests have been geared towards the Board stepping up to assist the State in stimulating job development throughout Missouri. These trends, along with a decreased interest rate environment, have led to a decrease in unrestricted Board cash reserves. The Board will continue to monitor this trend to ensure all Board obligations are timely met.

In June 2012, the Board utilized cash restricted for debt service to fully redeem $15 million in debt outstanding on the Ninth Street Garage. In addition to the prepayment of debt, in June 2012 the Board entered into an interest deferral agreement on outstanding debt directly placed with Pulaski Bank which facilitated the construction of the Seventh Street Garage. Prior to the deferral, the interest rate was fixed at 4.25%. The agreement allows the Board to defer the spread between LIBOR plus 1.25% and the fixed rate of 4.25%. The debt prepayment and interest deferral agreement will help mitigate the impact of future interest rate increases on Board bond debt.

The Board continues to evaluate the purchase option on the Old Post Office (OPO) in St. Louis. The Board acquired title to the vacant OPO in 2004 from the General Services Administration of the United States at no cost. The Board then executed a 99-year lease of the OPO with St. Louis Custom House and Post Office Building Associates LP, to rehabilitate the property. Per the master lease agreement, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee beginning December 31, 2014 at the greater of fair market value or the development debt outstanding. Only the Board or the State of Missouri is permitted to own the property.

Relevant Financial Policies

The Board accounts for its activities in Enterprise Funds, a type of Proprietary Fund. Proprietary funds are used to account for ongoing activities of a governmental entity that are similar to activities found in the private sector. Budgets are not required for Proprietary Funds in accordance with Generally Accepted Accounting Principles. Likewise, since MDFB is a legally separate entity that does not receive State appropriations, it is not required to adhere to an appropriations budget like departments within the State of Missouri. During 2006, the Board voted to establish an ***operating budget*** for the Industrial Development and Reserve Fund for fiscal year 2007 and future years as a guide to aid in the Board's planning efforts. In March 2008, in order to improve its budget efforts, the operating budget was expanded to contain a three-year projection. For fiscal year 2012, to further enhance the budget projections, the parking garage operations were incorporated into this budget.

In addition, the Board has purchasing procedures in place to handle budgeted and unbudgeted expenses. As per Board policy, non-budgeted expenditures between $2,500 and $5,000 must be approved by both the Executive Director and the Controller; non-budgeted purchases greater than $5,000 and less than $10,000 must be approved by the Executive Committee; and non-budgeted expenses in excess of $10,000 must be approved by the full Board.

Major Initiatives

Seventh Street Garage Public Parking Corporation Presentation

The Board adopted GASB Statement 61 for the fiscal year ended June 30, 2012. The Statement changes the criteria for how a primary government presents its component units. Because the Seventh Street Garage Public Parking Corporation (SSGPPC) has essentially the same governing body as the Board, the Board has a financial benefit or burden related to SSGPPC, and the Board's management has operational responsibility for SSGPPC, SSGPPC is considered a component unit of the Board. Previously, SSGPPC was presented discretely in a separate column on the Board's financial statements. The new statement requires SSGPPC to be blended into the Board's financial statements as if it were a fund of the Board, essentially in the same manner in which the Board reports its own garages. SSGPPC is now included in the Parking Garage Fund. In addition, as required by the statement, the Board has restated fiscal year 2011 statements to reflect SSGPPC as a blended component unit, rather than a discretely presented component unit. As a result, the Parking Garage Fund reflects an increase in assets of approximately $32.6 million, liabilities of approximately $32.8 million, and total net assets have decreased by approximately $200,000.

Tax-Exempt Financing Compliance

In March 2012, the Board adopted new procedures for both conduit issues of tax exempt bonds and tax exempt Board debt in response to recent IRS statements that all issuers of bonds should have a separate written procedure regarding ongoing compliance with the federal tax requirements for tax-exempt bonds.

The Board issues bonds and loans or otherwise makes the proceeds available to conduit users to fund costs of the project facilities. The Board understands that in exchange for the right to issue the applicable exempt bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of such bonds and the project facility financed by such bonds. These requirements focus on the investment, use and expenditure of proceeds of such bonds and related funds as well as restrictions on the use of the project facility.

The Board is committed to full compliance with the tax law requirements for all of its outstanding and future tax-exempt financings and is currently working with its conduit borrowers to comply with the new regulations.

Minority Business Enterprise and Women Business Enterprise (MBE/WBE)
In April 2012, the Board voted to amend its MBE/WBE policy in the interest of enhancing its effectiveness in promoting the use of disadvantaged businesses on projects funded or partially funded with programs that use direct Board funding, or funding predicated on the granting of state tax credits for contributions to the Board's Infrastructure Development and Reserve Fund. A copy of the policy is available upon request.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the MDFB for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This is the twelfth consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity 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 a thirteenth consecutive certificate.

Acknowledgements

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would like to thank the firm of Williams-Keepers LLC and their staff for their assistance in the preparation of this report; John E. Mehner for serving as Board Treasurer; and the MDFB Audit Committee for their oversight and guidance.

Respectfully submitted,

Krystal O Davis

Krystal Davis, CPA, CGMA
Controller

Dawn Holt

Dawn Holt, CPA
Senior Accountant

GFOA Certificate of Achievement

FINANCIAL SECTION

MISSOURI DEVELOPMENT FINANCE BOARD
(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

Independent Auditors' Report

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

Members of the Missouri Development Finance Board:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2012 and 2011, 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 audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 audits provide 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 business-type activities and each major fund as of June 30, 2012 and 2011, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's financial statements as a whole. The introductory section, supplementary information-combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information-combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Williams Keepers LLC

September 14, 2012

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, 2012.

Financial Highlights

- During fiscal year 2012, the Board's total net assets increased by $376,056.
- The Board early adopted (a year prior to the mandatory implementation date) GASB 61, *The Financial Reporting Entity*, and blended the Seventh Street Garage Public Parking Corporation into the Parking Garage Fund.
- In June 2012, the Board executed an Interest Deferral Agreement with Pulaski Bank and pledged the Ninth Street Garage. In exchange, Pulaski agreed to release the requirement that the Board hold $17.5 million in unrestricted cash balances.
- During fiscal year 2012, the Board redeemed the entire $15 million in debt outstanding on the Ninth Street Garage. In addition, the Board made its first scheduled principle payment on the debt due to Pulaski Bank.
- During fiscal year 2012, the Seventh Street Garage completed its first full year of operations.
- During fiscal year 2012, the Board terminated its Board sponsored retirement plans and joined MOSERS and the Missouri Deferred Compensation Plan.

Overview of the Basic Financial Statements

This discussion and analysis is 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 financial 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 include: 1) fund financial statements and 2) notes to the financial statements. In addition to the basic financial statements, the Board has opted to present combining statements for the Parking Garage Fund and the Revolving Loan Fund as supplementary information.

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, uses fund accounting to ensure and demonstrate compliance with finance-related 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. Proprietary funds consist of two types of funds: Internal Service funds and Enterprise 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 Revolving Loan Fund. All funds are considered to be major funds.

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

Combining financial statements. The combining financial statements have been included as supplementary information to provide additional information for the Board's Parking Garage Fund and Revolving Loan Fund.

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 $84,196,022 at the close of fiscal year 2012, by $83,819,966 at the close of fiscal year 2011, and by $87,629,584 at the close of fiscal year 2010.

Net Assets as of June 30

	2012	2011	2010
Current and other assets	$ 60,539,505	$ 60,929,302	$ 58,853,410
Restricted assets	9,806,442	30,496,581	47,977,332
Capital assets	73,676,397	75,387,247	60,516,907
Total assets	144,022,344	166,813,130	167,347,649
Current liabilities	473,220	7,502,363	3,670,551
Total noncurrent liabilities	59,353,102	75,490,801	76,047,514
Total liabilities	59,826,322	82,993,164	79,718,065
Net Assets:			
Invested in capital assets, net of related debt	19,499,463	15,196,313	70,973
Restricted	8,668,115	27,868,870	45,267,090
Unrestricted	56,028,444	40,754,783	42,291,521
Total net assets	$ 84,196,022	$ 83,819,966	$ 87,629,584

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 and are not spendable.

There was no material change in capital assets during fiscal year 2012. The increase of $14,870,340 in capital assets for fiscal year 2011 from fiscal year 2010 is due to the construction of the Seventh Street Garage.

The decrease in restricted assets of $20,690,139 from fiscal year 2011 to 2012 is due to the release of bank covenants due to debt payoffs and new collateral arrangements. During fiscal year 2012, the Board approved the payment in full of $15 million in debt outstanding on the Ninth Street Garage. In addition, Pulaski Bank agreed to release the requirement to maintain cash balances of $17.5 million in exchange for a Deed of Trust on the Ninth Street Garage. See Notes 5 and 9. The decrease in restricted assets of $17,480,751 from fiscal year 2010 to 2011 is due to the monies held for construction on the Seventh Street Garage expended to the developer.

There was no material change in total net assets for the fiscal year 2012. The decrease in net assets for fiscal year 2011 is primarily attributable to the $5 million grant approved for the DED Workforce Development Customized Training Program. The funds were approved and thus accrued in fiscal year 2011; however, payment was made during fiscal year 2012.

Changes in Net Assets for the Years Ended June 30

	2012		2011		2010	
	$	%	$	%	$	%
Operating income (loss)	$1,534,407	408.03%	$ 1,971,275	(51.74)%	$ 2,929,181	23.07%
Non-operating revenue (expense)	(1,158,351)	(308.03)	(5,780,893)	151.74	(232,820)	(1.83)
Contributed revenue	-	0.00	-	0.00	10,000,000	78.76
Change in net assets	$ 376,056	100.00%	$(3,809,618)	100.00%	$12,696,361	100.00%

From 2011 to 2012, operating income is down $436,868 (22%). This decrease is due to lower participation fees, interest on loans and notes receivable, and DREAM revenue. Participation fees from the Tax Credit for Contribution program have declined in recent years, though fees from new and refunding issuances of revenue bonds have mitigated some of this decline. Interest on loans and notes receivable decreased from 2011 due to a one-time lump sum payment received in 2011 from OPO loan interest. And lastly, DREAM revenue is declining as this program is winding down.

From 2010 to 2011, operating income is down $957,906 (34%). This decrease is due to a combination of significantly lower participation fees which was partially offset by an increase in interest on loans and notes receivable and a decrease in certain operating expenses. Non-operating revenue (expense) reflects the $5 million grant to Division of Workforce Development discussed previously.

Changes in Net Assets for the Years Ended June 30

	2012	2011	2010
REVENUES			
Participation fees	$ 1,631,702	$ 2,020,427	$ 3,875,029
Interest on loans & notes receivables	593,558	932,215	289,535
Rental income	233,060	215,918	169,795
Parking garage revenue	3,829,013	3,106,486	2,599,226
DREAM revenue	554,527	826,170	924,639
Other income	425,320	309,999	304,285
NON-OPERATING REVENUES			
Interest on cash & investments	68,747	224,592	313,345
Contributed revenue	-	-	10,000,000
Total revenues	7,335,927	7,635,807	18,475,854
EXPENSES			
Personnel services	811,731	863,310	809,289
Professional fees	238,806	291,826	233,485
Depreciation & amortization	1,942,644	1,497,179	1,233,081
Parking garage operating expenses	1,325,879	1,174,816	1,020,824
DREAM expense	1,158,332	1,272,301	1,663,518
Other expenses	255,381	340,508	273,131
NON-OPERATING EXPENSES			
Bond expense and interest expense	1,227,098	1,005,485	510,815
Research and development expense	-	-	35,350
Contributions to others	-	5,000,000	-
Total expenses	6,959,871	11,445,425	5,779,493
Income (loss)	376,056	(3,809,618)	12,696,361
Change in net assets	376,056	(3,809,618)	12,696,361
Net assets, beginning of year	83,819,966	87,629,584	74,933,223
Net assets, end of year	$84,196,022	$83,819,966	$87,629,584

- Participation fees decreased $388,725 in the current fiscal year. This decrease is due to lower fee revenue from the Tax Credit for Contribution program that was mitigated somewhat by higher bond issuance revenue. Participation fees decreased $1,854,602 (48%) in fiscal year 2011. The decrease is due to lower fee revenue on all the Board's programs, but the most significant decline in fees was in the Tax Credit for Contribution fees.

- Interest on loans and notes receivable decreased by $338,657 in the current fiscal year. The decrease was due to the OPO additional interest paid in fiscal year 2011 explained below. Interest on loans and notes receivable increased by $642,680 (222%) in fiscal year 2011. Two factors contributed to the increase. The first factor was the receipt of an additional 0.5% interest on the outstanding $12,723,704 loan on the OPO. This additional 0.5% became due after the OPO met certain operational and cash reserve thresholds. The second factor was the receipt of interest on the $24 million loan to the St. Louis Centre Garage Investment Fund, LLC (SLCGIF) and the $5 million loan to the LCRA that were outstanding for the entire fiscal year. See Note 4.

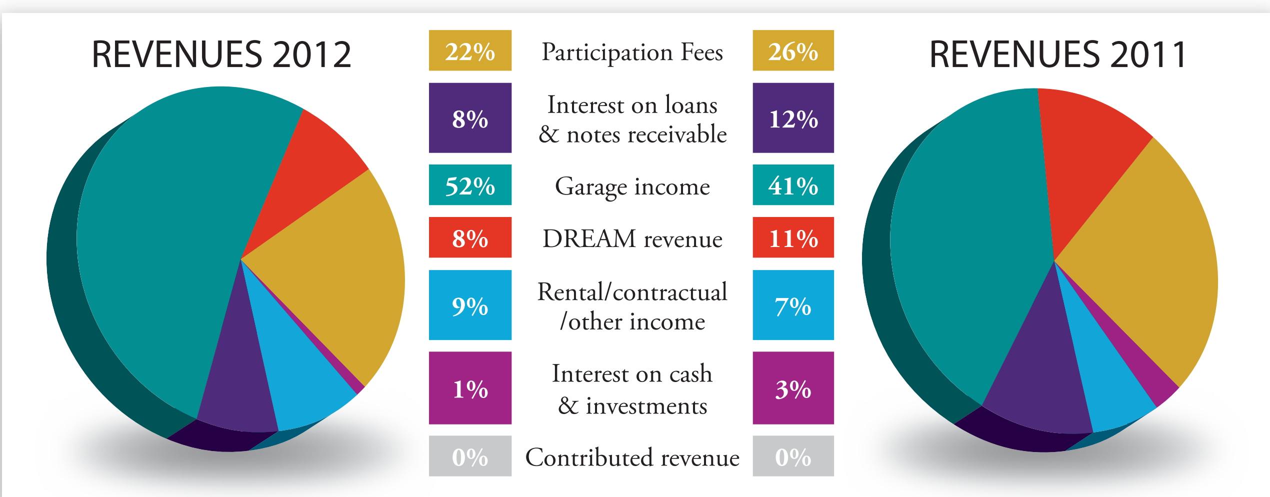
- Parking garage revenue increased $722,527 in fiscal year 2012 due to a full year of Seventh Street Garage parking revenues. Parking garage income was up $507,260 in fiscal year 2011 from fiscal year 2010. The increase is due to revenue from the Seventh Street Garage, which became operational during fiscal year 2011.

- Interest income on cash and investments decreased $155,845 (69%) and $88,753 (28%) for the fiscal years 2012 and 2011, respectively. The decrease in 2012 and 2011 is due to the economic downturn, which drove interest rates down, as well as smaller cash balances on hand. For fiscal years 2012 and 2011, the Board's rate of return on investments was approximately 0.47% and 1.47%, respectively.

- There was no contributed revenue received in fiscal years 2012 and 2011. Contributed revenue decreased from fiscal year 2010 to 2011 by $10 million due to the U.S. Bank contribution for the Seventh Street Garage project in 2010.

- There was one interfund transfer in fiscal year 2012. The Board transferred $3 million from the Industrial Development & Reserve Fund (IDRF) to the Parking Garage Fund (PGF) to help fund the discretionary redemption of $15 million in debt on the Ninth Street Garage. There also was one interfund transfer during fiscal year 2011. The Board transferred $5 million from the IDRF to the PGF to fund the grant to DED Workforce Development for customized training.

- In fiscal year 2012, operating expenses increased $292,833 (5%). The primary reason for the increase is higher depreciation and operating expenses due to the inclusion of the Seventh Street Garage, offset by a decrease in personnel services and professional fees. In fiscal year 2011, operating expenses increased $206,612 (4%). The increase was attributable to higher personnel services, professional fees and depreciation in connection with the Seventh Street Garage, offset by a decrease in DREAM expenses.



Capital Assets

The Board's investment in capital assets for its business type activities as of June 30, 2012 is $73,676,397, net of depreciation. This is an increase of $1,710,850 from fiscal year 2011. The Board's investment in capital assets for its business type activities as of June 30, 2011 was $75,387,247, net of depreciation. This is an increase of $14,870,339 from fiscal year 2010. This investment in capital assets includes land, buildings, and equipment. The change in the Board's investment in capital assets for fiscal years 2012 and 2011 was (2.27%) and (24.57%), respectively. The increase in capital assets from 2010 to 2011 is attributable to the final construction costs on the Seventh Street Garage. There were no major capital asset disposals during fiscal years 2012 and 2011.

Capital Assets (net of depreciation)

	2012	2011	2010
Land	$ 7,219,739	$ 7,219,739	$ 7,219,739
Building	66,329,630	68,088,790	41,227,094
Construction in progress	-	-	11,990,526
Equipment	96,549	39,215	36,875
Leasehold improvements	14,198	19,868	25,537
Vehicle	-	-	3,729
Accounting software	16,281	19,635	13,408
Total	$73,676,397	$75,387,247	$60,516,908

Additional information on the Board's capital assets can be found in Note 6 to the financial statements.

Long-Term Debt

For the fiscal year ended 2012, the Board's total long-term debt outstanding was $54,176,934. During fiscal year 2012, the Board authorized the full $15 million redemption of the Ninth Street Garage bonds. For the fiscal year ended 2011, the Board's total long-term debt outstanding was $69,190,934. During fiscal year 2011, a mandatory $255,000 redemption was paid.

None of this amount comprises debt backed by the full faith and credit of the State of Missouri.

Outstanding Debt

	2012	2011	2010
Outstanding bond debt	$54,176,934	$69,190,934	$69,445,934

Additional information on the Board's long-term debt can be found in Note 9 to the financial statements.

Future Outlook

In August 2012, the Board approved an additional $5 million grant to the Department of Economic Development for the customized training program.

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, 200 Madison Street, Suite 1000, Jefferson City, Missouri 65102.

