Missouri Development Finance Board

Comprehensive Annual Financial Report
For the Fiscal Year ended June 30,2008

MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Comprehensive Annual Financial Report

For the year ended June 30, 2008

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

PREPARED BY:
THE ACCOUNTING DEPARTMENT:

- KRYSTAL DAVIS, CPA
  CONTROLLER
- DAWN HOLT, CPA
  ACCOUNTANT

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MISSOURI DEVELOPMENT FINANCE BOARD

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

MISSOURI DEVELOPMENT FINANCE BOARD

Principal Officials

BOARD MEMBERS

The Honorable Peter Kinder, Lieutenant Governor, Chairman
Mr. John D. Starr, Vice Chairman
Mr. Larry D. Neff, Secretary
Mr. Nelson C. Grumney, Jr., Treasurer
Mr. Richard J. Wilson
Mr. L. B. Eckelkamp, Jr.
Ms. Danette D. Proctor
Mr. John E. Mehner
Mr. Gregory A. Steinhoff, Director, Department of Economic Development
Mr. Don Steen, Director, Department of Agriculture
Mr. Doyle Childers, Director, Department of Natural Resources

STAFF

Mr. Robert V. Miserez, Executive Director
Ms. Krystal Davis, CPA, Controller
Ms. Dawn Holt, CPA, Accountant
Ms. Kathleen Barney, Senior Portfolio Manager
Ms. Alice Bernard-Jones, International Business Manager
Mr. Mike Golden, Finance Officer
Ms. Kimberly Martin, Community Development Program Manager
Ms. Valerie Haller, Executive Assistant

BOARD COUNSEL

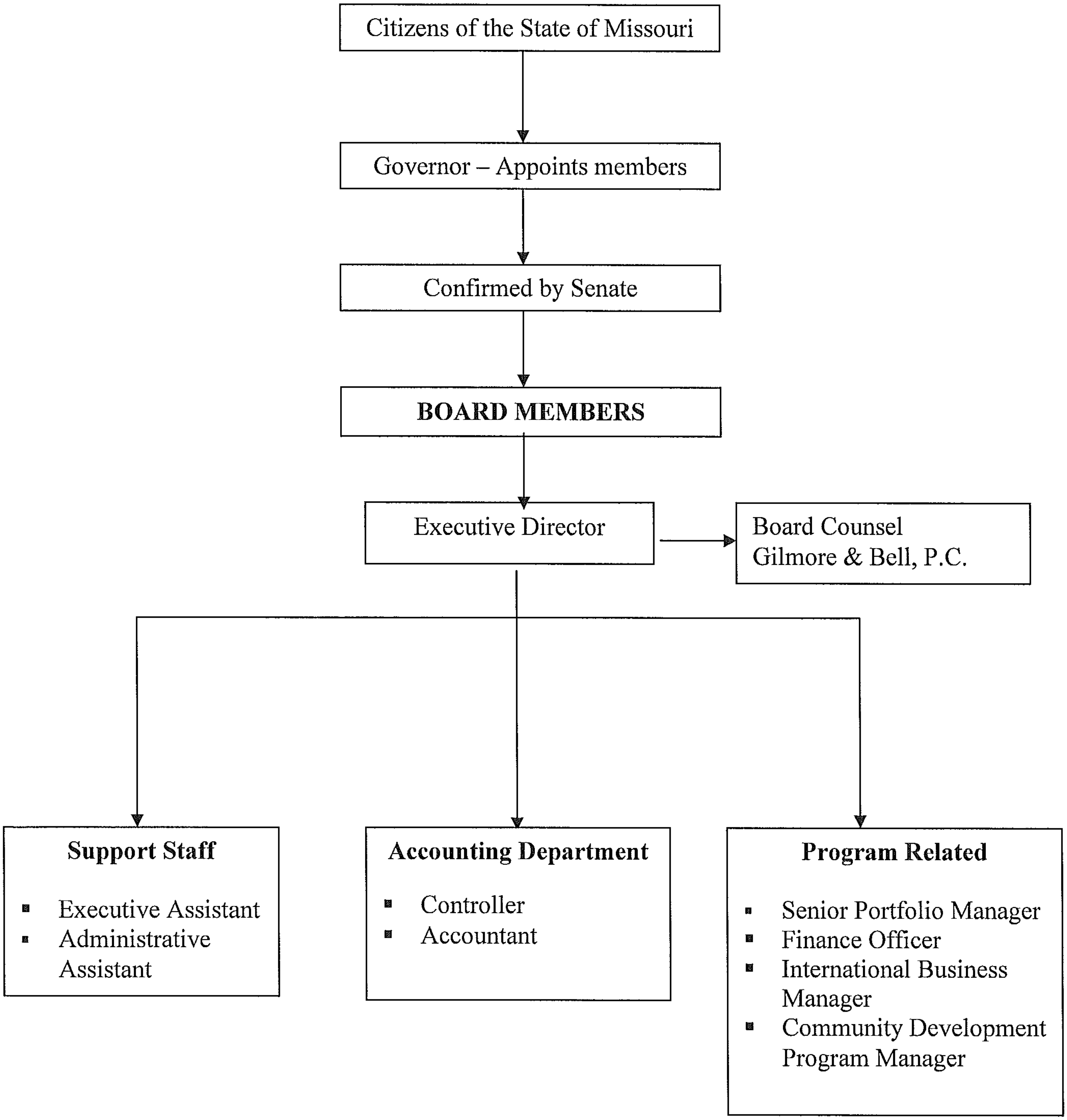
Mr. David Queen, Gilmore & Bell, P.C.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