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 6,932,396	$ 7,714,823	$ -	$ 14,647,219
Investments	2,880,965	-	-	2,880,965
Current portion of loans and notes receivable	-	26,173	211,152	237,325
Accrued interest on investments	35,468	55	-	35,523
Accrued interest on loans and notes receivable	10,750	28,747	31,729	71,226
Prepaid expense and other assets	34,968	1,325,303	-	1,360,271
Total current assets	9,894,547	9,095,101	242,881	19,232,529
Noncurrent assets:				
Restricted assets	4,361,520	3,024,313	2,420,609	9,806,442
Long-term portion of loans and notes receivable	10,174,949	28,919,396	1,998,154	41,092,499
Capital assets:				
Assets not being depreciated	-	7,219,739	-	7,219,739
Assets being depreciated, net	39,066	66,417,592	-	66,456,658
Other assets	-	214,477	-	214,477
Total noncurrent assets	14,575,535	105,795,517	4,418,763	124,789,815
Total assets	$24,470,082	$114,890,618	$4,661,644	$144,022,344
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	175,851	50,173	646	226,670
Accrued bond interest payable	-	57,354	-	57,354
Payable from restricted assets	-	17,196	-	17,196
Current portion of long-term debt payable	-	172,000	-	172,000
Total current liabilities	175,851	296,723	646	473,220
Noncurrent liabilities:				
Long-term debt	-	54,004,934	-	54,004,934
Deferred revenue	-	1,956,610	-	1,956,610
Other accrued liabilities	30,038	-	-	30,038
Payable from restricted assets:				
Tax credit for contribution and other deposits	3,361,520	-	-	3,361,520
Total noncurrent liabilities	3,391,558	55,961,544	-	59,353,102
Total liabilities	3,567,409	56,258,267	646	59,826,322
NET ASSETS				
Invested in capital assets, net of related debt	39,066	19,460,397	-	19,499,463
Restricted				
Restricted for debt service	1,000,000	1,875,000	-	2,875,000
Restricted for revolving loan funds	-	-	4,660,998	4,660,998
Restricted for new market tax credit program fees	-	1,132,117	-	1,132,117
Unrestricted	19,863,607	36,164,837	-	56,028,444
Total net assets	20,902,673	58,632,351	4,660,998	84,196,022
Total liabilities and net assets	$24,470,082	$114,890,618	$4,661,644	$144,022,344

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

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 7,529,965	$ 6,198,921	$ -	$ 13,728,886
Investments	4,388,483	-	-	4,388,483
Current portion of loans and notes receivable	48,590	25,676	210,704	284,970
Accrued interest on investments	36,746	16,885	-	53,631
Accrued interest on loans and notes receivable	10,750	19,976	28,103	58,829
Prepaid expense and other assets	46,989	1,263,701	-	1,310,690
Total current assets	12,061,523	7,525,159	238,807	19,825,489
Noncurrent assets:				
Restricted assets	6,033,349	21,771,897	2,691,335	30,496,581
Long-term portion of loans and notes receivable	10,174,949	28,945,805	1,671,569	40,792,323
Capital assets:				
Assets not being depreciated	-	7,219,739	-	7,219,739
Assets being depreciated, net	41,628	68,125,880	-	68,167,508
Other assets	-	311,490	-	311,490
Total noncurrent assets	16,249,926	126,374,811	4,362,904	146,987,641
Total assets	$28,311,449	$133,899,970	$4,601,711	$166,813,130
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	$261,262	$6,875,575	$4,738	$7,141,575
Accrued bond interest payable	-	59,592	-	59,592
Payable from restricted assets	-	17,196	-	17,196
Current portion of long-term debt payable	-	284,000	-	284,000
Total current liabilities	261,262	7,236,363	4,738	7,502,363
Noncurrent liabilities:				
Long-term debt	-	68,906,934	-	68,906,934
Deferred revenue	-	2,050,518	-	2,050,518
Payable from restricted assets:				
Tax credit for contribution and other deposits	4,533,349	-	-	4,533,349
Total noncurrent liabilities	4,533,349	70,957,452	-	75,490,801
Total liabilities	4,794,611	78,193,815	4,738	82,993,164
NET ASSETS				
Invested in capital assets, net of related debt	41,628	15,154,685	-	15,196,313
Restricted				
Restricted for debt service	1,500,000	18,875,000	-	20,375,000
Restricted for revolving loan funds	-	-	4,596,973	4,596,973
Restricted for new market tax credit program fees	-	2,879,701	-	2,879,701
Unrestricted	21,975,210	18,796,769	-	40,771,979
Total net assets (as restated)	23,516,838	55,706,155	4,596,973	83,819,966
Total liabilities and net assets	$28,311,449	$133,899,970	$4,601,711	$166,813,130

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

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
OPERATING REVENUES:				
Participation fees	$ 1,631,702	$ -	$ -	$ 1,631,702
Interest income on loans and notes receivable	178,705	347,783	67,070	593,558
Rental income	-	233,060	-	233,060
Contractual income	70,000	-	-	70,000
DREAM revenue	554,527	-	-	554,527
Other income	262,251	29,733	33,336	325,320
Administrative services revenue	-	30,000	-	30,000
Parking garage revenues	-	3,829,013	-	3,829,013
Total operating revenues	2,697,185	4,469,589	100,406	7,267,180
OPERATING EXPENSES:				
Personnel services	811,731	-	-	811,731
Professional fees	173,686	46,889	18,231	238,806
Administrative services agreement	-	30,000	-	30,000
Travel	36,509	169	-	36,678
Supplies and other	116,187	42	482	116,711
Depreciation and amortization	13,040	1,929,604	-	1,942,644
Parking garage operating expenses	-	1,325,879	-	1,325,879
DREAM expense	1,158,332	-	-	1,158,332
Bad debt expense	-	-	19,036	19,036
Miscellaneous	49,416	3,540	-	52,956
Total operating expenses	2,358,901	3,336,123	37,749	5,732,773
Operating income	338,284	1,133,466	62,657	1,534,407
NON-OPERATING REVENUE (EXPENSE):				
Interest on cash and investments	47,551	19,828	1,368	68,747
Bond interest expense	-	(739,314)	-	(739,314)
Bond expense	-	(487,784)	-	(487,784)
Total non-operating revenue (expense)	47,551	(1,207,270)	1,368	(1,158,351)
Income (loss) before interfund transfers	385,835	(73,804)	64,025	376,056
INTERFUND TRANSFERS	(3,000,000)	3,000,000	-	-
Change in net assets	(2,614,165)	2,926,196	64,025	376,056
Total net assets - beginning (as restated)	23,516,838	55,706,155	4,596,973	83,819,966
Total net assets - ending	$20,902,673	$58,632,351	$4,660,998	$84,196,022

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

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
OPERATING REVENUES:				
Participation fees	$ 2,020,427	$ -	$ -	$ 2,020,427
Interest income on loans and notes receivable	511,541	349,758	70,916	932,215
Rental income	-	215,918	-	215,918
Contractual income	70,000	-	-	70,000
DREAM revenue	826,170	-	-	826,170
Other income	208,585	-	1,414	209,999
Administrative services revenue	-	30,000	-	30,000
Parking garage revenues	-	3,106,486	-	3,106,486
Total operating revenues	3,636,723	3,702,162	72,330	7,411,215
OPERATING EXPENSES:				
Personnel services	863,310	-	-	863,310
Professional fees	136,991	147,691	7,144	291,826
Administrative services agreement	-	30,000	-	30,000
Travel	47,398	50	-	47,448
Supplies and other	117,507	405	682	118,594
Depreciation and amortization	18,339	1,478,840	-	1,497,179
Parking garage operating expenses	-	1,174,816	-	1,174,816
DREAM expense	1,272,301	-	-	1,272,301
Bad debt expense	-	-	111,013	111,013
Miscellaneous	28,457	4,996	-	33,453
Total operating expenses	2,484,303	2,836,798	118,839	5,439,940
Operating income (loss)	1,152,420	865,364	(46,509)	1,971,275
NON-OPERATING REVENUE (EXPENSE):				
Interest on cash and investments	129,461	92,629	2,502	224,592
Bond interest expense	-	(595,190)	-	(595,190)
Bond expense	-	(410,295)	-	(410,295)
Contributions to others	-	(5,000,000)	-	(5,000,000)
Total non-operating revenue (expense)	129,461	(5,912,856)	2,502	(5,780,893)
Income (loss) before interfund transfers	1,281,881	(5,047,492)	(44,007)	(3,809,618)
INTERFUND TRANSFERS	(5,000,000)	5,000,000	-	-
Change in net assets (as restated)	(3,718,119)	(47,492)	(44,007)	(3,809,618)
Total net assets - beginning (as restated)	27,234,957	55,753,647	4,640,980	87,629,584
Total net assets - ending (as restated)	$23,516,838	$55,706,155	$4,596,973	$83,819,966

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, 2012

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,594,555	$ 4,366,912	$ 96,779	$ 6,058,246
Receipts for tax credit projects	22,961,888	-	-	22,961,888
Payments to suppliers and lessors	(1,577,609)	(1,333,125)	(22,807)	(2,933,541)
Payments to tax credit projects	(23,244,379)	-	-	(23,244,379)
Contributions to others	-	(5,000,000)	-	(5,000,000)
Payments for personnel and benefits	(811,731)	-	-	(811,731)
Net cash provided (used) by operating activities	(1,077,276)	(1,966,213)	73,972	(2,969,517)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers	(3,000,000)	3,000,000	-	-
Net cash provided (used) by noncapital financing activities	(3,000,000)	3,000,000	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Long-term debt principal paid	-	(15,014,000)	-	(15,014,000)
Long-term debt expense and interest paid	-	(1,229,336)	-	(1,229,336)
Acquisition of buildings and equipment	(10,479)	(2,084,704)	-	(2,095,183)
Net cash provided by capital and related financing activities	(10,479)	(18,328,040)	-	(18,338,519)
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturities of investments	2,970,618	5,640,642	-	8,611,260
Interest on cash and investments	85,846	36,659	1,368	123,873
Disbursement of loan proceeds	-	-	(588,358)	(588,358)
Receipt of loan payments	261,883	25,912	242,292	530,087
Net cash provided (used) by investing activities	3,318,347	5,703,213	(344,698)	8,676,862
Net increase (decrease) in cash and cash equivalents	(769,408)	(11,591,040)	(270,726)	(12,631,174)
Cash and cash equivalents - July 1	9,063,343	20,535,936	2,691,335	32,290,614
Cash and cash equivalents - June 30	$ 8,293,935	$ 8,944,896	$2,420,609	$ 19,659,440
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 338,284	$ 1,133,466	$ 62,657	$ 1,534,407
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	$ 13,040	$ 1,929,604	$ -	$ 1,942,644
Increase (decrease) in allowance for bad debt	(213,293)	-	19,036	(194,257)
(Increase) decrease in accrued interest on loans and notes receivable	-	(8,770)	(3,627)	(12,397)
(Increase) decrease in prepaid expenses and other assets	11,895	28,909	-	40,804
Increase (decrease) in accounts payable and accrued liabilities	(55,374)	(4,955,514)	(4,094)	(5,014,982)
Increase (decrease) in tax credit for contribution deposits	(1,171,828)	-	-	(1,171,828)
Increase (decrease) in deferred revenue	-	(93,908)	-	(93,908)
Total adjustments	(1,415,560)	(3,099,679)	11,315	(4,503,924)
Net cash provided (used) by operating activities	$ (1,077,276)	$ (1,966,213)	$ 73,972	$ (2,969,517)
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 6,932,396	$ 7,714,823	$ -	$ 14,647,219
Restricted assets	4,361,520	3,024,313	2,420,609	9,806,442
Less: Portion maturing in 90 days or more	(2,999,981)	(1,794,240)	-	(4,794,221)
Total cash and cash equivalents	$ 8,293,935	$ 8,944,896	$2,420,609	$ 19,659,440

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, 2011

	Industrial Development and Reserve Fund	Parking Garage Fund	Revolving Loan Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,215,389	$ 3,799,905	$ 178,918	$ 6,194,212
Receipts for tax credit projects	30,797,818	-	-	30,797,818
Payments to suppliers and lessors	(1,719,539)	(2,464,155)	(116,222)	(4,299,916)
Payments to tax credit projects	(29,950,681)	-	-	(29,950,681)
Payments for personnel and benefits	(863,310)	-	-	(863,310)
Net cash provided (used) by operating activities	479,677	1,335,750	62,696	1,878,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transfers	(5,000,000)	5,000,000	-	-
Net cash provided (used) by noncapital financing activities	(5,000,000)	5,000,000	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Long-term debt principal paid	-	(255,000)	-	(255,000)
Long-term debt expense and interest paid	-	(1,005,485)	-	(1,005,485)
Acquisition of buildings and equipment	(1,184)	(16,359,832)	-	(16,361,016)
Net cash provided by capital and related financing activities	(1,184)	(17,620,317)	-	(17,621,501)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(14,053,074)	(12,934,968)	-	(26,988,042)
Maturities of investments	18,880,882	8,006,421	-	26,887,303
Interest on cash and investments	146,847	100,757	2,502	250,106
Disbursement of loan proceeds	-	-	(139,588)	(139,588)
Receipt of loan payments	263,809	28,519	328,353	620,681
Net cash provided (used) by investing activities	5,238,464	(4,799,271)	191,267	630,460
Net increase (decrease) in cash and cash equivalents	716,957	(16,083,838)	253,963	(15,112,918)
Cash and cash equivalents - July 1	8,346,386	36,619,774	2,437,372	47,403,532
Cash and cash equivalents - June 30	$ 9,063,343	$20,535,936	$2,691,335	$ 32,290,614
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,152,420	$ 865,364	$ (46,509)	$ 1,971,275
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	$ 18,339	$ 1,478,840	$ -	$ 1,497,179
Change in fair value of hedging derivative	-	53,593	-	53,593
(Increase) decrease in accounts receivable and accrued receivables	13,386	-	-	13,386
Increase (decrease) in allowance for bad debt	(207,081)	-	111,013	(96,068)
(Increase) decrease in accrued interest on loans and notes receivable	10,689	3,771	(4,425)	10,035
(Increase) decrease in prepaid expenses and other assets	(18,633)	(82,746)	-	(101,379)
Increase (decrease) in accounts payable and accrued liabilities	(108,941)	(1,090,860)	2,617	(1,197,184)
Increase (decrease) in tax credit for contribution deposits	(380,502)	-	-	(380,502)
Increase (decrease) in deferred charges	-	107,788	-	107,788
Total adjustments	(672,743)	470,386	109,205	(93,152)
Net cash provided (used) by operating activities	$ 479,677	$ 1,335,750	$ 62,696	$ 1,878,123
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	7,529,965	6,198,921	-	13,728,886
Restricted assets	6,033,349	21,771,897	2,691,335	30,496,581
Less: Portion maturing in 90 days or more	(4,499,971)	(7,434,882)	-	(11,934,853)
Total cash and cash equivalents	$ 9,063,343	$20,535,936	$2,691,335	$ 32,290,614
Non cash transaction				
Tax credit projects - land contributions	$ 1,238,848	$ -	$ -	$ 1,238,848
Tax credit projects - distribution of land	(1,238,848)	-	-	(1,238,848)
Total non cash transaction	$ -	$ -	$ -	$ -

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

Notes to the Financial Statements

1. Financial Reporting Entity and Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), is governed by Sections 100.250 to 100.297 and 100.700 to 100.850 of the Revised Statues of Missouri (RSMo), as a body corporate and politic of the State of Missouri created within the Department of Economic Development. The Board is governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints eight of the Board members. The remaining four Board members are the Lieutenant Governor, Director of the Department of Economic Development, Director of the Department of Agriculture, and Director of the Department of Natural Resources.

The Board is empowered to issue bonds and notes, provide loans, loan guarantees and grants to political subdivisions to fund public infrastructure improvements, and to issue Missouri tax credits 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 parking garages and buildings.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 61, The Financial Reporting Entity, as the Board does not meet the qualification for blending. Based on GASB 61, a component unit should be included in the reporting entity financial statements using the blending method if the component unit's governing body is substantively the same as the governing body of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit. Likewise, if the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it or if the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government.

The Board has one active blended component unit and one inactive discretely presented component unit as defined by GASB Statement No. 61, The Financial Reporting Entity:

The Seventh Street Garage Public Parking Corporation (SSGPPC) is an active blended component unit within the Parking Garage Fund. MDFB is the sole member of SSGPPC, acting through a board of directors. Three Board members of the Missouri Development Finance Board serve as members for SSGPPC. The Board receives excess cash from SSGPPC, thus having a financial benefit, and has operational responsibility for SSGPPC. SSGPPC is a 501(c)(3) not-for-profit organization established for the primary purpose to serve as a qualified active low-income community business (QALICB) located in a low-income census tract in connection with the New Markets Tax Credit Program as defined in Section 45D of the Internal Revenue Code of 1986 as amended. SSGPPC renovated a portion of the St. Louis Centre into a 750-space parking garage, which it operates. The Corporation maintains only one fund, an enterprise fund, and does not issue separately prepared financial statements.

The Board's discretely presented component unit, the Missouri Community Investment Corporation (MCIC) currently is inactive. The Board members of the Missouri Development Finance Board and five additional members serve as the Board for MCIC. MCIC is a 501(c)(3) not-for-profit organization established for the primary purpose of serving as a qualified community development entity (CDE) providing investment capital for the benefit of Low-Income Communities and Low-Income Persons within the State of Missouri in connection with the New Markets Tax Credit Program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. MCIC was inactive during fiscal year 2012 and 2011, and thus has been omitted from presentation in the financial statements.

For purposes of these financial statements, all references to MDFB or the Board represent the primary government and its blended component unit.

(b) Basis of Presentation

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities as 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. Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Pursuant to RSMo Sections 100.260 and 100.263, the Board has five statutory funds. For financial reporting purposes, the Board has chosen to present these funds as follows:

- **Industrial Development and Reserve Fund (IDRF)** — The IDRF is both a statutory fund and a fund for financial reporting purposes. At inception, the Board was funded by appropriations from the State General Revenue Fund; however, currently the Board's primary source of funds is from other sources as specified by its statutes. Funds 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 if funds are appropriated by the general assembly for this fund, they shall not lapse and the balance shall not be transferred to the State General Revenue Fund. This fund includes activity related to the Old Post Office (OPO) project, and the DREAM Initiative.

- **Parking Garage Fund** — The Parking Garage Fund (PGF) was established in 2003 by the Board for financial reporting purposes to account for the construction and ongoing operations of its parking garages. This fund derives its statutory authority from the Infrastructure Development Fund (IDF) as defined in 100.263 of RSMo. The IDF was established to make low-interest or interest-free loans, loan guarantees, or grants to local political subdivisions and to state agencies. The fund may receive funds from the federal government for infrastructure development purposes, but other public or private funds may be received by the Board for deposit in the funds. The Board garages qualify as public infrastructure. The garages are as follows: St. Louis Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) supporting the OPO redevelopment project in St. Louis, and the Seventh Street Garage (SSG) in St. Louis. This fund is used to account for the Board's obligations and interests in the SSG. As stated above, this fund also accounts for all grants to local political subdivisions and to state agencies. This fund also includes the Seventh Street Garage Public Parking Corporation (SSGPPC), a 501(c)(3) not-for-profit organization which accounts for operations of the Seventh Street Garage and is the Board's blended component unit.

- **Revolving Loan Fund** — The Revolving Loan Fund (RLF) is a financial reporting fund that includes the Missouri Infrastructure Development Loan (MIDOC) and the Small Business Loan Program activities. The statutory authority for the MIDOC program is granted through the Infrastructure Development Fund (IDF), while the statutory authority for the Small Business Loan Program is derived from the Industrial Development and Reserve Fund (IDRF). Due to the similar nature of the two activities, they are combined for financial reporting purposes. The MIDOC Program was established in 1988 by Section 100.263 RSMo, as amended, and was originally capitalized by appropriations from the State General Fund and from various other sources as allowed by the statute. MIDOC funds may be used to make low-interest loans to local political subdivisions. In 2009, the Board transferred $2 million into the RLF to establish the Small Business Loan Program. The funds for the Small Business Loan Program are maintained separately from the MIDOC funds established by appropriations. Small Business Loan funds may be used to make low-interest loans to small businesses located within the State of Missouri.

(c) Method of Accounting

The economic resource measurement focus and the accrual basis of accounting are utilized for all Board funds. Revenues are recognized when earned and expenses are recorded when incurred.