Organizational Chart



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MISSOURI DEVELOPMENT FINANCE BOARD

October 1, 2008

Members of the Missouri Development Finance Board:

We are pleased to submit the comprehensive annual financial report of the Missouri Development Finance Board (the "Board") of the State of Missouri for the fiscal year ended June 30, 2008. 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 framework 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, 2008. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (the "MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement 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) 100.250 to 100.297. The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri's Comprehensive Annual Financial Report.

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 thirteen different programs that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. <u>Revenue bonds for private commercial and nonprofit projects</u>.
   Pursuant to RSMo 100.275, the Board is authorized to issue revenue bonds for purposes permitted under RSMo 100.255, including the purchase, construction and improvement of facilities used for manufacturing and other commercial purposes, and for recreational and cultural facilities.

2. <u>Revenue bonds for public infrastructure projects</u>.
   The Board is also authorized to issue its revenue bonds to finance essential infrastructure improvements and related work for local governments, state agencies and qualified public/private partnerships.

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3. Missouri Tax Credit for Contributions.
Missouri Statute 100.286.6 authorized the Missouri Tax Credit for Contributions program. Through this program, the Board is authorized to grant tax credits equal to fifty percent of contributions. 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 is authorized to issue no greater than ten million dollars or five percent of the average growth in general revenue receipts in the preceding three fiscal years. The statutory limitation can be exceeded with the consent of the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration.

4. Tax Credit Bond Enhancement Program.
The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of public entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program.
The Direct Loan Program provides direct loans at reasonable interest rates.

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.
The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the 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. Quick Loan Program.
The Quick Loan Program is to provide Missouri governmental and quasi-governmental entities quick access to short-term loans at tax-exempt rates. Loans should be for a minimum of $250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.

8. Missouri Infrastructure 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 three percent with a maximum loan amount of $100,000; however, if there is a critical need and with Board approval this maximum loan amount may be exceeded.

9. 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.

10. City/State Partners Program.
The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provides loan programs to support the production of goods and services for export.

11. 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

12. 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.

13. Missouri Community Investment Corporation (MCIC).
MCIC is the Board's only discretely presented component unit. The Board members of the Missouri Development Finance Board as well as four additional members serve as the Board for MCIC. MCIC is a non-profit organization established for the primary purpose to serve 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 Market Tax Credit program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. For the year ended June 30, 2007, activities for MCIC are reported separately in a column to the far right of the government-wide financial statements. In October 2007 MCIC received word that it would not receive an allocation of tax credits. MCIC will be inactive until such an allocation is received. For this reason, it was not presented for the year ended June 30, 2008.

The Board completed fiscal year 2008 in sound financial condition. The change in net assets in fiscal year ended June 30, 2008 was ($6,846,391) versus $4,704,551 in fiscal year 2007. The Board's activities provided funding for the Board's operations but also fulfilled its mission to the state of Missouri. Assets were $122,791,874 and $151,725,293 at June 30, 2008 and June 30, 2007, respectively. The Board's involvement in very large projects has grown and, correspondingly, the Board's on-going responsibility to monitor those projects and their funds has significantly increased.

LOCAL ECONOMY

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is closely tied to that of the nation. The economic outlook follows the national trends during fiscal year 2008. At the end of June 2008, the state unemployment rate was 6.4 % compared to 4.9% at the end of June 2007. The national rate was 5.7% and 4.6% at June 30, 2008 and 2007, respectively.

MAJOR INTIATIVES

During fiscal year ended June 30, 2008, the Board has authorized 31 projects resulting in total Board related financing of $432 million. During fiscal years ended June 30, 2007 and 2006, the Board authorized 23 and 19 projects, respectively. Listed below are the significant projects approved during the fiscal year ended June 30, 2008.

Jewish Community Center
In October of 2007, the Board authorized the conduit issuance of $45,000,000 in Cultural Facilities Revenue Bonds for the Jewish Community Center (JCC). The Jewish Community Center is a multigenerational gathering place offering a variety of programs and services for the St. Louis Jewish Community and the community at large. The JCC welcomes people of all backgrounds regardless of race, ethnicity or religious preference. The JCC provides educational, cultural, social, Jewish identity-building and recreational programs throughout its campuses in Creve Coeur, Chesterfield, and Camp Sabra, located at the Lake of the Ozarks. The proceeds financed new construction and renovations to all three locations including a new aquatic center at Camp Sabra, increased Fitness Center space in Chesterfield, and a Jewish Learning Center in Creve Coeur.

City of Arnold – Sewer and Road Projects
In October of 2007, the Board authorized the conduit issuance of $9,585,000 in Infrastructure Facilities Revenue Bonds to finance the installation of interceptors under the Meramec River. The interceptors were necessary to connect the City of Arnold's sewer system to the Metropolitan St. Louis Sewer District system. The issuance also refinanced debt and paid interest on debt of $6,240,000 in relation to the Church Road Project which consisted of roadway realignment. The remaining bond funds will be used to pay for the next phase of the Church Road Project at a cost of approximately $2 million.

City of Independence – Eastland, Crackerneck Creek, Drumm Farm and Multipurpose Events Center

In November of 2007, the Board authorized the conduit issuance of $20,955,000 in Infrastructure Facilities Revenue Bonds to Fund the Eastland Center Project and the Crackerneck Creek Project.

The Eastland Center Project consists of the redevelopment and construction of 1,300,000 square feet of Class A office space and 550,000 square feet of retail, restaurant and shop space and at least two hotels. The issuance will fund the public portion of the project which consists of street improvements and related landscaping, traffic studies, design, engineering, surveys, excavation, demolition of storm sewers, utility relocation, traffic signals and controls, retaining walls, sidewalks, streetlights and related improvements, fencing, landscaping screens, clearing, grading, and storm water and utility costs on the site of the Eastland Center Redevelopment Project.

The Crackerneck Creek Project provides for the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek Project will include an approximately 150,000 square foot Bass Pro Shops Outdoor World retail store, a minimum of 300,000 square feet of additional retail space and a hotel. Crackerneck Creek Bond proceeds will fund site preparation and public infrastructure needed to serve the new retail development.

In February of 2008, the Board authorized the conduit issuance of $2,000,000 in Infrastructure Facilities Revenue Bonds to finance public infrastructure costs in association with the Drumm Farm Development Project. The project will develop 320 acres into 143 residential lots and a public golf course. In 1999, the City adopted a tax increment financing plan for the development. The TIF developer is Golf Strategies, LLC, and the privately-owned real estate is owned by Drumm Farm Associates, LLC. The Drumm Farm Institute is a nonprofit that provides residential facilities and social services support for disadvantaged youths. The

Institute receives a $1,000 donation from each lot sold. Home prices started at $210,000. The golf course opened in 2002 and has an 18-hole course and a 9-hole executive course.