Application fees and issuance fees are recognized as participation fees on the *Statement of Revenues, Expenses, and Changes in Fund Net Assets*. The Board recognizes revenue on application fees when received since the fees are due upon application and 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 previously mentioned uncertainties.

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 received for tax credits on behalf of the Board's projects are recorded as contributed 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 with GASB pronouncements. FASB Statements and Interpretations issued subsequent to November 30, 1989 are not applied.

(d) Cash and Cash Equivalents

Cash and cash equivalents for the statements of cash flows include cash, certificates of deposit, and short-term investments with original maturities of 90 days or less.

(e) 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 are adjusted to fair value at fiscal year end.

(f) Loans and Allowance for Loan Loss

Loans are stated at the amount of unpaid principal, adjusted by an allowance for loan losses. The Board's loans are made to not-for-profit entities, small businesses and political subdivisions. In many cases, the repayment terms and collateral, if any, are much less stringent than typical financial institution loans due to the nature of the Board's mission. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectability of loans, prior loan loss experience or when the net present value of estimated future cash flows on the loan or fair value of collateral is less than the recorded value of the loan (computed on a loan-by-loan basis).

(g) Capital Assets

Capital assets, which consist of land, building, equipment, vehicle, and software, are stated at cost. Contributions of capital 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/ Leasehold Asset	Leasehold Improvements	Software	Equipment	Vehicle
40 Years	10 Years	7 Years	3-5 Years	3 Years

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. The Board had no capital construction projects in progress for the fiscal year ended June 30, 2012 and therefore there is no capitalized interest recorded for fiscal year 2012. During fiscal year 2011, the Board recorded capitalized interest in the amount of $160,146 in connection with the construction of the Seventh Street Garage.

(h) Compensated Absences

Under the terms of the Board's personnel policy, Board employees are granted vacation, 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 and compensatory hours are included as current and non-current liabilities in the accompanying combined financial statements. The costs of sick leave are not accrued.

(i) Deferred Revenue

Deferred revenue is revenue that has not yet been earned, including rent received in advance and unearned income from capital leases.

(j) Long-Term Debt

For proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any applicable bond premium or discount. Bond issuance costs are reported as other assets on the *Statement of Net Assets* and amortized over the term of the related debt.

(k) Net Assets

Equity is categorized in the *Statement of Net Assets* as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets consist 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, and then unrestricted net assets when they are needed. Unrestricted net assets consist of net assets not invested in capital assets that do not meet the definition of "restricted."

For the years ended June 30, 2012 and 2011, the net assets of SSGPPC had deficit balances of $(1,120,869) and $(173,547), respectively.

(l) Classification of Operating, Non-operating, and Contributed Revenue

The Board has classified its revenues as operating, non-operating, 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, fees and charges for services.
- **Non-operating revenues** — Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments.
- **Contributed revenues** — Include investments made in the Board that increase overall net assets due to involvement in a specific project and revenue related to the Tax Credit for Contribution program authorized under state statute received for Board-owned projects.

(m) Classification of Operating and Non-operating Expenses

The Board has classified its expenses as operating and non-operating according to the following criteria:

- **Operating expenses** — Include expenses related to the basic purpose of the Board and include administrative expenses, costs associated with carrying out Board programs, depreciation, and bad debt expenses.
- **Non-operating expenses** — Include expenses related and unrelated to the basic purpose of the Board and may include expenses related to the basic purpose of the Board when such expenses are financial in nature such as bond and interest expenses.

(n) Participation Fees

The Board receives participation fees on certain direct loans, loan guarantees, bonds and tax credit contributions. Direct infrastructure loans are made to local governmental entities for public infrastructure needs.

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 activity bonds is 0.3% and for public activity bonds is 0.25%. Total fees on both types of issuances are not to exceed $75,000 for a single issue or multiple series under a single issue. For State Agency bonds, the issuance fee is on a scale ranging from 0.1% to 0.2%, not to exceed $75,000 for a single issue or multiple series under a single issue.

Bond issuances fees for refunding bonds previously issued by the Board are 0.2% for private activity bonds; on a scale ranging from 0.066% to 0.165% for public activity bonds; and on a scale ranging from 0.066% to 0.133% for State Agency bonds. Total fees on all types of refunding issuances are not to exceed $50,000 for a single issue or multiple series under a single issue.

BUILD Missouri (Business Use Incentives for Large-Scale Development) application fees are $1,000 and non-refundable. The issuance fee is assessed as 2.5% of the bond principal with an annual fee of 0.5% of the principal portion outstanding at each anniversary date. The fee to cover legal counsel costs is 0.6% of bond principal with a minimum of $10,000, plus out-of-pocket expenses. Trustee fees including an acceptance fee of $850 and an annual administrative fee of $850 also is assessed.

Participation fees for the Tax Credit for Contribution Program are 4% of all contributions.

(o) Reclassifications

Certain fiscal year 2011 amounts have been reclassified to conform to fiscal year 2012 presentation.

(p) 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 Convention Center Hotel Garage (SLCCHG), the Ninth Street Garage (NSG) and the Seventh Street Garage (SSG) (see Note 9), are conduit obligations. Conduit obligations are special, limited obligations of the Board and the assets of the Board are not pledged to secure such bonds. The borrower pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 17(e) to the financial statements for further information.

(q) 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 of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for loan losses; asset impairment; depreciable lives of capital assets, and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

Accordingly, the accounting estimates used in the preparation of the Board's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the Board's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Accordingly, actual results may differ from those estimates.

2. Deposits and Investments

As of June 30, 2012 and 2011, the Board had the following investments:

	2012		2011	
	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
Investment type:				
Money Market Funds	$ 1,893,436	0.0667	$ 6,420,976	0.0523
U.S. Government Agency Discount Notes	6,683,022	0.7199	14,857,188	1.7272
Overnight Repurchase Agreements	14,603,149	0.0028	14,656,141	0.0028
Total Fair Value	$ 23,179,607		$35,934,305	

- **Interest Rate Risk** — In accordance with its investment policy, the Board manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice reduces exposure to significant declines in fair values.

- **Credit Risk** — The Board's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivision obligations with the two highest credit ratings issued by nationally recognized statistical rating organizations (NRSROs). Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. As of June 30, 2012 and 2011, all of the Board's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Board does not hold corporate bonds and does not participate in investment pools.

- **Concentration of Credit Risk** — Due to the unusually conservative nature of the Board's investment policy, the Board is not at risk due to concentration.

- **Custodial Credit Risk - Investments** — For an investment, this is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. As of June 30, 2012 and 2011, there is no custodial credit risk for the Board's investments due to the Board's investment policy which prohibits obligations not fully secured.

- **Custodial Credit Risk - Deposits** — In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2012 and 2011, the Board's deposits were fully covered by FDIC insurance and government-backed securities.

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. As of June 30, 2012 and 2011, securities with a total fair value of $17,287,497 and $30,827,347, respectively, are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2012 and 2011, the Board's deposits were collateralized as follows:

Bank balance:	2012	2011
Insured by the FDIC	$3,449,565	$ 2,857,469
Collateralized with securities pledged by the financial institutions	776,351	9,773,389
Amount not collateralized	-	-
Total deposits	$4,225,916	$12,630,858
Carrying value	$4,155,020	$12,679,645

The Board's total cash and investments as of June 30, 2012 and 2011 were as follows:

	2012	2011
U.S. government and agency securities from above	$23,179,606	$35,934,305
Cash deposits from above	4,155,020	12,679,645
Total cash and investments	$27,334,626	$48,613,950
As reflected on the statement of net assets:		
Cash	$14,647,219	$13,728,886
Investments	2,880,965	4,388,483
Restricted assets	9,806,442	30,496,581
Total cash and investments	$27,334,626	$48,613,950

3. Interfund Activity

(a) Due To/From Other Funds

There were no due to and due from balances as of June 30, 2012 and 2011.

(b) Interfund Transfers

In the year ended June 30, 2012, the Industrial Development and Reserve Fund (IDRF) transferred $3 million to the Parking Garage Fund (PGF) to fund the redemption on the Ninth Street Garage bonds. Also see Notes 5 and 9.

In the year ended June 30, 2011, the Industrial Development and Reserve Fund (IDRF) transferred $5 million to the Parking Garage Fund (PGF) to fund a grant to the Department of Economic Development Division of Workforce Development to provide partial funding to the Missouri Job Development Fund for the Customized Training Program. Also see Note 13.

4. Loans, Notes Receivable And Allowance For Loan Losses

Direct loans through the Industrial Development and Reserve Fund (IDRF) represent loans to individual companies and political subdivisions in Missouri and are generally secured. Direct loans through the Revolving Loan Fund (RLF) represent 3% loans made to local political subdivisions which are generally unsecured and to small businesses which are also secured by personal guarantees and personal property of the borrower evidenced by a filing under the Uniform Commercial Code. Loans from the Parking Garage Fund (PGF) represent loans that relate to parking garage projects and are generally secured.

During fiscal year 2010, the Board loaned the St. Louis Centre Garage Investment Fund, LLC (SLCGIF) $24 million to assist with the Seventh Street Garage project (See Note 6). The note matures January 31, 2041, is due in monthly payments of $22,125 (principal and interest), and bears interest at 1%. The Seventh Street Garage Public Parking Corporation (SSGPPC) repays the loans to three CDEs from the parking garage revenues; the CDEs are required to pay a monthly income distribution consisting of interest income received from SSGPPC to the SLCGIF; and SLCGIF repays its note to MDFB.

In February 2010, the Board loaned the Land Clearance for Redevelopment Authority of the City of St. Louis (LCRA) $5 million to assist with the redevelopment of the One City Center that is related to the Seventh Street Garage project. The loan is secured by the full-faith and credit obligation of the LCRA and assignment of LCRA's interest in One City Center. Interest is adjusted annually each December 1, to a variable rate equal to the Applicable Interest Rate on each Adjustment Date. The current interest rate through December 1, 2012 is 2.11%. Final maturity is December 1, 2019.

For the fiscal year ended June 30, 2012 and 2011, the allowance for loan losses was $6,173,272 and $6,462,990, respectively. Allowance for loan losses is evaluated on a per loan basis. During fiscal year 2012, the allowance for loan losses was reduced due to the collection of an installment on the American Fish and Wildlife Museum Loan in the amount of $213,293. The allowance for loan losses also was reduced in the Revolving Loan Fund by $76,425. In July 2011, the Board authorized a settlement with Hayti Heights for a payment of $23,000 to write off the remaining amount of the principal, accrued interest, penalties and late fees on the loan. Adjustments also were made in the allowance for loan losses on Small Business Loans receivables as defaulted loan payments are received and as defaults occur throughout the fiscal year; the total adjustment for fiscal year 2012 is $12,204. The principal amount of the loan payments received from defaulted loans is recorded in other income.

During fiscal year 2011, the allowance for loan losses was adjusted due to the collection of an installment on the American Fish and Wildlife Museum Loan in the amount of $207,081. An adjustment also was made in the allowances for loan losses on Small Business Loans receivable in the amount of $111,013. The loan payment from American Fish and Wildlife was recorded in other income.

No allowance has been established in connection with the Parking Garage Fund loans.

Loans and notes receivable at June 30, 2012 and 2011, was as follows:

	2012		2011	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ -	$16,144,763	$ 48,590	$16,358,056
Parking Garage Fund	26,173	28,919,396	25,676	28,945,805
Revolving Loan Fund	211,152	2,201,612	210,704	1,951,452
Total	237,325	47,265,771	284,970	47,255,313
Less: allowance for loan losses	-	6,173,272	-	6,462,990
Total loans and notes receivable, net	$237,325	$41,092,499	$284,970	$40,792,323

5. Restricted Assets

As of June 30, 2012, the total Second Loss Debt Service Reserve Funds is $1,000,000; which includes $500,000 for the City of Grandview Series 2003 Gateway Commons and $500,000 for the City of St. Joseph Series 2004B Triumph Foods.

In November 2011, the City of Independence refunded its Series 2003 Hartman Heritage bonds and the Board was refunded its $500,000 second loss debt service reserve fund on this bond issue.

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

In December 2000, the Board issued debt in the amount of $21.1 million to finance the construction of the St. Louis Convention Center Hotel Garage (SLCCHG) project. Per the Letter of Credit, the Board was required to establish an Operating Reserve and to deposit all net operating profits. Amounts held in the Operating Reserve may be utilized for ongoing operating expenses and debt service on the SLCCHG. Any amount deposited over $1,375,000 may be disbursed without bank consent (also see Note 9 for additional covenants). As of June 30, 2012 and 2011, the balance held in the operating reserve was $2,477,896 and $1,816,684, respectively.

In October 2004, the Board issued $16.5 million in bond debt to finance the Ninth Street Garage (NSG) project. Per the Letter of Credit, the Board was required to maintain unrestricted cash balances and investments on its balance sheet equal to $10 million. The Letter of Credit also required the Board to deposit all gross receipts into the Gross Receipts Fund, as well as maintain an Operating Reserve Fund and Capital Improvements Fund for the NSG; once balances were $1.1 million combined, the excess was to be transferred to the Debt Service Fund held with the Trustee. As of June 26, 2012 the bonds were fully redeemed and the letter of credit was released along with the restrictions to maintain the above noted balances. Also see Note 9 for details.

In April 2010, the Board issued debt in the amount of $9 million to assist with the financing of the Seventh Street Garage project. Per the Bond Trust Indenture, the Board was required to hold $4.5 million in a debt service reserve fund at UMB, the trustee bank. As of June 30, 2011, the fair market value of the investments held in the debt service reserve fund was $4,500,000. In addition, per the Indenture, so long as the bonds are outstanding, MDFB was required to maintain unencumbered and unrestricted net assets in the form of cash and marketable securities in an amount, including any permitted investments in the debt service reserve fund, of not less than $17.5 million. On June 28, 2012, the Board pledged the Ninth Street Garage to Pulaski Bank. In exchange, Pulaski agreed to release the requirement that the Board hold $17.5 million in unrestricted cash balances and instead required the Board maintain an operating reserve of $500,000. Also see Note 9 for details.

In April 2010, the SSGPPC executed notes payable totaling $29,840,934 to the three CDEs to fund the construction of the Seventh Street Garage project (see Note 9). The reserve fund accounts were established to cover management and accounting fees associated with the New Markets Tax Credit program compliance.

As of June 30, 2012 and 2011, the Board had $3,024,313 and $21,771,897, respectively in total assets restricted in the Parking Garage Fund (PGF) to satisfy the above requirements (see the following table).

The Revolving Loan Fund consists of activities for the MIDOC and Small Business Loan programs. Cash in this fund is restricted for these programs.

Restricted assets consist of the following as of June 30, 2012 and 2011:

	2012	2011
RESTRICTED ASSETS - BUSINESS TYPE ACTIVITIES		
Second loss debt service reserve funds	$1,000,000	$ 1,500,000
Tax credit for contribution deposits (Note 8)	3,361,520	4,533,349
Total restricted assets - Industrial Development and Reserve Fund	4,361,520	6,033,349
Ninth Street Garage reserve deposits	-	10,000,000
St. Louis Convention Center Hotel Garage reserve deposits	1,375,000	1,375,000
Seventh Street Garage debt service reserve fund	-	4,500,000
Additional Seventh Street Garage bond reserve deposits	500,000	3,000,000
SSGPPC construction funds	-	1,869,888
SSGPPC NMTC reserve and required funds	1,149,313	1,027,009
Total restricted assets - Parking Garage Fund	3,024,313	21,771,897
MIDOC funds	1,673,607	1,556,695
Small Business Loan funds	747,002	1,134,640
Total restricted assets - Revolving Loan Fund	2,420,609	2,691,335
Total restricted assets - Business Type Activities	$9,806,442	$30,496,581

6. Capital Assets

During 2000, the Board used a $6 million contribution from a taxpayer and $21.1 million in bond proceeds to purchase land and begin construction of the St. Louis Convention Center Hotel Garage (SLCCHG) adjacent to the St. Louis Convention Center Hotel. When the Parking Garage Fund (PGF) was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund (IDRF). The SLCCHG began operations in August 2002.

In April 2003, the Board used a $10 million contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. During 2004 and 2005, $18.8 million in additional funds were raised to fund the remainder of the projects. The first project, commonly referred to as the “Old Post Office Project” or the “OPO Project,” consists of the acquisition and renovation of the U.S. Custom House and Old Post Office a historic structure in downtown St. Louis. The second project consists of the acquisition and demolition of the Century Building and the construction of a parking garage located to the west of the OPO Project. This project is known as the “Ninth Street Garage Project” or the “NSG Project.” The OPO and NSG Projects are separate and distinct projects for purposes of financial reporting, but integrally linked for development and operational purposes.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis U.S. Custom House and Post Office Building Associates, LP, a Missouri limited partnership (OPO Master Lessee). In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,750,000 to assist in the financing of the OPO Project – the current balance is $12,723,704. Per the master lease agreement, costs previously recognized as construction in progress were reclassified to the loan balance outstanding. Pursuant to the OPO Master Lease, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee beginning December 31, 2014 at the greater of the fair market value or the development debt outstanding. Renovation of the OPO Project was completed in late 2006.

The NSG Project is owned by the Board and consists of the development and construction of a 1,050-space parking garage located on the west side of Ninth Street directly across from the OPO Project. The land was purchased in April 2003. The Board has entered into long-term parking leases with tenants of the OPO Project and with surrounding businesses and building owners. The NSG Project was completed in 2007.

In April 2010, the Board acquired title to 601 Locust, formerly known as St. Louis Centre, via an assignment of purchase and sale agreement with the LCRA. Total consideration for the exchange was approximately $14.2 million. The Board executed two long-term capital leases: a “retail” lease and a “garage” lease (see Note 15).

The lessee of the garage space is the Seventh Street Garage Public Parking Corporation (SSGPPC). During fiscal year 2010, SSGPPC began construction on the Seventh Street Garage. The Seventh Street Garage commenced operations in fiscal year 2011.

SSGPPC’s garage project qualifies for the Federal New Markets Tax Credit Program, which facilitated financing for the project. The garage project is part of a larger redevelopment project affecting adjoining office buildings in St. Louis. For the garage project, MDFB provided indirect funding in the form of a $24 million loan to St. Louis Centre Garage Investment Fund, LLC, an entity 100% owned by U.S. Bank Community Development Corporation (USBCDC). The proceeds of the MDFB loan were combined with New Markets Tax Credit qualified equity investments and provided as an equity investment to each of three non-related community development entities: National Development Council (NDC), Urban Development Fund (UDF) and St. Louis Development Council (SLDC). Total proceeds of $29,840,934 (see Note 9) were subsequently loaned to SSGPPC to provide direct financing for the garage project. In addition, SSGPPC received an upfront parking lease payment of $1 million from U.S. Bank, which is recorded as deferred revenue and also used to fund the project.

MDFB and SSGPPC have entered into a Turn-Key Development Agreement with MXG Developer, LLC (MXG), to complete the garage renovation. The garage project is backed by an Indemnity Agreement with the LCRA as well as a Completion Guarantee Agreement with MXG.