In February of 2008, the Board authorized the conduit issuance of $100,000,000 in Public Infrastructure Bonds to finance a Multi-Purpose Events Center which will be owned by the City of Independence. The facility will have 5,800 fixed seats and include a second sheet of ice for public ice skating. The primary tenant of the events center will be a hockey team in the Central Hockey League and be operated by Global Entertainment.

CORTEX and CET

In March 2008, the Board approved a joint tax credit for contribution application through the Land Clearance for Redevelopment Authority of the City of St. Louis ("LCRA") for the benefit of the Center of Research Technology and Entrepreneurial Exchange ("CORTEX") and the Center for Emerging Technologies ("CET"). The Board approved $15,000,000 in contribution tax credits spread over 5 calendar years.

CORTEX intends to use the proceeds from these contributions as well as Federal, Private and Funds from their balance sheet to acquire land, provide for demolition, environmental remediation, utilities, roads and other public improvements in order to further the CORTEX mission to serve as the motivating force behind the successful development, promotion, and marketing of selected sites within a significant portion of midtown St. Louis. CORTEX intends to do this by acquiring and assembling key tracts of land on which both public and private institutions can develop facilities to house life sciences organizations within an urban research park environment. The benefit of which will be urban revitalization, promoting the St. Louis region as a center for advanced technology research and greater urban stability.

CET, which is located in the heart of the CORTEX area, plays a significant role in the successful development of a life sciences district by helping to create companies from university technology and nurturing those companies until they can operate independently. CET intends to utilize the tax credit proceeds as well as balance sheet assets and a grant from the EDA in order to acquire two parcels of land and to construct a 60,000 square foot shell and garage. With the expanded capacity and scope of work, CET will continue to create a pipeline of companies to fill the space to be developed in the CORTEX area, and the CORTEX development effort will help to keep those growing companies in the State of Missouri.

St. Louis County Port Authority – Brown Shoe Redevelopment

In April 2008, the Board approved a resolution of intent for $8,258,500 in BUILD Bonds along with authorizing $6,000,000 in Contribution Tax Credits for the benefit of the Brown Shoe Redevelopment District in Clayton Missouri. The proposed mixed use development project is intended to be developed with Brown Shoe as the key initial private investment. The project is anticipated to include: a new approximately 585,000 rentable square foot Class A office building to be occupied (in part) by Brown Shoe as its headquarters facility, another new approximately 595,000 rentable square foot Class A office building, approximately 50,000 to 80,000 rentable square feet of commercial retail space, approximately 300 to 420 residential units, a possible hotel as well as a public parking garage.

The development will also significantly impact the neighboring Clayton High School by reconfiguring the surface parking lot, by construction and installing an underground storm water detention basin, and the relocation, reconfiguration, and possible renaming of Gay Avenue. The development will also provide for the construction of connectors and cul-de-sacs as well as improved streetscapes, lighting, signage, landscaping and other public improvements.

The BUILD Bonds will be used to finance a portion of the private capital projects, to be occupied by Brown Shoe, while the Contribution Tax Credit proceeds will be expended on eligible public infrastructure improvements listed above. Total project costs are estimated at $248 million, with over $195 million representing new private investment that will result in the retention of 625 well-paid corporate jobs, the creation of over 500 new jobs within the next three years and another 250 jobs by the end of 2012.

BUILD Missouri

RSMo Sections 100.750 to 100.850 govern the Business Use Incentives for Large-Scale Development Act (BUILD) that created the program. During fiscal year 2008, three issues were given final approval while two issues were closed. During fiscal year 2007, one bond issue was approved and one issue was closed, and during 2006, three issues were approved while two issues were closed.

Since the program's inception, the Board has given final approval to 37 BUILD bond projects for various locations throughout the State. The total jobs created to date are over 14,511, issuing $70.4 million in bonds and will include over $2.1 billion in new private investment within Missouri.

Smaller Communities

The Board continues to work toward its goal to actively seek out-state projects (outside the metropolitan areas of Kansas City and St. Louis). These efforts can be demonstrated by the initiation of the Downtown Revitalization Tax Credit for Contribution Program that focuses on smaller, out-state communities. In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities. In February 2008, the Board increased its commitment to this program to $1,000,000 in tax credits annually.

During fiscal year 2008, the Board approved projects in four communities through the use of the Downtown Revitalization Tax Credit Program and approved two projects during fiscal year 2007. In February 2008, the Board approved $225,000 in credits to Columbia to facilitate the renovation of their City Hall as well as streetscape improvements throughout downtown Columbia. In November 2007, the Board approved $112,500 in credits to promote redevelopment in downtown Sedalia which was designated as a Missouri DREAM community. In October 2007, the Board approved credits in the amount of $250,000 for the City of Hermann to finance public infrastructure projects in connection with the DREAM initiative. In July, 2007, the Board authorized an additional $35,000 in tax credits to finance the costs of an Automated Weather Observation System for the City of Neosho Airport Terminal. In fiscal year 2007, the Board approved $27,500 in tax credits to assess building and code deficiencies of the Gasconade County Courthouse in Hermann and $252,000 in tax credits to redevelop downtown Maryville.

During fiscal years 2008 and 2007, the Board approved one loan and three loans respectively from the Infrastructure Development Fund (MIDOC) to improve the water and wastewater system needs of smaller communities. During its history, the MIDOC program has issued 79 out-state loans with over $5.3 million in loaned principal.

Since inception the Missouri Association of Municipal Utilities (MAMU) has assisted 38 communities through the issuance of $148 million of the Missouri Association of Municipal Utilities Tax-Exempt Commercial Paper, Series 1999, 2003, 2005, and 2006 for the Missouri Association of Municipal Utilities Municipal Finance Program. MAMU is a not for profit trade organization for Missouri municipalities owning and operating an electric, water, natural gas or waste water utility that offers the Municipal Finance Program to assist communities in financing utility improvements.

During the fiscal year ending June 30, 2008 and 2007, the Board worked with the Missouri Department of Economic Development and the Missouri Housing Development Commission in the Governor's DREAM Initiative. The three organizations recommended 10 to 12 communities in each year to the Governor's office to provide a one-stop shop of technical and financial assistance to more efficiently and effectively engage in the downtown revitalization process. The ten DREAM communities selected in fiscal year 2008 were:

Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. The ten DREAM communities selected in Fiscal Year 2007 were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington, and West Plains.

Future Projects

The Missouri Development Finance Board is currently negotiating with representatives from DESCO and Schnucks Markets, Inc. ("SMI"). SMI-NSG, LLC, an affiliate of SMI, to lease the 20,800 square-foot retail space located in the Ninth Street Garage to operate an urban concept grocery store that will have all the features of Schnucks' larger stores including: meats, seafood, pharmacy, floral, organic and specialty food, and produce.

In March 2008, the Board approved the prepayment of $760,000 in principal on the outstanding debt on the Ninth Street Garage. A regular payment of $240,000 is due October 1, 2009. A total of $1,000,000 in debt will be retired during fiscal year 2009. A portion of the payment is to be financed from remaining funds on hand after the contribution of the Kansas City Library Parking Garage.

The Board will continue its efforts in St. Louis to renovate the old Cardinal Ballpark site through the Ballpark Village MODESA project.

The Governor announced the fiscal year 2009 DREAM communities at the Governor's Economic Development Conference in September. These communities along with those previously designated in 2008 and 2007 will receive assistance for the redevelopment of their downtowns.

RELEVANT FINANCIAL POLICIES

Internal Controls

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

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

Budgetary Controls

The Board is not legally required to adopt a fiscal budget; however, for the fiscal years ending June 30, 2008 and June 30, 2007, the Board has adopted an operational budget for internal use only. Hence, no budget-to-actual schedules are included within the financial statements.

Primary Functions

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

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

Proprietary Operations

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

Debt Administration

One of the Board's primary functions is as a conduit issuer of bonds for public and private entities. With the exception of the NSG project entered into during fiscal year 2005 and the St. Louis Conference Center Hotel and Garage project entered into during fiscal year 2001, the Board has no liability for repayment of revenue bonds and funding notes aside from any required reserve fund deposits and, accordingly, these conduit bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

For additional information regarding the Board's debt, refer to Note 7 of the notes to the financial statements and the debt-related tables presented in the Statistical Section of this Report.

Cash Management

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

Risk Management

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

The Board maintains employee health insurance through Anthem Blue Cross and Blue Shield Health Insurance. The Board pays for employee and family coverage.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Missouri Development Finance Board for its Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2007. This is the eighth consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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.