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions/ Retirements	Balance June 30, 2012
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	75,491,699	139,239	-	75,630,938
Equipment	181,293	86,058	(31,959)	235,392
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Software	23,466	-	-	23,466
Total capital assets, being depreciated	75,771,841	225,297	(31,959)	75,965,179
Less: accumulated depreciation for:				
Building	7,402,909	1,898,399	-	9,301,308
Equipment	142,078	28,871	(32,106)	138,843
Leasehold improvements	36,343	5,670	-	42,013
Vehicle	19,172	-	-	19,172
Software	3,831	3,354	-	7,185
Total accumulated depreciation	7,604,333	1,936,294	(32,106)	9,508,521
Total capital assets, being depreciated, net	68,167,508	(1,710,997)	147	66,456,658
Total capital assets, net	$75,387,247	$(1,710,997)	$ 147	$73,676,397

A summary of capital assets by fund at June 30, 2012 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	-	75,630,938	75,630,938
Equipment	91,089	144,303	235,392
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Software	14,626	8,840	23,466
Sub-total	181,098	83,003,820	83,184,918
Less: accumulated depreciation	(142,032)	(9,366,489)	(9,508,521)
Total capital assets, net	$ 39,066	$ 73,637,331	$73,676,397

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Deletions/ Retirements	Balance June 20, 2011
Capital assets, not being depreciated:				
Construction in progress	$11,990,526	$16,332,952	$(28,323,478)	$ -
Land	7,219,739	-	-	7,219,739
Total capital assets, not being depreciated	19,210,265	16,332,952	(28,323,478)	7,219,739
Capital assets, being depreciated:				
Building	47,168,221	28,323,478	-	75,491,699
Equipment	162,070	19,223	-	181,293
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Software	14,626	8,840	-	23,466
Total capital assets, being depreciated	47,420,300	28,351,541	-	75,771,841
Less: accumulated depreciation for:				
Building	5,941,127	1,461,782	-	7,402,909
Equipment	125,195	16,883	-	142,078
Leasehold improvements	30,674	5,669	-	36,343
Vehicle	15,443	3,729	-	19,172
Software	1,218	2,613	-	3,831
Total accumulated depreciation	6,113,657	1,490,676	-	7,604,333
Total capital assets, being depreciated, net	41,306,643	26,860,865	-	68,167,508
Total capital assets, net	$60,516,908	$43,193,817	$(28,323,478)	$75,387,247

A summary of capital assets by fund at June 30, 2011 was as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	-	75,491,699	75,491,699
Equipment	112,569	68,724	181,293
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Software	14,626	8,840	23,466
Sub-total	202,578	82,789,002	82,991,580
Less: accumulated depreciation	(160,948)	(7,443,385)	(7,604,333)
Total capital assets, net	$ 41,630	$ 75,345,617	$ 75,387,247

7. Other Assets

Other assets are composed of the following as of June 30, 2012 and 2011:

	2012	2011
Interest rate cap agreement	$ 387,000	$ 387,000
Adjustment to fair value	(353,440)	(262,927)
Fair value	33,560	124,073
Bond issuance costs	195,000	195,000
Accumulated amortization	(14,083)	(7,583)
Unamortized balance	180,917	187,417
Total Other Assets	$ 214,477	$ 311,490

a) Interest Rate Cap Agreement

In connection with the $9 million debt borrowed from Pulaski Bank (see Note 9), MDFB entered into an interest rate cap agreement with Morgan Stanley Capital Services, LLC, (credit rating of A) to cover a portion of the period (2015-2020) when the debt carries a variable interest rate. The agreement is intended to provide a cash flow hedge for the variable interest rate of the obligation. This agreement's notional amount is based on the amortized loan balance (starting at $8.4 million) with a cap rate of 5.264% and a floating rate of monthly LIBOR. The cost of the interest rate cap agreement was $387,000, and the estimated fair value at June 30, 2012 and June 30, 2011, is $33,560 and $124,073, respectively. The fair value of the rate cap was estimated using a proprietary pricing service. MDFB has determined the hedge meets the criteria for effectiveness and has recorded the adjustment to fair value as a deferred outflow, which is included in prepaid expenses and other assets.

Risks

- **Credit Risk** — MDFB is exposed to credit risk on hedging derivative instruments that are in asset positions. MDFB currently does not have a policy regarding credit risk.
- **Interest Rate Risk** — MDFB is not exposed to interest rate risk on its interest rate cap agreement.
- **Basis Risk** — MDFB is not exposed to basis risk on its rate cap hedging derivative instruments because the same variable-rate is used for both debt payments paid by MDFB and the interest rate cap agreement.
- **Termination Risk** — MDFB or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.
- **Rollover Risk** — MDFB is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Board will be re-exposed to the risks being hedged by the hedging derivative instrument.

b) Bond Issuance Costs

Costs incurred in issuing the $9 million bonds to Pulaski Bank are deferred and being amortized over the term of the bonds. Amortization expense for the year ended June 30, 2012 and 2011 was $6,500 and $6,500, respectively.

8. Tax Credit For Contribution Deposits

One of the Board's programs is the Tax Credit for Contribution Program. During any calendar year, the Board can authorize up to $10 million in tax credits. The limitation on tax credit authorization may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter, by the Commissioner of the Office of Administration, the Director of the Department of Economic Development, and the Director of the Department of Revenue that such action is essential to ensure retention or attraction of investment in Missouri; provided, however, that in no case shall more than $25 million in tax credits be authorized during such year. Prior to July 4, 2009, there was no cap on authorizations approved with the authority to exceed the $10 million calendar year cap. In addition, prior to the July 4, 2009 legislation, the Board was authorized to issue the greater of $10 million or 5% of the average growth in general revenue receipts in the preceding three fiscal years.

Through this program, the Board is authorized to grant tax credits in an amount equal to 50% of contributions accepted by the Board. Eligible infrastructure projects approved by the Board 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 or used to fund projects owned by the Board. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. As of June 30, 2012 and 2011, the Board held deposits received pursuant to the Tax Credit for Contribution Program of $3,361,520 and $4,533,349, respectively.

9. Long-Term Debt

Summary of debt held as of June 30, 2012 and 2011, was as follows:

	2012	2011
$3,910,000 St. Louis Convention Center Hotel Garage Series 2000B, taxable infrastructure facilities revenue bonds; and $11,440,000 St. Louis Convention Center Hotel Garage Series 2000C, tax exempt infrastructure facilities revenue bonds. Variable rate interest installments are paid monthly with interest not to exceed 10% per annum. Remaining principal is due December 1, 2020.	$15,350,000	$15,350,000
Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Variable rate interest installments are paid monthly with interest not to exceed 10% per annum. Annual principal installments began October 1, 2008. Bond was redeemed in full June 28, 2012.	-	15,000,000
$9,000,000 Seventh Street Garage Series 2010, Recovery Zone Facility Bonds. Monthly interest installments began July 1, 2010 and monthly principal installments began June 1, 2012. The interest rate per the Interest Deferral Agreement is the lesser of 1.25% plus 30-day LIBOR or 4.25% through April 30, 2015; then a variable rate through May 2020 not to exceed 5.264% pursuant to Rate Cap Agreement (See Note 7). Variable rate thereafter through May 2040.	8,986,000	9,000,000
Seventh Street Garage $3,424,425 NDC New Markets Investment LVII, LLC (NDC) Loan A note payable; $4,424,779 NDC Loan B note payable; and $2,192,642 NDC Loan C note payable. Fixed interest rate of 0.92% per annum. Monthly interest installments began June 5, 2010. Loan matures December 31, 2040.	10,041,846	10,041,846
Seventh Street Garage $4,314,775 Urban Development Fund IX, LLC (UDF) Loan A-1 note payable; $5,575,221 UDF Loan B-1 note payable; and $1,909,092 UDF Loan C-1 note payable. Fixed interest rate of 0.92% per annum. Monthly interest installments began June 5, 2010. Loan matures December 31, 2040.	11,799,088	11,799,088
Seventh Street Garage $6,260,800 St. Louis New Markets Tax Credit Fund-XI, LLC (SLDC) Loan A-2 note payable; and $1,739,200 SLDC Loan C-2 note payable. Fixed interest rate of 0.92% per annum. Monthly interest installments began June 5, 2010. Loan matures December 31, 2040.	8,000,000	8,000,000
Total	54,176,934	69,190,934
Less current portion	(172,000)	(284,000)
Long-term debt	$54,004,934	$68,906,934

Changes in outstanding debt for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within one year
Long-Term Debt	$69,190,934	$ -	$15,014,000	$54,176,934	$172,000

Changes in outstanding debt for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due within one year
Long-Term Debt	$69,445,934	$ -	$255,000	$69,190,934	$284,000

St. Louis Convention Center Hotel Series 2000B and 2000C

The annual debt service requirement as of June 30, 2012, was as follows:

	Principal	Interest	Total
2013	$ -	$ 32,433	$ 32,433
2014	-	32,433	32,433
2015	-	32,433	32,433
2016	-	32,434	32,434
2017	-	32,434	32,434
2018 - 2021	15,350,000	129,732	15,479,732
Totals	$15,350,000	$291,899	$15,641,899

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 0.211% representing the interest rate at June 30, 2012. The actual interest paid during 2012 and 2011 averaged 0.175% and 0.279%, respectively. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation and a Deed of Trust on the St. Louis Convention Center Hotel Garage (SLCCHG).

The bonds bear interest at a daily rate. When the bonds are in a daily rate period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

Ninth Street Garage Series 2004A and 2004B

In fiscal year 2012 the Ninth Street Garage Series 2004A and 2004B bonds were redeemed in full. In September 2011, Bank of America required the Board to retire $3,000,000 in debt or increase restricted cash collateral reserves by $3,000,000. In December 2011, the Board elected to pay down $3,000,000 in bond debt outstanding on the Ninth Street Garage and the payment was made March 1, 2012. In May 2012, the Board authorized a discretionary payment of the remaining outstanding balance of the bonds and the payment was made June 26, 2012.

During fiscal year 2012 the bonds bore interest at a daily rate. The interest paid during 2012 and 2011 averaged 0.49% and 0.42%, respectively. Debt was collateralized by $5 million in Bond Guarantee Tax Credits and a Deed of Trust on the Ninth Street Garage. The tax credit and deed of trust collateral were removed once the bonds were paid in full.

Seventh Street Garage Series 2010

The annual debt service requirement as of June 30, 2012, was as follows:

	Principal	Interest	Total
2013	$ 172,000	$ 133,244	$ 305,244
2014	180,000	130,597	310,597
2015	189,000	127,860	316,860
2016	195,000	124,992	319,992
2017	204,000	121,997	325,997
2018 - 2022	1,163,000	560,445	1,723,445
2023 - 2027	1,438,000	463,723	1,901,723
2028 - 2032	1,779,000	344,099	2,123,099
2033 - 2037	2,197,000	196,281	2,393,281
2038 - 2040	1,469,000	32,685	1,501,685
Totals	$8,986,000	$2,235,923	$11,221,923

The bonds are set for monthly mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The Board is required to deposit all amounts received from Seventh Street Garage Public Parking Corporation accumulated to $500,000 at UMB Bank, N.A. for payment on the bonds. Also see Note 5. For the period ended June 30, 2012, the Board was in compliance with said requirement. Debt is further collateralized by Bond Guarantee Tax Credits equal to the outstanding amount of the obligation plus any accrued interest, a Deed of Trust on the Seventh Street Garage, and a Deed of Trust on the Ninth Street Garage.

As of June 28, 2012 through April 30, 2015, the Board entered into an Interest Deferral Agreement whereby the bond interest rate is the lesser of the Modified Pay Rate or 4.25% annually. The Modified Pay Rate is defined as the LIBOR rate plus 1.25% per annum (or 1.65% per annum if the Ninth Street Garage Deed of Trust is removed as collateral). The difference between the two rates is deferred until due or forgiven. The Board anticipates the deferred interest will be forgiven.

For the period May 1, 2015 through maturity, the bonds will carry a variable rate of interest. MDFB has the option to select from three variable interest rates prior to each interest rate period: a monthly term rate equal to LIBOR (not less than 3%), an annual term rate (one-year U.S. Treasury Rate plus 2.5% but not less than 3%), or a 5-year fixed term rate (5-year Treasury rate plus 2.5% but not less than 4.25%). For the period beginning May 2015 and ending May 2020, the rate paid by MDFB will not exceed 5.264% pursuant to a rate cap agreement with Morgan Stanley Capital Services, LLC (see Note 7).

NDC New Markets Investment LVII, LLC Loan A, B and C notes payable

The annual debt service requirement as of June 30, 2012, was as follows:

	Principal	Interest	Total
2013	$ -	$ 92,385	$ 92,385
2014	-	92,385	92,385
2015	-	92,385	92,385
2016	-	92,385	92,385
2017	155,286	92,147	247,433
2018 - 2022	895,012	446,848	1,341,860
2023 - 2027	1,945,338	377,914	2,323,252
2028 - 2032	2,414,109	279,723	2,693,832
2033 - 2037	2,965,024	158,441	3,123,465
2038 - 2040	1,667,077	26,072	1,693,149
Totals	$10,041,846	$1,750,685	$11,792,531

Urban Development Fund IX, LLC Loan A-1 and B-1 notes payable

The annual debt service requirement as of June 30, 2012, was as follows:

	Principal	Interest	Total
2013	$ -	$ 108,552	$ 108,552
2014	-	108,552	108,552
2015	-	108,552	108,552
2016	-	108,552	108,552
2017	-	108,552	108,552
2018 - 2022	1,068,147	533,290	1,601,437
2023 - 2027	2,321,656	451,020	2,772,676
2028 - 2032	2,881,115	333,835	3,214,950
2033 - 2037	3,538,599	189,090	3,727,689
2038 - 2040	1,989,571	31,115	2,020,686
Totals	$11,799,088	$2,081,109	$13,880,197

St. Louis New Markets Tax Credit Fund-XI, LLC Loan A-2 and C-2 notes payable

The annual debt service requirement as of June 30, 2012, was as follows:

	Principal	Interest	Total
2013	$ -	$ 73,600	$ 73,600
2014	-	73,600	73,600
2015	-	73,600	73,600
2016	-	73,600	73,600
2017	-	73,600	73,600
2018 - 2022	724,223	361,580	1,085,803
2023 - 2027	1,574,128	305,800	1,879,928
2028 - 2032	1,953,450	226,346	2,179,796
2033 - 2037	2,399,236	128,207	2,527,443
2038 - 2040	1,348,963	21,097	1,370,060
Totals	$8,000,000	$1,411,030	$9,411,030

10. Deferred Revenue

In November 2009, the Board approved participation in a CID and TDD, see Note 17(d). The CID and TDD funds are applied to the parking rent due for the St. Louis Convention Center Hotel Garage parking from the Renaissance Grand Hotel. Funds in excess of the amount due are reflected here. The CID and TDD deferred revenue for the fiscal year ended June 30, 2012 and June 30, 2011 is $72,858 and $93,201, respectively.

Other lease payments made in advance also are reflected within deferred revenue. For the fiscal years ended June 30, 2012 and 2011, $15,600 and $15,600 was recorded in the Parking Garage Fund (PGF), respectively.

In April 2010, SSGPPC paid MDFB Base Rent of $6,406,643 under a capital lease agreement (see Note 6). MDFB has recorded deferred revenue in the amount of $915,374 and $927,901 for June 2012 and 2011, respectively, due to the difference between the minimum lease payment and the estimated fair market value of the building of $5,463,913 at the time of closing.

Also in April 2010, US Bank prepaid rent of $1 million to the SSGPPC. The prepayment is reflected in deferred revenue and is amortized over the life of the lease. For the fiscal years ended June 30, 2012 and 2011, Seventh Street Garage deferred revenue was $952,778 and $1,013,816, respectively, in deferred revenue for parking rent paid in advance.

Total deferred revenue for fiscal years ended June 30, 2012 and 2011 is $1,956,610 and $2,050,518, respectively.

11. Rental Income

Future minimum rental income on non-cancelable operating leases was as follows:

	St. Louis Convention Center Hotel Garage	Ninth Street Garage	Seventh Street Garage (SSGPPC)
2013	$ 666,782	$ 667,400	$ 1,179,525
2014	691,782	634,600	1,286,850
2015	691,782	642,600	1,388,175
2016	691,782	642,600	1,416,600
2017	691,782	619,890	1,445,100
2018-2022	3,433,910	2,424,900	7,396,500
2023-2027	3,333,910	1,822,500	7,767,000
2028-2032	3,333,910	1,288,500	8,109,000
2033-2037	3,333,910	1,288,500	8,479,500
2038-2042	3,333,910	1,288,500	7,034,400
2043-2047	3,333,910	1,232,250	-
2048-2052	885,831	726,000	-
2053-2057	562,500	726,000	-
2058-2062	553,125	713,900	-
Totals	$25,538,826	$14,718,140	$45,502,650

The Parking Garage Fund's St. Louis Convention Center Hotel Garage (SLCCHG) 880-space parking garage was constructed by the Board to support the St. Louis Convention Center Hotel project in downtown St. Louis. The carrying value of the garage is $21,913,825, less accumulated depreciation of $4,265,611 and $3,835,465 as of June 30, 2012 and 2011, respectively. The Renaissance Grand Hotel 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. The initial lease is for 19 years from the date that the Merchandise Mart received its occupancy certificate, September 19, 2001. There is a renewal option for an additional 11 years if the Merchandise Mart pays a $50,000 renewal fee on August 2, 2021. As well, the Roberts Old School House Lofts, LP executed a new lease on March 1, 2011 for 50 years; 32 spaces are taken the first year, 50 the second year and all 75 thereafter. However, the building is currently for sale and MDFB has not received a payment and does not anticipate the lease to materialize. Both the Merchandise Mart and Roberts leases call for parking rates to be the same as those paid by the general public for monthly parking.

The Parking Garage Fund's Ninth Street Garage (NSG) is a 1,050-space parking garage constructed by the Board to support the renovation of the Old Post Office project and redevelopment of adjacent vacant buildings in downtown St. Louis. The carrying value of the garage is $32,474,135, less accumulated depreciation of $4,047,965 and $3,291,886 as of June 30, 2012 and 2011, respectively. Leases are in place with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction (which was assigned to Paul Brown Developer, LP), and entities associated with the Syndicate Building. In fiscal year 2010, the Office of Administration for the State of Missouri reduced its parking spaces in NSG from 513 to 186 spaces. The Office of Administration is on a month-to-month basis, now taking 182 spaces. In March 2011, SMR Tower Investments signed a lease and must take 20 spaces by June 1, 2012, an additional 64 by December 1, 2012, and another 16 spaces by December 1, 2013. The estimated minimum lease payments for all parking lessees at the NSG total $480,200 for fiscal year 2013.

Under a lease dated November 26, 2008, the Board leased the 20,800 square feet of retail space in the NSG to SMI-NSG, LLC, an affiliate of Schnucks Markets, Inc. and DESCO. The lessee operates an urban concept grocery store, Culinaria, and pays annual rent of $187,200. The lease is on a triple net basis. The term of the lease is 10 years with six, 5-year renewal options. The Board also entered into a Parking Validation Agreement that provides store customers with free parking for one hour from nine-to-five on weekdays and two hours at all other times, and a provision for free employee parking for up to 336 hours per day. There also is an agreement with Schnucks Markets, Inc. to share in the additional expenses for weekend staffing of the parking garage. In August 2009, the Board funded SMI-NSG, LLC $1.1 million of remaining NSG bond funds for tenant improvements.

The Parking Garage Fund's 750-space Seventh Street Garage began operations in February 2011. The carrying value of the garage is $28,462,717 less accumulated depreciation of $987,732 and $275,558 as of June 30, 2012 and 2011, respectively. The Seventh Street Garage Public Parking Corporation (SSGPPC) executed two parking leases that became effective February 1, 2011.

The first lease is a parking lease agreement with US Bank, NA which leases 400 parking units. The term of the lease is for 30 years and there are two, 10-year renewal options. The parking rent is the greater of $125 per month, the market rate, or the monthly contract rate as defined in the agreement, but never less than the amount in effect for the prior year. Lease payments are payable on the first of each month. The rent will be determined annually at least 30 days preceding the effective date and each anniversary date of the effective date. In addition to the base rent described above, the tenant paid supplemental rent of $1 million (see Note 10) which was recorded as deferred revenue and is being amortized over the term of the lease.