Respectfully submitted,

Krystal Davis | Dawn Holt

Krystal Davis, CPA
Controller

Dawn Holt, CPA
Accountant

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

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

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

Government Finance Officers Association of the United States and Canada Corporation Seal Chicago

President

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the business-type activities, each major fund (Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund), and the discretely presented component unit 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, 2008 and 2007, 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 principals 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, each major fund (Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund), and the discretely presented component unit of the Missouri Development Finance Board as of June 30, 2008 and 2007, 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 principals.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

Williams Keepers LLC

October 1, 2008

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, 2008.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the 2008 fiscal year by $69,208,222 *(Net Assets).* Of this amount, $43,091,719 *(Unrestricted Net Assets)* may be used to meet the Board's ongoing obligations to citizens and creditors.

- The Board's total net assets decreased by $6,846,391 during fiscal year 2008. The decrease can be attributed to the contribution of the Kansas City Library Garage offset by an increase in participation fees.

- At the end of the 2008 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund was $36,976,335, or approximately 10.12 times the Industrial Development and Reserve Fund's 2008 operating and non-operating expenditures of $3,653,850.

- The Board's total debt remained the same as no principal was paid and no new debt was issued during the fiscal year ending June 30, 2008.

- The Board did not receive any contributions in fiscal year 2008. During fiscal year 2007, the Board received $225,000 in non-tax credit enhanced contributions, for the construction of the NSG and renovation of the OPO Projects. The $225,000 received in 2007 was loaned to the developer of the OPO to fund a museum honoring the history of the Old Post Office building. Please see notes 7, 8, and 9 to the financial statements for further details.

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.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-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. Of the two types of proprietary funds, the Board maintains one type: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

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

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 $69,208,222 at the close of fiscal year 2008, by $76,054,613 at the close of fiscal year 2007, and by $71,350,061 at the close of fiscal year 2006.

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

	2008		2007		2006	
	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 20,561,656	29.71%	$ 30,561,762	40.18%	$ 19,317,590	27.07%
Restricted	5,794,847	8.37%	6,846,459	9.00%	19,377,826	27.16%
Unrestricted	42,851,719	61.92%	38,646,392	50.81%	32,654,645	45.77%
	$ 69,208,222	100.00%	$ 76,054,613	100.00%	$ 71,350,061	100.00%

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.

(Continued)

The decrease in capital assets, net of related debt in 2008, is due to the donation of the Kansas City Library Garage to Kansas City Urban Public Library District. See note 10 for further details. The increase in investment in capital assets, net of related debt in 2007, is due to the construction activity on the NSG project for the parking garage in St. Louis. The increase in 2006 is the result of the redemption of $2.75 million in bond debt on the SLCCHG project.

Restricted net assets decreased $1,051,612 (15%) from 2007 to 2008 due to draws on tax credit project funds. Restricted net assets decreased $12,531,367 (65%) from 2006 to 2007. The decrease in restricted net assets for the fiscal year 2007 is due to $11,907,511 in project funds used in the construction of the NSG project, and the return of $500,000 in restricted debt service reserve funds. Restricted net assets decreased $15,525,752 (45%) from 2005 to 2006 primarily due to the use of restricted funds which were loaned to the developer for the renovation of the OPO project and the construction activities on the NSG project.

As discussed above, the decrease in net assets for the current fiscal year is due to the donation of the Kansas City Library Garage to the Kansas City Urban Public Library District and due to a $950,000 contribution to the 2007 and 2008 Tour of Missouri Bike Races. During fiscal year 2007, net income was positively affected by the NSG becoming fully operational. The increase in net assets for fiscal year 2006 is due to contributed revenue of $2,600,000 for the NSG and OPO project offset by a $737,939 decrease in income before contributed revenue

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

	2008		2007		2006	
	$	%	$	%	$	%
Operating income (loss)	$ 2,595,058	-37.90%	$ 2,343,625	49.82%	$ (2,133,284)	-114.57%
Non-operating revenue	1,272,443	-18.59%	2,135,926	45.40%	1,395,346	74.94%
Contributed revenue	-	0.00%	225,000	4.78%	2,600,000	139.63%
Contribution to others	(10,713,892)	156.49%	-	0.00%	-	0.00%
Change in net assets	$ (6,846,391)	100.00%	$ 4,704,551	100.00%	$ 1,862,062	100.00%

In comparison with 2007, operating income is up $251,433. Participation fees are up due to demand of Board programs. DREAM reimbursement revenue increased due to the first matching installments collected from the DREAM communities.