In addition to the lease with US Bank, SSGPPC also leases parking spaces to 600 Tower, LLC. The lease covers a total of 240 parking spaces (85 reserved and 155 unreserved) at initiation of lease, increasing by 15 additional unreserved spaces up to 400 or 475 units. Monthly rent is $155 per reserved space, and $125 and $130 per unreserved space adjusted $5 every two years during the lease term. However, monthly rent can be adjusted based on market rent. The term of the lease is for 30 years and there are two, 10-year renewal options.

Parking lease income is reflected in the *Statement of Revenues, Expenses, and Changes in Fund Net Assets* as Parking garage revenues and the Schnucks Markets, Inc. retail space lease income is shown as Rental income.

12. Contributed Revenue

In fiscal years 2012 and 2011, the Board did not receive contributed revenue.

13. Contributions To Others

In fiscal year 2012, the Board did not authorize any contributions to others.

In fiscal year 2011, the Board approved a grant to the Division of Workforce Development of $5 million to provide additional funding to the Missouri Job Development Fund for the Customized Training Program. The expense is presented as contributions to others. These monies were disbursed during fiscal year 2012 and were shown in accounts payable in the Parking Garage Fund (PGF) as of the fiscal year ended June 30, 2011. Also see Note 3(b).

14. Restatement

Due to the adoption of GASB 61, the Board's component unit SSGPPC has been restated as a blended component unit and has been consolidated within the Parking Garage Fund. The financial statements for fiscal year 2011 have been restated for consistency in presentation.

As of and for the fiscal year ended June 30, 2011:

	Net assets		Changes in net assets	
	MDFB	SSGPPC	MDFB	SSGPPC
As originally reported	$83,993,513	$(173,547)	$(3,709,377)	$(100,241)
GASB 61 restatement	(173,547)	173,547	(100,241)	100,241
As restated	$83,819,966	$ -	$(3,809,618)	$ -

As of and for the fiscal year ended June 30, 2010:

	Net assets	
	MDFB	SSGPPC
As originally reported	$87,702,890	$(73,306)
GASB 61 restatement	(73,306)	73,306
As restated	$87,629,584	$ -

15. Lease Agreements

(a) 601 Locust Street, St. Louis, Missouri

In fiscal year 2010, MDFB purchased the entire real estate and building commonly known as St. Louis Centre (601 Locust Street in St. Louis) for approximately $14.2 million from St. Louis Centre Building, LLC via an Assignment of Purchase and Sale Agreement with the Land Clearance for Redevelopment Authority of the City of St. Louis (LCRA). This is a 4-story building that meets the qualifications for the Federal New Markets Tax Credit Program. See further information in Note 6.

MDFB, in turn, immediately leased most of Floor 2 and Floors 3-4 to SSGPPC for a term of 75 years (expiring in 2085) and a one-time lease payment of approximately $6.4 million; and leased Floor 1 and the remainder of Floor 2 to Mercantile Exchange, Inc. (MEI), an unrelated entity, for a term of 100 years (expiring in 2110) and a one-time lease payment of approximately $8.8 million. The leases are treated by MDFB as capital leases for accounting purposes and as a sale for income tax purposes.

MDFB classified its leases with SSGPPC and MEI as direct financing leases. MDFB received the minimum lease payments of approximately $14.2 million upfront and will not receive any further lease payments. As a result, MDFB recorded a net investment in direct financing leases of $0 and unearned income of $942,730, included in deferred revenue (see Note 10). The unearned revenue will be amortized over the terms of the leases.

- **Garage Lease — SSGPPC:** SSGPPC paid MDFB base rent of approximately $6.4 million in a lump sum upfront payment at lease inception. No further lease payments are required, although SSGPPC is required to pay costs of maintenance, operation, and repair of the property. Of the total amount, approximately $5.5 million was capitalized as building and the difference was recorded as prepaid lease expense to be amortized over the life of the lease.

  The lease to SSGPPC incorporates the garage redevelopment project also known as the Seventh Street Garage, which consists of the renovation of four levels of the existing building including three levels of parking for approximately 750 vehicles and partial renovation of the retail and loading dock areas on level one. At the end of the lease term, MDFB will take ownership of the completed garage. See further information in Note 6.

- **Retail Lease — MEI**: MEI paid MDFB base rent of approximately $8.8 million in a lump sum upfront payment at lease inception through the assignment of a promissory note from the subtenant MX Retail, LLC

(MXR). MDFB assigned this promissory note without recourse to the seller of the property in order to cover a portion of the cost to acquire the property. No further lease payments are required, although MEI is required to pay costs of maintenance, operation, and repair of the retail portion of the property. MEI's subtenant is developing the leased floors into retail space, and the completion of the retail space is the responsibility of MEI. MDFB is not involved in the retail development.

At the end of the lease, MEI will deliver possession back to MDFB, unless MEI causes the building to be converted into two or more condominium units (one for the garage and one for the retail space) and exercises its option to purchase the retail space for $100,000. MEI must meet certain conditions in order to exercise this option.

MEI subleased the retail space to MXR for 75 years. MXR does not have an option to purchase or renew the lease. Rent under the sublease is approximately $8.8 million for which MXR provided MEI with the note receivable as an upfront payment of the amounts due under the lease. This note receivable bears interest at 1%, compounded annually through the maturity date, and is added to the balance of outstanding principal. The note, including any unpaid interest, is due and payable on the sooner of on demand or December 31, 2015. The note is secured by a Leasehold Deed of Trust, Security Agreement and Fixture Filing. The sublease does not directly impact MDFB.

(b) Office Lease Obligation

In October 2004, the Board entered into a lease with Hotel Governor of Jefferson City, LLP, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with a term of 10 years. The Board has capitalized related tenant improvements in the amount of $56,211. During fiscal years 2012 and 2011, rent of $60,184 and $58,431 was paid, respectively.

Future minimum lease payments for this lease are as follows:

2013	$61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$141,918

(c) Copier Lease Obligation

In December 2010 and February 2010, the Board entered into a copier lease and a color copier lease, respectively, with Gibbs Technology Leasing, LLC. The leases are accounted for as operating leases. The term of each lease is four years.

Future minimum lease payments for these leases are as follows:

	Copier	Color Copier
2013	$ 6,948	$2,490
2014	6,948	1,452
2015	4,053	-
Total minimum lease obligation	$17,949	$3,942

(d) KC Overhaul Base Lease

In December 2004, the Board accepted a contribution from the EDC Loan Corporation (EDC), a not-for-profit organization, consisting of an assignment of a 50-year leasehold interest in the Kansas City Overhaul Base located adjacent to the Kansas City International Airport (the Overhaul Base). This leasehold interest was originally held by the City of Kansas City (the City) and then was contributed to EDC, a related organization of the City, by the City.

EDC's contribution to the Board of the leasehold interest was valued by two independent appraisers at the lowest value of $32 million. In return, the Board issued a total of $16 million in contribution tax credits to EDC. These tax credits were sold in accordance with the Tax Credit Agreement to independent parties on March 3, 2005, July 2, 2005, and June 30, 2006; total proceeds were $13.76 million. The Board paid the proceeds from the tax credit sales less the Board fee to the City to be used for the renovation of the Overhaul Base.

In addition, the City and the Board entered into an assumption agreement as of December 31, 2004, with the City assuming all responsibility and liability relating to ownership, management and operations of the Overhaul Base. As a result of this assumption of the leasehold interest by the City, the Board has no assets or liabilities related to the leasehold interest recorded in its financial statements.

In September 2010, the Board executed an Amendment to the Tax Credit Agreement containing a provision that the City will return all unexpended tax credit proceeds to the Board by September 20, 2015. As of the City's fiscal year end of April 30, 2012, the balance of the tax credit proceeds remaining is $8.5 million. The City expects to utilize all funds. MDFB will continue to monitor expenditures.

(e) State of Missouri Acting By and Through Its Office of Administration

In November 2005 and May 2006, the Board issued Series 2005 and 2006 Leasehold Revenue Bonds for the benefit of the State of Missouri Office Buildings Project. With the proceeds of the bonds, the Board purchased four office buildings, which it then leased on a triple net basis, to the State of Missouri through its Office of Administration (OA) for the term of the debt, 25 years, subject to annual state appropriation of lease payments needed to retire the fixed rate, level amortization bonds. The Board transferred its interests in the lease agreement and security interest in the buildings to the bond trustee through a trust indenture.

Bond payments are to be paid exclusively from rent revenues received. In addition, payment of the bonds is insured by a municipal bond new issue insurance policy. The bonds do not constitute a debt or liability of the Board.

Upon request, the State has the option to purchase the buildings. Furthermore, once bonds are paid in full, ownership defers to the lessee. The State retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

(f) MasterCard International Incorporated Facility Lease

In 1999, the Board issued bonds for $154 million to fund construction of approximately 414,000 square feet of office space and an 114,000 square foot data and energy center on 52 acres in O'Fallon. In order for MasterCard to qualify for tax abatement, the Board took title to the property which it leased to the O'Fallon Public Facilities Authority (Authority). The Authority used the proceeds of the bond issue to build and equip the MasterCard project, and then leased the building to MCI O'Fallon 1999 Trust (Trust), which further subleased to MasterCard. In 2008, MasterCard exercised its option to refund the bonds. The Board issued $160 million in conduit debt to facilitate the refunding. The refunding eliminated the Authority and the Trust and resulted in the Board leasing to MasterCard directly.

Bond payments and related interest are to be paid exclusively from rent and other revenues from the lease agreement. Such payments, revenues and receipts are pledged and assigned to the bond trustee as security for the payment of the bonds as provided in the Bond Indenture. The bonds do not constitute a debt or liability of the Board.

Upon request, MasterCard has the option to purchase the buildings. Furthermore, once bonds are paid in full, MasterCard can purchase the facility for $10. MasterCard retains all rights and obligations of ownership of the buildings.

As a result, the Board has excluded the buildings and related debt from its financial statements.

16. Seventh Street Garage Public Parking Corporation Condensed Statements

The following provides condensed financial information for SSGPPC, the Board's blended component unit.

Statement of Net Assets

	2012	2011
Current and other assets	$ 1,050,663	$ 1,626,320
Restricted assets	1,149,313	2,896,897
Capital assets	27,521,741	28,070,448
Total assets	29,721,717	32,593,665
Current liabilities	48,874	1,912,462
Total noncurrent liabilities	30,793,712	30,854,750
Total liabilities	30,842,586	32,767,212
Net Assets:		
Invested in capital assets, net of related debt	(2,319,193)	(1,770,486)
Restricted	1,132,117	2,896,897
Unrestricted	66,207	(1,299,958)
Total net assets	$(1,120,869)	$ (173,547)

Statement of Revenues, Expenses, and Changes in Fund Net Assets

	2012	2011
Revenues:		
Rental income	$ 33,333	$ 13,889
Parking garage revenue	1,316,005	526,669
Non-operating revenues:		
Interest on cash & investments	107	14,024
Total revenues	1,349,445	554,582
Expenses:		
Professional fees	-	5,588
Depreciation & amortization	726,135	278,009
Parking garage operating expenses	332,709	161,382
Other expenses	30,000	30,375
Non-operating expenses:		
Bond expense and interest expense	402,317	167,632
Contributions to others	805,606	11,837
Total expenses	2,296,767	654,823
Income (loss)	(947,322)	(100,241)
Change in net assets	(947,322)	(100,241)
Net assets, beginning of year	(173,547)	(73,306)
Net assets, end of year	$(1,120,869)	$(173,547)

Statement of Cash Flows

	2012	2011
Net cash provided (used) by:		
Operating activities	$ 947,629	$ (699,992)
Noncapital financing activities	(805,606)	(11,837)
Capital and related financing activities	(2,449,633)	(16,525,564)
Investing activities	107	14,026
Net increase (decrease) in cash and cash equivalents	(2,307,503)	(17,223,367)
Beginning cash and cash equivalents	3,572,539	20,795,906
Ending cash and cash equivalents	$1,265,036	$ 3,572,539

17. Commitments and Contingencies

(a) Administrative Services Agreement

In April 2010, the Board entered into an Administrative Services Agreement with the SSGPPC. Because SSGPPC does not have employees of its own, it has agreed to pay the Board $30,000 annually to cover the costs associated with managing and maintaining adequate records on its behalf.

(b) City of Independence Line of Credit

In March 2009, the Board authorized a Direct Loan with the City of Independence (City) not to exceed $1.5 million in order to fund several small capital projects throughout the City. The loan was structured as a line of credit to allow the City to draw proceeds as project costs were incurred. The ability to draw additional funds expired June 30, 2010, and the loan was paid in full as of June 30, 2012. The balance outstanding as of June 30, 2012 and 2011 was $0 and $48,590, respectively.

(c) Irrevocable Line of Credit

As of January 13, 2006, the Board issued an irrevocable line of credit in favor of the Missouri Department of Natural Resources (DNR) and the United States of America acting through the Chief, Base Realignment and Closure Division Office of the Assistant Chief of Staff for Installation Management Headquarters, Department of the Army (Army), a line of credit in an amount not to exceed $1.8 million, at the request and for the account of St. Louis Land Clearance for Redevelopment Authority (LCRA).

The line of credit expired January 13, 2012 and the Board notified DNR that it would not be extending the Line of Credit.

As of the fiscal years ended June 30, 2012 and 2011, there have been no draws on the line of credit and the outstanding balance is $0.

(d) St. Louis Convention Center Hotel Community Improvement District and Transportation Development District

In November 2009, the Board approved a resolution to participate in the St. Louis Convention Center Hotel Community Improvement District (CID) and the St. Louis Convention Center Hotel Transportation Development District (TDD). The CID and TDD each levy a 1% sales tax. The additional sales tax are payable and held by the Board for the benefit of the Renaissance Grand Hotel and Suites, who will utilize the funds to help pay their parking lease obligation to MDFB for spaces in the St. Louis Convention Center Hotel Garage. Such payment will assist the parking garage's operations and maintenance. CID and TDD payments are being made directly into the Board's bank account. Payments in excess of parking rent due are held in the deferred revenue and recognized when earned (see Note 10).

(e) Conduit Bond Issues

As of June 30, 2012, the Board has issued $1,308,357,574 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,878,705,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2012, were approximately $645,928,169, $0, and $889,268,000, respectively.

As of June 30, 2011, the Board has issued $1,299,632,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,737,610,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2011, were approximately $682,577,770, $0, and $797,410,000, respectively.

The Board has no liability for repayment of these revenue bonds and notes aside from second loss reserve fund deposits; accordingly, these bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes and in certain cases, insurance, letters of credit, annual appropriation pledges and certain funds held through trustees under the various indentures.

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

The Seventh Street Garage Public Parking Corporation carries commercial property, comprehensive liability, and business interruption insurance policies on the Seventh Street Garage.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. No substantive changes were made in the type and amounts of the Board's insurance coverage during 2012 and 2011.

(g) DREAM Commitments

In August 2006, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. Through June 30, 2012, 35 communities have been selected to receive technical assistance and services to support them in their downtown redevelopment efforts. The Board has contracted with Peckham Guyton Albers & Viets, Inc. to assist in the redevelopment process of the selected communities. Each community is to receive technical assistance over the course of three years. Costs of services over the next two fiscal years are estimated at $1.8 million. During the fiscal years ended June 30, 2012 and 2011, the Board spent approximately $1.2 million and $1.3 million, respectively, towards the program. In fiscal years 2012 and 2011, MHDC contributed $300,000 and $500,000, respectively.

(h) Small Business Loan Program

In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 (E.O.) shortly after assuming office. This E.O. directed the DED to work with the Board "to create a pool of funds designated for low-interest and no-interest direct loans for small businesses." Related announcements from Governor Nixon recommended this pool of funds be capitalized by a $2 million grant from the Board. In April 2009, the Board approved funding the $2 million program. As of June 30, 2012, the Board has loaned $1.5 million to 56 small businesses across the State of Missouri. The Board continues to work with DED to loan the remaining funds. The Small Business Loan Program is reflected in the Revolving Loan Fund (RLF). Also see Note 4.

(i) Indemnity Agreement

In connection with the Seventh Street Garage Project, MDFB and SSGPPC entered into a project indemnity agreement with the LCRA and MXG. As part of the agreement, MDFB paid LCRA $417,785 and LCRA agreed to pay all New Markets Tax Credit consulting fees and expenses. Additionally, LCRA agreed to cover excess costs in the event of changes in New Markets Tax Credit compliance or as a result of recapture. Finally, LCRA also agreed to cover unforeseen costs associated with fees, taxes, permits, litigation or costs to unwind the New Markets Tax Credit financing plan.

18. Employees' Retirement Plan

(a) Retirement Plan

- **Defined Benefit Pension Plan (Active)**

  In September 2011, the Board joined the Missouri State Employees' Plan (MSEP). MSEP is a single-employee public employee retirement plan of the State of Missouri in accordance with Sections 104.010 and 104.312 to 104.1093 of the Revised Statutes of Missouri. Benefits are established by and can be amended by the State of Missouri legislative process. Responsibility for the operation and administration of MSEP is vested in the Missouri State Employees' Retirement System (MOSERS) Board of Trustees. MSEP provides retirement, death and disability benefits to participants and their beneficiaries. MSEP is considered a part of the State of Missouri financial reporting entity and is included in the State of Missouri finance trust fund. MSEP issues a stand-alone report, which may be obtained by contacting the MOSERS office located at 907 Wildwood Drive, PO Box 209, Jefferson City, MO 65102.

With respect to the Plan, MSEP is accounted for and reported as a cost-sharing pension plan. MDFB paid 13.97% of payroll into the plan for fiscal year 2012 for a total contribution to the plan of $65,980. Plan payroll for employees covered by MSEP for the year ended June 30, 2012 was approximately $472,298. First time "State" employees who enter the plan after January 1, 2011 are required to contribute four percent of their salary to the plan, which totaled $6,326 for the year ended June 30, 2012.

The Board made 100% of its actuarially determined required contributions for the year ended June 30, 2012.

- **Defined Contribution Pension Plan (Terminated)**
  In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which was administered by Prudential Investments. The Board had 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 were no contribution requirements for employees The SEP was terminated effective September 1, 2011 when the MSEP became effective.

  Employees were eligible to participate in the plan on January 1 after service to the Board in at least three of five consecutive calendar years. Eligible employees were fully vested at the time of contribution. The Board contributed $10,960 and $71,647 for the years ended June 30, 2012 and 2011, respectively. For the years ended June 30, 2012 and 2011, the contributions amounted to 13.97% and 13.81% of the eligible employees' salaries, respectively.

- **Deferred Compensation Plan (Active)**
  Effective September 1, 2011, Board employees are eligible to contribute to the State of Missouri's Deferred Compensation Plan. Upon completing one year of employment, employees are eligible to receive a maximum $35 contribution per month if the employee also makes at least a $35 contribution per month (this provision has been suspended). The Deferred Compensation Plan is an eligible State deferred compensation plan as defined by Section 457 of the Internal Revenue Code. Effective January 1, 1999, amounts deferred under the plan are held in trust for the exclusive benefit of the plan participants and their beneficiaries.

- **Deferred Compensation Plan (Terminated)**
  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 MDFB 401(a) Deferred Compensation Match Plan (401(a) plan), which was administered by Nationwide Retirement Solutions, Inc.

  The plans permitted employees to defer a portion of their salary until future years. Employees were eligible to participate in the plans after one year of service to the Board and must contribute $35 per month to receive the employer matching contribution of $35 per month. Compensation deferred under the plan was invested at the direction of the covered employee. The deferred compensation was not available to employees until termination, retirement, death, or unforeseeable emergency.