In comparison with 2006, the positive operating income increase of $4.4 million in 2007 is the result of numerous factors. Participation fees were up 140% to $2,603,017 due to a new fee structure, the Ninth Street Garage became partially operational in October of 2006 and substantially complete in February 2007 with a profit of $77,097 and bad debt expense was down significantly from $3.4 million to approximately $7,000. Non-operating revenue was up due to the volume of funds on hand for the tax credit for contribution program and the associated increase in investment income.

The decrease in operating loss from 2005 to 2006 by $7 million is primarily related to an increase in parking garage revenues of $444,205, increased interest income on loans and notes receivable of $92,487 and decreased operating expenses of $6,424,439.

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

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

Missouri Development Finance Board's Net Assets

	Business-Type Activities											
	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Funds	Infrastructure Development Fund	Totals	Totals	Totals
	2008	2008	2008	2007	2007	2007	2006	2006	2006	2008	2007	2006
Current & Other assets	37,457,103	3,531,233	2,633,321	33,791,688	2,815,449	2,528,103	28,655,723	1,788,839	2,462,871	43,621,657	39,135,240	32,907,433
Restricted Assets	24,278,999	2,719,562		46,567,035	3,611,257		35,398,942	15,844,678		26,998,561	50,178,292	51,243,620
Capital assets	1,348,801	50,822,855		1,404,087	61,007,675		1,482,004	49,685,586		52,171,656	62,411,762	51,167,590
Total assets	63,084,903	57,073,650	2,633,321	81,762,810	67,434,380	2,528,103	65,536,669	67,319,104	2,462,871	122,791,874	151,725,293	135,318,644
Current liabilities	480,768	289,170		263,499	225,348		133,755	118,286	747	769,938	488,847	252,788
Long-term liabilities outstanding	21,203,714	31,610,000		43,331,833	31,850,000		31,865,794	31,850,000		52,813,714	75,181,833	63,715,794
Total liabilities	21,684,482	31,899,170		43,595,332	32,075,348		31,999,549	31,968,286	747	53,583,652	75,670,680	63,968,582
Net Assets:												
Invested in capital assets, net of related debt	1,348,801	19,212,855		1,404,087	29,157,675		1,482,004	17,835,586		20,561,656	30,561,762	19,317,590
Restricted	3,075,285	2,719,562		3,235,202	3,611,257		3,533,148	15,844,678		5,794,847	6,846,459	19,377,826
Unrestricted	36,976,335	3,242,063	2,633,321	33,528,189	2,590,100	2,528,103	28,521,968	1,670,553	2,462,124	42,851,719	38,646,392	32,654,645
Total net assets	41,400,421	25,174,480	2,633,321	38,167,478	35,359,033	2,528,103	33,537,120	35,350,818	2,462,124	69,208,222	76,054,614	71,350,062

(Continued)