19. Subsequent Events

In August 2012, the Board approved a $5 million grant to the Department of Economic Development, Division of Workforce Development for the Customized Training Program.

— Supplementary Information —

This part of the Board's comprehensive annual financial report presents the *Combining Statement of Net Assets*, *Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets,* and *Cash Flow for the Board's Parking Garage Fund and Revolving Loan Fund*.

Parking Garage Fund

(pages 46-51)

- **St. Louis Convention Center Hotel Garage Fund**
  The St. Louis Convention Center Hotel Garage (SLCCHG) is an 880-space garage located at 419 North 9th Street in downtown St. Louis. The Board constructed the garage to support the St. Louis Convention Center Hotel project. Activity related to the SLCCHG is reported in this column.

- **Ninth Street Garage Fund**
  The Ninth Street Garage (NSG) consists of 1,050-space garage and 20,800 square feet of retail space located at 905-913 Olive Street in downtown St. Louis. The parking garage was constructed to support the renovation of the Old Post Office project and redevelopment of adjacent vacant buildings in downtown. Activity related to the NSG is reported in this column.

- **Seventh Street Garage MDFB Fund**
  The Seventh Street Garage MDFB (SSG) Fund reports SSG Board activity exclusive of the SSGPPC activity, as noted below. The SSG Fund reports activity associated with the redevelopment of floors 1-4 and loans indirectly tied to the redevelopment of this and adjacent properties.

- **Seventh Street Garage Public Parking Corporation Fund (blended component unit)**
  The Seventh Street Garage Public Parking Corporation (SSGPPC) Fund reports the activity of the 750-space parking garage located at 601 Locust Street in downtown St. Louis. The parking garage is located on floors 2-4 of a building commonly known as St. Louis Centre. The SSGPPC is a 501(c)(3) created to utilize the Federal New Markets Tax Credits (NMTCs) and is a qualified active low-income community business (QALICB) as required by NMTCs. SSGPPC leases the parking garage portion of the building from MDFB and owns the leasehold improvements and operates the garage.

Revolving Loan Fund

(pages 52-57)

- **Missouri Infrastructure Development Loan Program Fund (MIDOC)**
  The MIDOC Fund presents activity from the MIDOC Loan Program. The MIDOC Loan Program offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. The program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects.

- **Small Business Loan Fund**
  The Small Business Loan (SBL) Fund shows activity from the Board's Small Business Loan Program. The SBL Program provides long-term, low-interest direct loans for small businesses located within the State of Missouri. Loans can be used to fund capital and operational needs.

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF NET ASSETS
PARKING GARAGE FUND
JUNE 30, 2012

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation Fund	Total Parking Garage Fund
ASSETS					
Current assets:					
Cash	$ 1,252,896	$ 90,974	$ 6,255,230	$ 115,723	$ 7,714,823
Current portion of loans and notes receivable	-	-	26,173	-	26,173
Accrued interest on investments	-	-	55	-	55
Accrued interest on loans and notes receivable	-	-	28,747	-	28,747
Prepaid expense and other assets	29,346	7,576	353,441	934,940	1,325,303
Total current assets	1,282,242	98,550	6,663,646	1,050,663	9,095,101
Noncurrent assets:					
Restricted assets	1,375,000	-	500,000	1,149,313	3,024,313
Long-term portion of loans and notes receivable	-	-	28,919,396	-	28,919,396
Capital assets:					
Assets not being depreciated	4,705,000	2,514,739	-	-	7,219,739
Assets being depreciated, net	12,983,787	25,912,064	-	27,521,741	66,417,592
Other assets	-	-	214,477	-	214,477
Total noncurrent assets	19,063,787	28,426,803	29,633,873	28,671,054	105,795,517
Total assets	$20,346,029	$28,525,353	$36,297,519	$29,721,717	$114,890,618
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ -	$ 17,367	$ 24,006	$ 8,800	$ 50,173
Accrued bond interest payable	2,601	-	31,875	22,878	57,354
Payable from restricted assets	-	-	-	17,196	17,196
Current portion of long-term debt payable	-	-	172,000	-	172,000
Total current liabilities	2,601	17,367	227,881	48,874	296,723
Noncurrent liabilities:					
Long-term debt	15,350,000	-	8,814,000	29,840,934	54,004,934
Deferred revenue	72,858	15,600	915,374	952,778	1,956,610
Total noncurrent liabilities	15,422,858	15,600	9,729,374	30,793,712	55,961,544
Total liabilities	15,425,459	32,967	9,957,255	30,842,586	56,258,267
NET ASSETS					
Invested in capital assets, net of related debt	2,338,787	28,426,803	(8,986,000)	(2,319,193)	19,460,397
Restricted					
Restricted for debt service	1,375,000	-	500,000	-	1,875,000
Restricted for program service fees	-	-	-	1,132,117	1,132,117
Unrestricted	1,206,783	65,583	34,826,264	66,207	36,164,837
Total net assets	4,920,570	28,492,386	26,340,264	(1,120,869)	58,632,351
Total liabilities and net assets	$20,346,029	$28,525,353	$36,297,519	$29,721,717	$114,890,618

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF NET ASSETS
PARKING GARAGE FUND
JUNE 30, 2011

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation Fund	Total Parking Garage Fund
ASSETS					
Current assets:					
Cash	$ 4,406,268	$ -	$ 1,117,011	$ 675,642	$ 6,198,921
Current portion of loans and notes receivable	-	-	25,676	-	25,676
Accrued interest on investments	3,696	-	13,189	-	16,885
Accrued interest on loans and notes receivable	-	-	19,976	-	19,976
Prepaid expense and other assets	45,597	4,499	262,927	950,678	1,263,701
Total current assets	4,455,561	4,499	1,438,779	1,626,320	7,525,159
Noncurrent assets:					
Restricted assets	1,375,000	1,932,489	15,567,511	2,896,897	21,771,897
Long-term portion of loans and notes receivable	-	-	28,945,805	-	28,945,805
Capital assets:					
Assets not being depreciated	4,705,000	2,514,739	-	-	7,219,739
Assets being depreciated, net	13,386,430	26,669,002	-	28,070,448	68,125,880
Other assets	-	-	311,490	-	311,490
Total noncurrent assets	19,466,430	31,116,230	44,824,806	30,967,345	126,374,811
Total assets	$23,921,991	$31,120,729	$46,263,585	$32,593,665	$133,899,970
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 2,413	$ 774	$ 5,000,000	$ 1,872,388	$ 6,875,575
Accrued bond interest payable	1,315	3,524	31,875	22,878	59,592
Payable from restricted assets	-	-	-	17,196	17,196
Current portion of long-term debt payable	-	270,000	14,000	-	284,000
Total current liabilities	3,728	274,298	5,045,875	1,912,462	7,236,363
Noncurrent liabilities:					
Long-term debt	15,350,000	14,730,000	8,986,000	29,840,934	68,906,934
Deferred revenue	93,201	15,600	927,901	1,013,816	2,050,518
Total noncurrent liabilities	15,443,201	14,745,600	9,913,901	30,854,750	70,957,452
Total liabilities	15,446,929	15,019,898	14,959,776	32,767,212	78,193,815
NET ASSETS					
Invested in capital assets, net of related debt	2,741,430	14,183,741	-	(1,770,486)	15,154,685
Restricted					
Restricted for debt service	1,375,000	1,932,489	15,567,511	-	18,875,000
Restricted for program service fees	-	-	-	2,879,701	2,879,701
Unrestricted	4,358,632	(15,399)	15,736,298	(1,282,762)	18,796,769
Total net assets	8,475,062	16,100,831	31,303,809	(173,547)	55,706,155
Total liabilities and net assets	$23,921,991	$31,120,729	$46,263,585	$32,593,665	$133,899,970

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PARKING GARAGE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation	Total Parking Garage Fund
OPERATING REVENUES:					
Interest income on loans and notes receivable	$ -	$ -	$ 347,783	$ -	$ 347,783
Rental income	-	187,200	12,527	33,333	233,060
Other income	29,733	-	-	-	29,733
Administrative services revenue	-	-	30,000	-	30,000
Parking garage revenues	1,398,193	1,114,815	-	1,316,005	3,829,013
Total operating revenues	1,427,926	1,302,015	390,310	1,349,338	4,469,589
OPERATING EXPENSES:					
Professional fees	(100)	17,627	29,362	-	46,889
Administrative services agreement	-	-	-	30,000	30,000
Travel	-	-	169	-	169
Supplies and other	5	16	21	-	42
Depreciation and amortization	440,031	756,938	6,500	726,135	1,929,604
Parking garage operating expenses	549,057	444,113	-	332,709	1,325,879
Miscellaneous	1,500	1,645	395	-	3,540
Total operating expenses	990,493	1,220,339	36,447	1,088,844	3,336,123
Operating income (loss)	437,433	81,676	353,863	260,494	1,133,466
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	5,485	372	13,864	107	19,828
Bond interest expense	(23,804)	(58,473)	(382,500)	(274,537)	(739,314)
Bond expense	(180,727)	(176,664)	(2,613)	(127,780)	(487,784)
Contributions to others	-	-	-	(805,606)	(805,606)
Contribution from SSGPPC	-	-	805,606	-	805,606
Total non-operating revenue (expense)	(199,046)	(234,765)	434,357	(1,207,816)	(1,207,270)
Income (loss) before interfund transfers and contributed revenue	238,387	(153,089)	788,220	(947,322)	(73,804)
INTERFUND TRANSFERS	(3,792,879)	12,544,644	(5,751,765)	-	3,000,000
Change in net assets	(3,554,492)	12,391,555	(4,963,545)	(947,322)	2,926,196
Total net assets - beginning	8,475,062	16,100,831	31,303,809	(173,547)	55,706,155
Total net assets - ending	$ 4,920,570	$28,492,386	$26,340,264	$(1,120,869)	$58,632,351

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PARKING GARAGE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation	Total Parking Garage Fund
OPERATING REVENUES:					
Interest income on loans and notes receivable	$ -	$ -	$ 349,758	$ -	$ 349,758
Rental income	-	187,200	14,829	13,889	215,918
Administrative services revenue	-	-	30,000	-	30,000
Parking garage revenues	1,451,172	1,128,645	-	526,669	3,106,486
Total operating revenues	1,451,172	1,315,845	394,587	540,558	3,702,162
OPERATING EXPENSES:					
Professional fees	2,513	1,874	137,716	5,588	147,691
Administrative services agreement	-	-	-	30,000	30,000
Travel	-	-	50	-	50
Supplies and other	-	-	405	-	405
Depreciation and amortization	437,348	756,983	6,500	278,009	1,478,840
Parking garage operating expenses	536,463	476,971	-	161,382	1,174,816
Miscellaneous	1,500	3,121	-	375	4,996
Total operating expenses	977,824	1,238,949	144,671	475,354	2,836,798
Operating income (loss)	473,348	76,896	249,916	65,204	865,364
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	35,582	632	42,391	14,024	92,629
Bond interest expense	(36,610)	(61,689)	(382,500)	(114,391)	(595,190)
Bond expense	(180,677)	(173,764)	(2,613)	(53,241)	(410,295)
Contributions to others	-	-	(5,000,000)	(11,837)	(5,011,837)
Contribution from SSGPPC	-	-	11,837	-	11,837
Total non-operating revenue (expense)	(181,705)	(234,821)	(5,330,885)	(165,445)	(5,912,856)
Income (loss) before interfund transfers and contributed revenue	291,643	(157,925)	(5,080,969)	(100,241)	(5,047,492)
INTERFUND TRANSFERS	-	-	5,000,000	-	5,000,000
Change in net assets	291,643	(157,925)	(80,969)	(100,241)	(47,492)
Total net assets - beginning	8,183,419	16,258,756	31,384,778	(73,306)	55,753,647
Total net assets - ending	$8,475,062	$16,100,831	$31,303,809	$(173,547)	$55,706,155

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF CASH FLOWS
PARKING GARAGE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation	Total Parking Garage Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$1,407,583	$ 1,302,016	$ 369,013	$ 1,288,300	$ 4,366,912
Payments to suppliers and lessors	(536,625)	(449,887)	(5,942)	(340,671)	(1,333,125)
Contributions due to others	-	-	(5,000,000)	-	(5,000,000)
Net cash provided (used) by operating activities	870,958	852,129	(4,636,929)	947,629	(1,966,213)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	(3,792,879)	12,544,644	(5,751,765)	-	3,000,000
Contributions to others	-	-	-	(805,606)	(805,606)
Contributions from SSGPPC	-	-	805,606	-	805,606
Net cash provided (used) by noncapital financing activities	(3,792,879)	12,544,644	(4,946,159)	(805,606)	3,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt principal paid	-	(15,000,000)	(14,000)	-	(15,014,000)
Long-term debt expense and interest paid	(203,245)	(238,661)	(385,113)	(402,317)	(1,229,336)
Acquisition of buildings and equipment	(37,388)	-	-	(2,047,316)	(2,084,704)
Net cash provided by capital and related financing activities	(240,633)	(15,238,661)	(399,113)	(2,449,633)	(18,328,040)
CASH FLOWS FROM INVESTING ACTIVITIES					
Maturities of investments	3,775,642	-	1,865,000	-	5,640,642
Interest on cash and investments	9,182	373	26,997	107	36,659
Receipt of loan payments	-	-	25,912	-	25,912
Net cash provided (used) by investing activities	3,784,824	373	1,917,909	107	5,703,213
Net increase (decrease) in cash and cash equivalents	622,270	(1,841,515)	(8,064,292)	(2,307,503)	(11,591,040)
Cash and cash equivalents - July 1	2,005,626	1,932,489	13,025,282	3,572,539	20,535,936
Cash and cash equivalents - June 30	$2,627,896	$ 90,974	$ 4,960,990	$1,265,036	$ 8,944,896
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 437,433	$ 81,677	$ 353,862	$ 260,494	$ 1,133,466
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	$ 440,031	$ 756,938	$ 6,500	726,135	$ 1,929,604
(Increase) decrease in accrued interest on loans and notes receivable	-	-	(8,770)	-	(8,770)
(Increase) decrease in prepaid expenses and other assets	16,250	(3,080)	-	15,739	28,909
Increase (decrease) in accounts payable and accrued liabilities	(2,413)	16,594	(4,975,994)	6,299	(4,955,514)
Increase (decrease) in deferred charges	(20,343)	-	(12,527)	(61,038)	(93,908)
Total adjustments	433,525	770,452	(4,990,791)	687,135	(3,099,679)
Net cash provided (used) by operating activities	$ 870,958	$ 852,129	$(4,636,929)	$ 947,629	$(1,966,213)
Reconciliation of cash and cash equivalents to the statement of net assets					
Cash	$1,252,896	90,974	6,255,230	115,723	7,714,823
Restricted assets	1,375,000	-	500,000	1,149,313	3,024,313
Less: Portion maturing in 90 days or more	-	-	(1,794,240)	-	(1,794,240)
Total cash and cash equivalents	$2,627,896	$ 90,974	$ 4,960,990	$1,265,036	$ 8,944,896

MISSOURI DEVELOPMENT FINANCE BOARD

STATEMENT OF CASH FLOWS
PARKING GARAGE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	St. Louis Convention Center Hotel Garage Fund	Ninth Street Garage Fund	Seventh Street Garage MDFB Fund	Seventh Street Garage Public Parking Corporation	Total Parking Garage Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$1,544,373	$1,333,066	$381,908	$540,558	$3,799,905
Payments to suppliers and lessors	(546,924)	(498,851)	(177,830)	(1,240,550)	(2,464,155)
Net cash provided (used) by operating activities	997,449	834,215	204,078	(699,992)	1,335,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	-	-	5,000,000	-	5,000,000
Contributions to others	-	-	-	(11,837)	(11,837)
Contributions from SSGPPC	-	-	11,837	-	11,837
Net cash provided (used) by noncapital financing activities	-	-	5,011,837	(11,837)	5,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt principal paid	-	(255,000)	-	-	(255,000)
Long-term debt expense and interest paid	(217,287)	(235,453)	(385,113)	(167,632)	(1,005,485)
Acquisition of buildings and equipment	-	(1,900)	-	(16,357,932)	(16,359,832)
Net cash provided by capital and related financing activities	(217,287)	(492,353)	(385,113)	(16,525,564)	(17,620,317)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(6,282,361)	-	(6,652,607)	-	(12,934,968)
Maturities of investments	5,013,055	-	2,993,366	-	8,006,421
Interest on cash and investments	32,509	632	53,590	14,026	100,757
Receipt of loan payments	-	-	28,519	-	28,519
Net cash provided (used) by investing activities	(1,236,797)	632	(3,577,132)	14,026	(4,799,271)
Net increase (decrease) in cash and cash equivalents	(456,635)	342,494	1,253,670	(17,223,367)	(16,083,838)
Cash and cash equivalents - July 1	2,462,261	1,589,995	11,771,612	20,795,906	36,619,774
Cash and cash equivalents - June 30	$2,005,626	$1,932,489	$13,025,282	$3,572,539	$20,535,936
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 473,348	$ 76,896	$ 249,916	$ 65,204	$ 865,364
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	$ 437,348	$ 756,983	$ 6,500	$ 278,009	$ 1,478,840
Change in fair value of hedging derivative	-	-	53,593	-	53,593
(Increase) decrease in accounts receivable and accrued receivables	-	1,621	2,150	-	3,771
(Increase) decrease in prepaid expenses and other assets	(5,911)	(15,292)	(53,593)	(7,950)	(82,746)
Increase (decrease) in accounts payable and accrued liabilities	(537)	(1,593)	(39,659)	(1,049,071)	(1,090,860)
Increase (decrease) in deferred charges	93,201	15,600	(14,829)	13,816	107,788
Total adjustments	524,101	757,319	(45,838)	(765,196)	470,386
Net cash provided (used) by operating activities	$ 997,449	$ 834,215	$ 204,078	$ (699,992)	$ 1,335,750
Reconciliation of cash and cash equivalents to the statement of net assets					
Cash	$4,406,268	$ -	$ 1,117,011	$ 675,642	$ 6,198,921
Restricted assets	1,375,000	1,932,489	15,567,511	2,896,897	21,771,897
Less: Portion maturing in 90 days or more	(3,775,642)	-	(3,659,240)	-	(7,434,882)
Total cash and cash equivalents	$2,005,626	$1,932,489	$13,025,282	$3,572,539	$20,535,936

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF NET ASSETS
REVOLVING LOAN FUND
JUNE 30, 2012

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
ASSETS			
Current assets:			
Current portion of loans and notes receivable	$ 90,975	$ 120,177	$ 211,152
Accrued interest on loans and notes receivable	31,729	-	31,729
Total current assets	122,704	120,177	242,881
Noncurrent assets:			
Restricted assets	1,673,607	747,002	2,420,609
Long-term portion of loans and notes receivable	980,110	1,018,044	1,998,154
Total noncurrent assets	2,653,717	1,765,046	4,418,763
Total assets	$2,776,421	$1,885,223	$4,661,644
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	$ -	$ 646	$ 646
Total current liabilities	-	646	646
Total liabilities	-	646	646
NET ASSETS			
Restricted			
Restricted for revolving loan funds	2,776,421	1,884,577	4,660,998
Total net assets	2,776,421	1,884,577	4,660,998
Total liabilities and net assets	$2,776,421	$1,885,223	$4,661,644

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF NET ASSETS
REVOLVING LOAN FUND
JUNE 30, 2011

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
ASSETS			
Current assets:			
Current portion of loans and notes receivable	$ 132,439	$ 78,265	$ 210,704
Accrued interest on loans and notes receivable	28,103	-	28,103
Total current assets	160,542	78,265	238,807
Noncurrent assets:			
Restricted assets	1,556,695	1,134,640	2,691,335
Long-term portion of loans and notes receivable	997,139	674,430	1,671,569
Total noncurrent assets	2,553,834	1,809,070	4,362,904
Total assets	$2,714,376	$1,887,335	$4,601,711
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	$ 631	$ 4,107	$ 4,738
Total current liabilities	631	4,107	4,738
Total liabilities	631	4,107	4,738
NET ASSETS			
Restricted			
Restricted for revolving loan funds	2,713,745	1,883,228	4,596,973
Total net assets	2,713,745	1,883,228	4,596,973
Total liabilities and net assets	$2,714,376	$1,887,335	$4,601,711

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2012

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
OPERATING REVENUES:			
Interest income on loans and notes receivable	$ 37,877	$ 29,193	$ 67,070
Other income	23,000	10,336	33,336
Total operating revenues	60,877	39,529	100,406
OPERATING EXPENSES:			
Professional fees	1,375	16,856	18,231
Supplies and other	-	482	482
Bad debt expense	(2,306)	21,342	19,036
Total operating expenses	(931)	38,680	37,749
Operating income	61,808	849	62,657
NON-OPERATING REVENUE:			
Interest on cash and investments	868	500	1,368
Total non-operating revenue	868	500	1,368
Change in net assets	62,676	1,349	64,025
Total net assets - beginning	2,713,745	1,883,228	4,596,973
Total net assets - ending	$2,776,421	$1,884,577	$4,660,998

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2011

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
OPERATING REVENUES:			
Interest income on loans and notes receivable	$ 45,948	$ 24,968	$ 70,916
Other income	-	1,414	1,414
Total operating revenues	45,948	26,382	72,330
OPERATING EXPENSES:			
Professional fees	631	6,513	7,144
Supplies and other	-	682	682
Bad debt expense	-	111,013	111,013
Total operating expenses	631	118,208	118,839
Operating income (loss)	45,317	(91,826)	(46,509)
NON-OPERATING REVENUE:			
Interest on cash and investments	1,384	1,118	2,502
Total non-operating revenue	1,384	1,118	2,502
Change in net assets	46,701	(90,708)	(44,007)
Total net assets - beginning	2,667,044	1,973,936	4,640,980
Total net assets - ending	$2,713,745	$1,883,228	$4,596,973

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF CASH FLOWS
REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2012

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 57,250	$ 39,529	$ 96,779
Payments to suppliers and lessors	(2,006)	(20,801)	(22,807)
Net cash provided (used) by operating activities	55,244	18,728	73,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	868	500	1,368
Disbursement of loan proceeds	(58,000)	(530,358)	(588,358)
Receipt of loan payments	118,800	123,492	242,292
Net cash provided (used) by investing activities	61,668	(406,366)	(344,698)
Net increase (decrease) in cash and cash equivalents	116,912	(387,638)	(270,726)
Cash and cash equivalents - July 1	1,556,695	1,134,640	2,691,335
Cash and cash equivalents - June 30	$1,673,607	$ 747,002	$2,420,609
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 61,808	$849	$62,657
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in allowance for bad debt	$ (2,306)	$ 21,342	$ 19,036
(Increase) decrease in accrued interest on loans and notes receivable	(3,627)	-	(3,627)
Increase (decrease) in accounts payable and accrued liabilities	(631)	(3,463)	(4,094)
Total adjustments	(6,564)	17,879	11,315
Net cash provided (used) by operating activities	$ 55,244	$ 18,728	$ 73,972
Reconciliation of cash and cash equivalents to the statement of net assets			
Cash	$ -	$ -	$ -
Restricted assets	1,673,607	747,002	2,420,609
Total cash and cash equivalents	$1,673,607	$ 747,002	$2,420,609

MISSOURI DEVELOPMENT FINANCE BOARD

COMBINING STATEMENT OF CASH FLOWS
REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2011

	MIDOC Fund	Small Business Loan Fund	Total Revolving Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 41,523	$ 137,395	$ 178,918
Payments to suppliers and lessors	-	(116,222)	(116,222)
Net cash provided (used) by operating activities	41,523	21,173	62,696
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	1,384	1,118	2,502
Disbursement of loan proceeds	(22,659)	(116,929)	(139,588)
Receipt of loan payments	229,463	98,890	328,353
Net cash provided (used) by investing activities	208,188	(16,921)	191,267
Net increase (decrease) in cash and cash equivalents	249,711	4,252	253,963
Cash and cash equivalents - July 1	1,306,984	1,130,388	2,437,372
Cash and cash equivalents - June 30	$1,556,695	$1,134,640	$2,691,335
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 45,317	$ (91,826)	$ (46,509)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in allowance for bad debt	$ -	$ 111,013	$ 111,013
(Increase) decrease in accrued interest on loans and notes receivable	(4,425)	-	(4,425)
Increase (decrease) in accounts payable and accrued liabilities	631	1,986	2,617
Total adjustments	(3,794)	112,999	109,205
Net cash provided (used) by operating activities	$ 41,523	$ 21,173	$ 62,696
Reconciliation of cash and cash equivalents to the statement of net assets			
Cash	$ -	-	-
Restricted assets	1,556,695	1,134,640	2,691,335
Total cash and cash equivalents	$1,556,695	$1,134,640	$2,691,335

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STATISTICAL SECTION

MISSOURI DEVELOPMENT FINANCE BOARD
(A COMPONENT UNIT OF THE STATE OF MISSOURI)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

Statistical Section (Unaudited)

This part of the Board's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health. The Board is a discretely presented component unit of the State of Missouri as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. Based on GASB 14, some of the accompanying statistical section segments will include references to the State of Missouri. Such segments will be noted as such. All other information is to be deemed as attributable to the Board, and does not reflect the financial position and results of operations of the State.

- **Financial Trends** - These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

- **Revenue Capacity -** These schedules contain information to help the reader assess the factors affecting the Board's ability to generate its own source income.

- **Debt Capacity -** These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

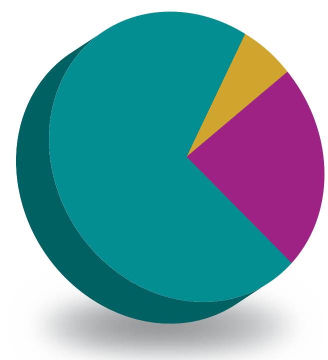
- **Demographic and Economic Information** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place. Due to the fact that the Board was established to serve the State of Missouri, and is a component unit as defined by Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, demographic and economic information for the State of Missouri will be presented in this section.

- **Operating Information** - These schedules contain information about the Board's operations and resources to help the reader understand how the Board's financial information relates to the services the Board provides and the activities it performs.

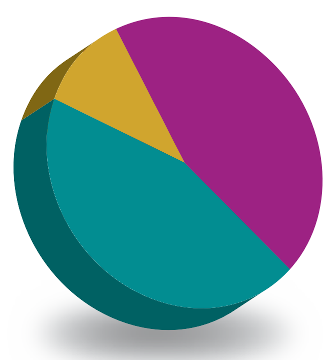
MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF NET ASSETS BY COMPONENT
FISCAL YEARS 2003 TO 2012

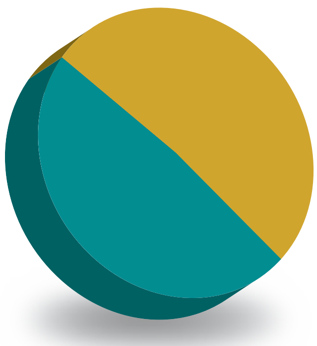
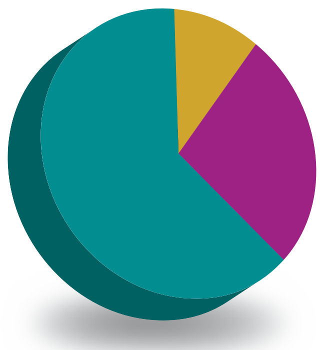
	2012		2011	
	$	%	$	%
Investment in capital assets, net of related debt	$19,499,463	23.15%	$15,196,313	18.13%
Restricted	8,668,115	10.30%	27,868,870	33.25%
Unrestricted	56,028,444	66.55%	40,754,783	48.62%
	$84,196,022	100.00%	$83,819,966	100.00%



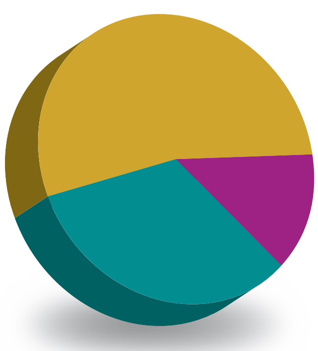
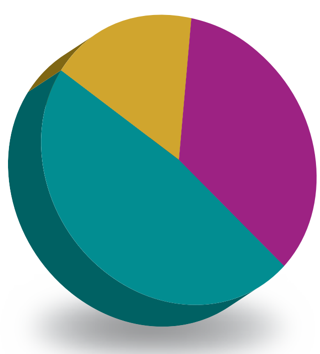
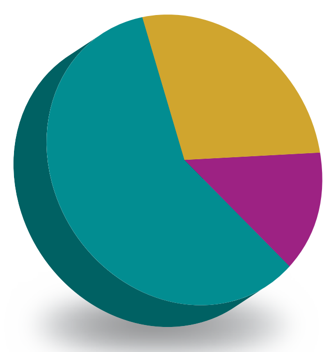
	2007		2006	
	$	%	$	%
Investment in capital assets, net of related debt	$30,561,762	40.18%	$19,317,590	27.07%
Restricted	9,374,562	12.33%	21,839,950	30.61%
Unrestricted	36,118,289	47.49%	30,192,521	42.32%
	$76,054,613	100.00%	$71,350,061	100.00%



2010		2009		2008	
$	%	$	%	$	%
$70,973	0.08%	$20,069,761	26.78%	$20,321,656	29.36%
45,267,090	51.66%	7,410,706	9.89%	8,428,168	12.18%
42,291,521	48.26%	47,452,756	63.33%	40,458,398	58.46%
$87,629,584	100.00%	$74,933,223	100.00%	$69,208,222	100.00%


2005		2004		2003	
$	%	$	%	$	%
$9,493,788	13.66%	$20,034,676	34.89%	$7,018,010	13.99%
37,282,046	53.65%	10,177,542	17.72%	13,727,572	27.38%
22,712,166	32.69%	27,213,782	47.39%	29,405,378	58.63%
$69,488,000	100.00%	$57,426,000	100.00%	$50,150,960	100.00%

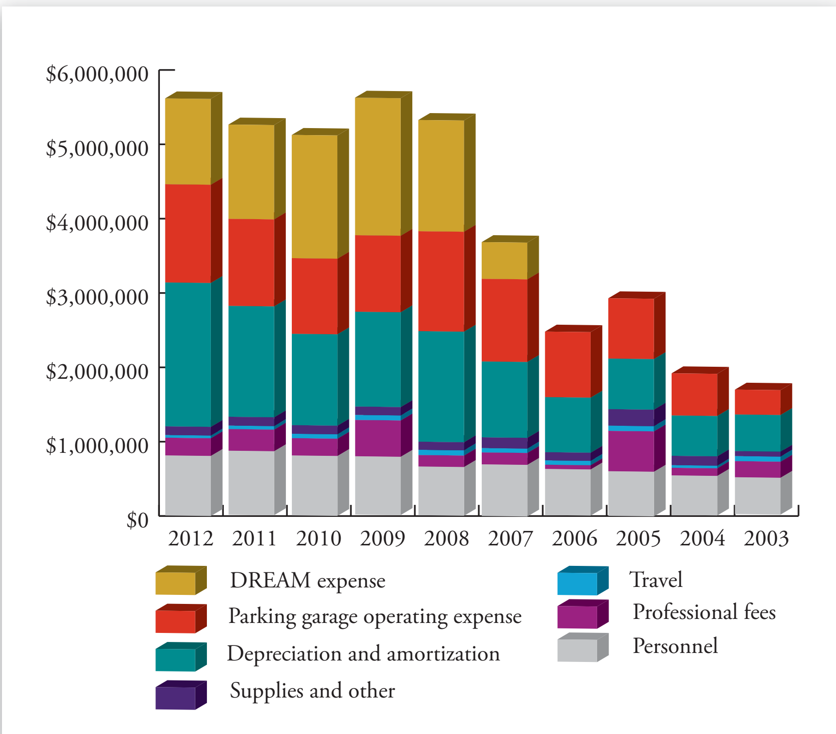




Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF EXPENSES BY FUNCTION
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Operating expenses					
Personnel	$ 811,731	$ 863,310	$ 809,289	$ 786,596	$ 658,415
Professional fees	238,806	291,826	233,485	490,168	155,086
Travel	36,678	47,448	59,337	67,536	70,355
Supplies and other	116,711	118,594	116,152	113,348	109,176
Depreciation and amortization	1,942,644	1,497,179	1,233,081	1,279,643	1,492,209
Parking garage operating expense	1,325,879	1,174,816	1,020,824	1,032,951	1,348,926
DREAM expense	1,158,332	1,272,301	1,663,518	1,856,262	1,501,079
Bad debt and miscellaneous	101,992 [1]	174,466 [2]	97,642 [3]	153,211 [4]	126,076 [5]
Total operating expenses	5,732,773	5,439,940	5,233,328	5,779,715	5,461,322
Non-operating expenses					
Interest and bond expense	1,227,098	1,005,485	510,815	878,092	1,442,893
Research and development expense	-	-	35,350	-	-
Contributions to others	-	5,000,000	-	1,600,000	10,713,892
Total non-operating expenses	1,227,098	6,005,485	546,165	2,478,092	12,156,785
Total expenses	$6,959,871	$11,445,425	$5,779,493	$8,257,807	$17,618,107



	2007	2006	2005	2004	2003
Operating expenses					
Personnel	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional fees	161,182	56,754	544,589	102,686	217,156
Travel	58,646	59,265	70,375	35,881	68,610
Supplies and other	144,828	110,242	222,613	125,957	66,837
Depreciation and amortization	1,024,531	743,372	683,016	544,707	494,597
Parking garage operating expense	1,115,373	883,789	813,265	568,394	334,825
DREAM expense	495,312 [6]	- [7]	- [8]	-	-
Bad debt and miscellaneous	205,122	3,527,826	9,492,203	21,094	29,934
Total operating expenses	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses					
Interest and bond expense	936,157	733,823	550,946	459,897	342,231
Research and development expense	-	-	-	-	-
Contributions to others	-	-	-	-	-
Total non-operating expenses	936,157	733,823	550,946	459,897	342,231
Total expenses	$4,838,504	$6,738,612	$12,980,075	$2,393,166	$2,051,891

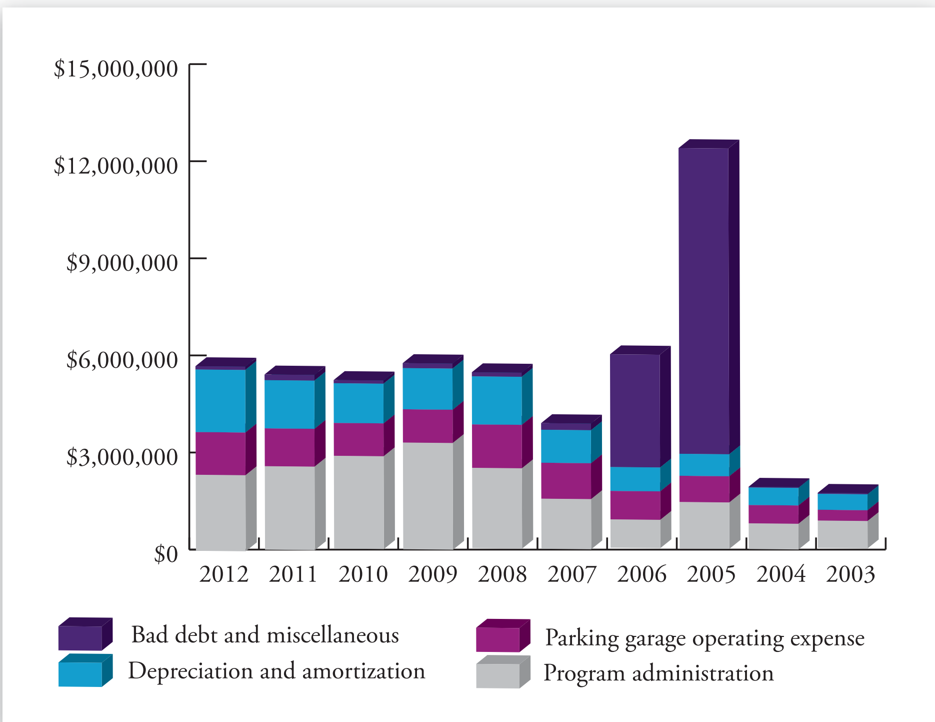
[1] *Includes bad debt expense of $19,036*
[2] *Includes bad debt expense of $111,013*
[3] *Includes bad debt expense of $0*
[4] *Includes bad debt expense of $80,001*
[5] *Includes bad debt expense of $105,929*
[6] *Includes bad debt expense of $138,806*
[7] *Includes bad debt expense of $3,498,074*
[8] *Includes bad debt expense of $9,356,822*

Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Operating expenses					
Program administration	$2,362,258	$ 2,593,479	$2,881,781	$3,313,910	$ 2,494,111
Parking garage operating expense	1,325,879	1,174,816	1,020,824	1,032,951	1,348,926
Depreciation and amortization	1,942,644	1,497,179	1,233,081	1,279,643	1,492,209
Bad debt and miscellaneous	101,992 [1]	174,466 [2]	97,642 [3]	153,211 [4]	126,076 [5]
Total operating expenses	5,732,773	5,439,940	5,233,328	5,779,715	5,461,322
Non-operating expenses					
Interest and bond expense	1,227,098	1,005,485	510,815	878,092	1,442,893
Research and development expense	-	-	35,350	-	-
Contributions to others	-	5,000,000	-	1,600,000	10,713,892
Total non-operating expenses	1,227,098	6,005,485	546,165	2,478,092	12,156,785
Total expenses	$6,959,871	$11,445,425	$5,779,493	$8,257,807	$17,618,107



	2007	2006	2005	2004	2003
Operating expenses					
Program administration	$1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking garage operating expense	1,115,373	883,789	813,265	568,394	334,825
Depreciation and amortization	1,024,531 [6]	743,372 [7]	683,016 [8]	544,707	494,597
Bad debt and miscellaneous	205,122	3,498,074	9,492,203	21,094	29,934
Total operating expenses	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses					
Interest and bond expense	936,157	733,823	550,946	459,897	342,231
Research and development expense	-	-	-	-	-
Contributions to others	-	-	-	-	-
Total non-operating expenses	936,157	733,823	550,946	459,897	342,231
Total expenses	$4,838,504	$6,738,612	$12,980,075	$2,393,166	$2,051,891

1 Includes bad debt expense of $19,036
2 Includes bad debt expense of $111,013
3 Includes bad debt expense of $0
4 Includes bad debt expense of $80,001
5 Includes bad debt expense of $105,929
6 Includes bad debt expense of $138,806
7 Includes bad debt expense of $3,498,074
8 Includes bad debt expense of $9,356,822

Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Operating revenues					
Participation fees - Loan Guarantee	$ -	$ -	$ -	$ -	$ -
Participation fees - Private Activity Bonds	36,175	47,500	115,000	158,160	137,750
Participation fees - Public Activity Bonds	226,951	75,000	112,122	352,308	161,876
Participation fees - Notes Receivable	-	-	5,000	2,162	-
Participation fees - Tax Credits	889,337	1,227,639	2,787,360	1,498,369	2,443,355
Participation fees - BUILD Missouri	479,239	670,288	855,547	464,964	307,438
Participation fees - Tax Abatement	-	-	-	-	-
Participation fees - MODESA	-	-	-	-	25,000
Interest income on loans and notes receivable	593,558	932,215	289,535	160,837	316,786
Rental income	233,060	215,918	169,795	25,008	25,008
Contractual income	70,000	70,000	69,782	77,210	75,990
DREAM revenues	554,527	826,170	924,639	873,330	809,894
Parking garage revenues	3,829,013	3,106,486	2,599,226	3,080,901	3,623,164
Capital grants and contributions	-	-	-	-	-
Other income	355,320	239,999	234,503	43,362	311,728
Total operating revenues	7,267,180	7,411,215	8,162,509	6,736,611	8,237,989
Adjustment to allowance for notes receivable	-	-	-	6,114,405	-
Non-operating revenues					
Interest on cash and investments	68,747	224,592	313,345	1,131,792	2,533,726
Total revenues	$7,335,927	$7,635,807	$8,475,854	$13,982,808	$10,771,715

	2007	2006	2005	2004	2003
Operating revenues					
Participation fees - Loan Guarantee	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	5,000	-	-	36,633	-
Participation fees - Tax Credits	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	2,500	-	-	-
Participation fees - MODESA	-	-	25,000	-	-
Interest income on loans and notes receivable	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,057	25,008	25,008
Contractual income	68,757	61,342	60,648	56,934	56,684
DREAM revenues	-	-	-	-	-
Parking garage revenues	2,743,209	2,259,686	1,815,481	1,573,553	730,097
Capital grants and contributions	225,000	-	-	-	-
Other income	373,565	119,272	54,010	14,552	1,187
Total operating revenues	6,470,971	3,871,505	3,286,400	3,267,660	2,414,241
Adjustment to allowance for notes receivable	-	-	-	-	-
Non-operating revenues					
Interest on cash and investments	3,072,083	2,129,169	1,241,632	576,685	598,341
Total revenues	$9,543,054	$6,000,674	$4,528,032	$3,844,345	$3,012,582

Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Income (loss) before other changes in net assets	$376,056	$(3,809,618)	$ 2,696,361	$5,725,001	$(6,846,391)
Contributed revenue	-	-	10,000,000	-	-
Gain on sale of asset	-	-	-	-	-
Total change in net assets	$376,056	$(3,809,618)	$12,696,361	$5,725,001	$(6,846,391)

	2007	2006	2005	2004	2003
Income (loss) before other changes in net assets	$4,479,551	$ (737,939)	$(8,452,142)	$1,451,179	$ 960,691
Contributed revenue	225,000	2,600,000	20,514,142	5,799,361	10,000,639
Gain on sale of asset	-	-	-	24,500	-
Total change in net assets	$4,704,551	$1,862,061	$12,062,000	$7,275,040	$10,961,330

MISSOURI DEVELOPMENT FINANCE BOARD

PARKING GARAGE SPACE AND RATE INFORMATION - PRINCIPAL PARKING GARAGE LESSEES
FISCAL YEARS 2003 TO 2012

	2012		2011		2010		2009	
	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate
St. Louis Convention Center Hotel Garage Leases								
(880-space parking garage)								
Renaissance Grand Hotel*	375	$123	375	$123	375	$123	375	$123
Merchandise Mart*	20	105	20	105	20	105	20	105
Roberts Old School House Lofts, LP - reserved spaces	50	125	32	125	75	125	75	125
	445		427		470		470	
Ninth Street Garage Leases								
(1,050-space parking garage)								
Court of Appeals - reserved spaces	13	$115	13	$115	13	$105	13	$105
Court of Appeals - unreserved spaces	20	99	20	99	20	90	20	90
Webster University - unreserved spaces	30	100	30	100	30	100	30	90
Frisco Associates - unreserved spaces	100	100	100	100	100	100	100	90
Pyramid Construction assigned to Paul Brown Developer, LP - reserved spaces	75	125	75	125	75	125	75	125
Roberts Old School House Lofts, LP - reserved spaces	-	n/a	-	n/a	20	100	20	90
913 Locust (Talley Properties, LLC) - unreserved spaces	-	n/a	5	100	5	100	5	90
917 Locust (Roberts Brothers Prop.) - reserved spaces	-	n/a	26	125	26	125	26	125
917 Locust (Roberts Brothers Prop.) - unreserved spaces	-	n/a	15	100	15	100	15	90
Syndicate Apartments - unreserved spaces	28	100	28	100	28	100	20	90
Syndicate Retail - unreserved spaces	42	100	42	100	42	100	10	90
	308		354		374		334	
Seventh Street Garage Leases								
(750-space parking garage)								
600 Tower, LLC - reserved spaces	85	$155	85	$155				
600 Tower, LLC - unreserved spaces	230	130	170	130				
US Bank, NA - unreserved spaces	400	130	400	130				
	715		655					
	1,468		1,436		844		804	

St. Louis Convention Center Hotel Garage began operations August 2002.
Ninth Street Garage began operations February 2007.
Seventh Street Garage began operations February 2011.
** Lease is written based on a minimum amount to be paid per fiscal year.*
Monthly rate and # of leased spaces are estimated as of June 30 of fiscal year.

2008		2007		2006		2005		2004		2003	
# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate	# of Leased Spaces	Monthly Rate
375	$123	375	$123	375	$123	375	$123	375	$123	375	$123
20	105	20	105	20	105	20	105	20	105	20	105
75	125	75	125	75	125	-	n/a	-	n/a	-	n/a
470		470		470		395		395		395	
13	$105	13	$105								
20	90	20	90								
30	90	30	90								
100	90	100	90								
75	125	75	125								
20	90	20	90								
5	90	5	90								
26	125	26	125								
15	90	15	90								
20	90	20	90								
10	90	10	90								
334		334									
804		804		470		395		395		395	

MISSOURI DEVELOPMENT FINANCE BOARD

PARKING GARAGE REVENUES - PRINCIPAL PARKING GARAGE LESSEES
FISCAL YEARS 2012 AND 2003

	2012	% of Actual Parking Revenue	2003	% of Actual Parking Revenue
St. Louis Convention Center Hotel Garage				
Renaissance Grand Hotel	$ 554,282	14%	$554,282	76%
Merchandise Mart	25,000	1%	25,000	3%
Roberts Old School House Lofts, LP	75,000	2%	0	0%
	654,282	17%	579,282	79%
Ninth Street Garage				
Court of Appeals	41,700	1%		
Webster University	36,000	1%		
Frisco Associates	120,000	3%		
Paul Brown Developer, LP	112,500	3%		
Syndicate Apartments	33,600	1%		
Syndicate Retail	50,400	1%		
	394,200	10%		
Seventh Street Garage				
600 Tower	474,900	12%		
US Bank, NA	624,000	16%		
	1,098,900	29%		
Total Base	$2,147,382	56%	$579,282	79%
Actual Parking Garage Revenue	$3,829,013		$730,097	

MISSOURI DEVELOPMENT FINANCE BOARD

PLEDGED REVENUE COVERAGE BY NET REVENUE AVAILABLE
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Total operating and non-operating revenues	$ 7,335,927	$ 7,635,807	$8,475,854	$13,982,808	$10,771,715
Total operating and non-operating expenses	6,959,871	11,445,425	5,779,493	8,257,807	17,618,107
Net revenue available	376,056	(3,809,618)	2,696,361	5,725,001	(6,846,392)
Debt service					
Principal	15,014,000	255,000	245,000	1,000,000	-
Interest[1]	739,314	595,190	157,074	517,121	1,075,534
Bond expenses	487,784	410,295	353,741	360,971	367,358
Total debt service	$16,241,098	$ 1,260,485	$ 755,815	$ 1,878,092	$ 1,442,892
Debt service coverage	0.02	(3.02)	3.57	3.05	(4.74)

	2007	2006	2005	2004	2003
Total operating and non-operating revenues	$9,543,054	$6,000,674	$4,528,032	$3,844,341	$3,012,582
Total operating and non-operating expenses	4,838,504	6,738,612	12,980,075	2,393,166	2,051,891
Net revenue available	4,704,550	(737,938)	(8,452,043)	1,451,175	960,691
Debt service					
Principal	-	2,750,000	-	3,000,000	5,000,000
Interest[1]	711,903	551,858	350,978	210,760	342,231
Bond expenses	224,254	181,965	199,968	249,137	u/k
Total debt service	$ 936,157	$3,483,823	$ 550,946	$3,459,897	$5,342,231
Debt service coverage	5.03	(0.21)	(15.34)	0.42	0.18

[1] *Interest does not include capitalized interest paid from bond proceeds.*
Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

PLEDGED REVENUE COVERAGE BY PARKING CAPACITY
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Garages					
Total number of operational garages [1]	3	3	2	2	2
Parking capacity per year [2]	978,200	978,200	704,450	704,450	704,450
Total Debt Outstanding	$54,176,934	$69,190,934	$69,445,934	$30,850,000	$31,850,000
Debt service					
Principal	$15,014,000	$ 255,000	$ 245,000	$ 1,000,000	$ -
Interest [3]	739,314	595,190	157,074	517,121	1,075,534
Bond expense	487,784	410,295	353,741	360,971	367,358
Total debt service	$16,241,098	$ 1,260,485	$ 755,815	$ 1,878,092	$ 1,442,892
Daily required revenue per space to cover annual debt service	16.6	1.29	1.07	2.67	2.05

	2007	2006	2005	2004	2003
Garages					
Total number of operational garages [1]	3	2	2	2	1
Parking capacity per year [2]	887,315	504,065	504,065	504,065	317,550
Total Debt Outstanding	$31,850,000	$34,600,000	$18,100,000	$18,100,000	$21,100,000
Debt service					
Principal	$ -	$ 2,750,000	$ -	$ 3,000,000	$5,000,000
Interest [3]	711,903	551,858	350,978	210,760	342,231
Bond expense	224,254	181,965	199,968	249,137	u/k
Total debt service	$ 936,157	$ 3,483,823	$ 550,946	$ 3,459,897	$5,342,231
Daily required revenue per space to cover annual debt service	1.06	6.91	1.09	6.86	16.82

[1] *KCLG sold May 31, 2008.*
[2] *Calculated as total number of spaces x 365 days*
[3] *Interest does not include capitalized interest paid from bond proceeds*

Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

OUTSTANDING DEBT BY TYPE
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008
Bond debt					
Ninth Street Garage	$ -	$15,000,000	$15,255,000	$15,500,000	$16,500,000
Seventh Street Garage	8,986,000	9,000,000	9,000,000	-	-
St. Louis Convention Center Hotel Garage	15,350,000	15,350,000	15,350,000	15,350,000	15,350,000
Total bond debt outstanding	24,336,000	39,350,000	39,605,000	30,850,000	31,850,000
Notes payable					
Seventh Street Garage	29,840,934	29,840,934	29,840,934	-	-
Total debt	$54,176,934	$69,190,934	$69,445,934	$30,850,000	$31,850,000

	2007	2006	2005	2004	2003
Bond debt					
Ninth Street Garage	$16,500,000	$16,500,000	$16,500,000	$ -	$ -
Seventh Street Garage	-	-	-	-	-
St. Louis Convention Center Hotel Garage	15,350,000	15,350,000	18,100,000	18,100,000	21,100,000
Total bond debt outstanding	31,850,000	31,850,000	34,600,000	18,100,000	21,100,000
Notes payable					
Seventh Street Garage	-	-	-	-	-
Total debt	$31,850,000	$31,850,000	$34,600,000	$18,100,000	$21,100,000

Note: Fiscal years 2010-2011 amounts have been restated to include the SSGPPC component unit.

MISSOURI DEVELOPMENT FINANCE BOARD

STATE OF MISSOURI DEMOGRAPHIC STATISTICS
EMPLOYMENT

(In Thousands Except Unemployment Rates Data)					
Calendar Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2011	3,052	2,808	244	8.0	8.5
2010	3,054	2,774	280	9.2	9.6
2009	3,046	2,756	290	9.5	9.3
2008	3,054	2,836	217	7.1	5.8
2007	3,058	2,896	162	5.3	4.6
2006	3,062	2,914	148	4.8	4.6
2005	3,019	2,869	150	5.0	5.1
2004	3,010	2,833	177	5.9	5.5
2003	2,988	2,827	161	5.4	6.0
2002	2,985	2,830	155	5.2	5.8
2001	2,992	2,842	150	5.0	4.7
2000	3,003	2,882	121	4.0	4.0
1999	2,911	2,820	91	3.1	4.2
1998	2,911	2,795	116	4.0	4.5
1997	2,904	2,780	124	4.3	4.9
1996	2,869	2,735	135	4.7	5.4
1995	2,822	2,690	132	4.7	5.6
1994	2,759	2,622	136	4.9	6.1
1993	2,706	2,540	166	6.1	6.9

Data Source: Missouri Economic Research and Information Center, U.S. Department of Labor — Bureau of Labor Statistics.

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
2011	$229,898	$12,981,741	$38,248	$41,663	4.2	5.1
2010	221,464	12,530,101	36,979	40,584	2.9	2.4
2009	215,181	12,165,474	35,938	39,626	(2.3)	(2.6)
2008	218,993	12,379,745	36,766	40,673	4.4	3.1
2007	208,201	11,899,853	35,230	39,458	3.9	4.7
2006	198,727	11,256,516	33,903	37,698	5.4	6.4
2005	186,753	10,476,669	32,162	35,424	2.6	4.6
2004	180,547	9,928,790	31,353	33,881	3.9	5.0
2003	172,529	9,369,072	30,190	32,271	3.2	2.6
2002	166,195	9,054,702	29,255	31,461	2.2	1.0
2001	161,545	8,878,830	28,622	31,145	2.6	2.7
2000	156,359	8,554,866	27,891	30,318	6.4	7.0
1999	145,826	7,906,131	26,218	28,333	3.1	3.9
1998	140,360	7,519,327	25,419	27,258	5.5	6.3
1997	132,117	6,994,388	24,104	25,654	5.3	5.0
1996	124,385	6,584,404	22,901	24,442	4.9	5.1
1995	117,418	6,194,245	21,832	23,262	3.8	4.3
1994	112,001	5,866,796	21,035	22,297	5.4	4.3
1993	105,164	5,558,374	19,951	21,385	n/a	n/a

Data Source: Missouri Economic Research and Information Center, U.S. Department of Commerce — Bureau of Economic Analysis

MISSOURI DEVELOPMENT FINANCE BOARD

STATE OF MISSOURI DEMOGRAPHIC STATISTICS
POPULATION STATISTICS

Census Year	Population (In Thousands)	% Change	% of Total Urban	% of Total Rural
2010	5,989	7.0	70.44	29.56
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: Missouri Economic Research and Information Center, U.S. Department of Commerce — Bureau of the Census

MISSOURI DEVELOPMENT FINANCE BOARD

STATE OF MISSOURI ECONOMIC DATA
PRIVATELY OWNED HOUSING UNITS AUTHORIZED BY BUILDING PERMITS

Calendar Year	Number of Units	Valuation (In Thousands)
2011	9,242	1,425,673
2010	9,699	1,430,224
2009	10,056	1,433,735
2008	13,273	1,889,739
2007	21,525	3,128,424
2006	29,172	4,086,728
2005	33,114	4,702,016
2004	32,791	4,286,161
2003	29,309	3,596,524
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: Missouri Economic Research and Information Center, U.S. Department of Commerce - Census Bureau

MISSOURI DEVELOPMENT FINANCE BOARD

STATE OF MISSOURI ECONOMIC DATA
INDUSTRIAL GROWTH

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2011	*	*	*	*
2010	*	*	*	*
2009	*	*	*	*
2008	*	*	*	*
2007	*	*	*	*
2006	*	*	*	*
2005	49	26	7,983	$2,612,721
2004	75	35	10,696	1,524,343
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

Data Source: Missouri Department of Economic Development
** Information unavailable as of report date.*

MISSOURI DEVELOPMENT FINANCE BOARD

STATE OF MISSOURI
MAJOR EMPLOYERS 2011 AND 2002

2011		
Employer	**Number of Employees**	**Percent of Total State Employment**
1. Wal-Mart Asscociates, Inc.	25,000+	1.0%
2. Washington University	15,000 - 20,000	0.8%
3. Mercy Hospitals	15,000 - 20,000	0.8%
4. Boeing Company	10,000 - 15,000	0.6%
5. Barnes-Jewish Hospitals	7,500 - 10,000	0.4%
6. Schnuck Markets, Inc.	7,500 - 10,000	0.4%
7. Cox Health	5,000 - 7,500	0.3%
8. Lowe's Home Centers	5,000 - 7,500	0.3%
9. St. Louis University	5,000 - 7,500	0.3%
10. Cerner Corporation	5,000 - 7,500	0.3%
	100,000 - 130,000	5.2%

2002		
Employer	**Number of Employees**	**Percent of Total State Employment**
1. Wal-Mart Associates, Inc.	25,000 +	1.2%
2. University of Missouri	20,000 - 25,000	0.8%
3. US Post Office	20,000 - 25,000	0.8%
4. Boeing Company	10,000 - 15,000	0.5%
5. Washington University	10,000 - 15,000	0.4%
6. Schnuck Markets, Inc.	10,000 - 15,000	0.4%
7. US Department of Defense	10,000 - 15,000	0.4%
8. Barnes-Jewish Hospitals	7,500 - 10,000	0.3%
9. Ford Motor Company	7,500 - 10,000	0.3%
10. City of St. Louis	7,500 - 10,000	0.3%
	127,500 - 165,000	5.4%

Data Source: Missouri Economic Research and Information Center, U.S. Department of Labor - Bureau of Labor Statistics

MISSOURI DEVELOPMENT FINANCE BOARD

SCHEDULE OF EMPLOYEE STATISTICS
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Staff										
Full-time	4	5	5	5	5	4	4	3.5	3.5	4
Accounting Staff										
Full-time	3	3	3	2	2	2	2	2.5	2.5	2
Support Staff										
Full-Time	2	2	2	2	2	2	2	2	2	2
Total Staff	9	10	10	9	9	8	8	8	8	8

SCHEDULE OF PROJECTS APPROVED
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Loan Guarantees	-	-	-	-	-	-	-	1	-	-
Bonds										
Private	1	4	2	3	7	5	1	2	2	1
Public	6	2	3	9	6	8	5	13	9	3
MIDOC	1	1	1	2	1	3	2	1	-	5
Tax Credits	6	2	3	9	12	6	6	6	4	2
BUILD	4	6	6	4	3	1	3	4	1	2
MODESA	-	-	-	-	-	-	-	-	1	-
DREAM	-	-	5	10	10	10	-	-	-	-
Small Business Loans	13	6	48	-	-	-	-	-	-	-
	31	21	68	37	39	33	17	27	17	13

SCHEDULE OF CAPITAL ASSETS
FISCAL YEARS 2003 TO 2012

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Office Buildings	-	-	-	1	1	1	1	1	1	1
Garages [1]	3	3	2	2	2	3	2	2	2	1
Parking capacity	2,680	2,680	1,930	1,930	1,930	2,431	1,381	1,381	1,381	870

[1] *Kansas City Library Garage sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.*

MISSOURI DEVELOPMENT FINANCE BOARD
200 Madison St., Suite 1000 • PO Box 567 • Jefferson City, MO 65101
Phone: 573-751-8479 • Fax: 573-526-4418 • Website: *www.mdfb.org*