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

Missouri Development Finance Board Change in Net Assets

	Business-Type Activities											
	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Industrial Development & Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Totals	Totals	Totals
	2008	2008	2008	2007	2007	2007	2006	2006	2006	2008	2007	2006
Revenues:												
Participation fees	3,075,419			2,603,017			1,080,859			3,075,419	2,603,017	1,080,859
Interest on loans & notes receivables	266,310		50,476	382,386		50,029	266,911		58,427	316,786	432,415	325,338
Rental income	25,008			25,008			25,008			25,008	25,008	25,008
Contractual income	75,990			68,757			61,342			75,990	68,757	61,342
Parking garage income		3,623,164			2,879,850			2,259,686		3,623,164	2,879,850	2,259,686
DREAM revenue	809,894											
Other income	278,596		33,132	236,924			119,272			311,728	236,924	119,272
Capital grants & contributions	-	-		225,000	-		100,000	2,500,000		-	225,000	2,600,000
Non-operating revenues:												
Interest on cash & investments	2,355,576	156,541	21,609	2,895,832	160,301	15,950	1,498,271	605,669	25,229	2,533,726	3,072,083	2,129,169
Total revenues	6,886,793	3,779,706	105,217	6,436,924	3,040,151	65,979	3,151,663	5,365,355	83,656	10,771,715	9,543,054	8,600,674
Expenses:												
Personnel	658,415			697,353			623,541			658,415	697,353	623,541
Professional fees	155,086	181,609		154,103	7,079		54,954	1,800		336,695	161,182	56,754
Depreciation & amortization	86,666	1,405,543		82,094	942,437		84,294	659,078		1,492,209	1,024,531	743,372
Parking garage operating expenses		1,348,926			1,115,373			883,789		1,348,926	1,115,373	883,789
DREAM Expense	1,501,079			495,312						1,501,079	495,312	-
Other expenses	302,604	3,003	-	377,704	30,891	-	3,694,656	2,677	-	305,607	408,595	3,697,333
Non-operating expenses:												
Bond interest expense		1,261,283			936,157			733,823		1,261,283	936,157	733,823
Contributions to others	950,000	9,763,892								10,713,892	-	-
Total Expenses	3,653,850	13,964,256	-	1,806,566	3,031,937	-	4,457,445	2,281,167	-	17,618,106	4,838,504	6,738,612
Increase (decrease) in net assets	3,232,943	(10,184,550)	105,217	4,630,358	8,214	65,979	(1,305,782)	3,084,188	83,656	-6,846,391	4,704,551	1,862,062
Net assets, beginning of year	38,167,478	35,359,031	2,528,104	33,537,120	35,350,818	2,462,124	34,842,902	32,266,630	2,378,468	76,054,613	71,350,062	69,488,000
Net assets, end of year	41,400,421	25,174,480	2,633,321	38,167,478	35,359,032	2,528,103	33,537,120	35,350,818	2,462,124	69,208,222	76,054,613	71,350,062

(Continued)

- Participation fees increased $472,402 (18.1%) in the current fiscal year. The increase is due to greater tax credit for contribution fee income as well as increased volume of bond issuances. Participation fees increased by $1,522,158 (140.8%) in fiscal year 2007. The increase is due to increased fees on the tax credit for contribution program. Participation fees declined by $17,494 (1.6%) during fiscal year 2006. The 1.6% decline is due to decreased fee income for the tax credit for contribution program. Participation fees declined by $275,306 (20%) during fiscal year 2005. The 20% decline is due to decreased fee income for the tax credit for contribution program.

- Interest on loans and notes receivable decreased in 2008 by $115,629 (26.7%) due to the payoff of HEERS and Plattsburg loans. In fiscal year 2007 interest on loans and notes receivable increased by $107,077 (33%) and $92,487 (39.7%) in 2006. The increase (33%) in 2007 is attributable to a $3.1 million loan issued to the City of Springfield to purchase the HEERS Building in downtown Springfield. The 40% increase in 2006 is primarily due to interest earned on the OPO loan.

- Parking garage operating revenue increased in 2008 and 2007 by $743,314 (25.8%) and $620,164 (21.40%), respectively. The increases are due to the opening in 2007 and continued operations of the Ninth Street Garage in downtown St. Louis. The $444,205 increase (24.5%) during fiscal year 2006 is due to improved parking attendance and due to a profit at the KCLG.

- No contributed revenue was received in fiscal year 2008. However, in 2007, contributed revenue in the amount of $225,000 was received for tenant improvements for a museum; for the fiscal year 2007, contributed revenue declined ($2,375,000) (91.35%) due to the ending of fund raising on the OPO. Contributed revenue for 2006 also declined $17,914,144 (87.3%) attributable to less contribution revenue on the Old Post Office and the Ninth Street Garage projects.

- Interest income on cash and investments decreased $538,357 (17.5%) for the current fiscal year, while increasing $942,915 (44.29%) for the 2007 fiscal year and $887,537 (71.5%) for the 2006 fiscal year. The decrease in 2008 is due to the lower interest rates within the economy. The increase in 2007 can be attributed to higher balances in tax credit for contribution accounts. In 2006 the increases are due to the interest earned on the additional contributed revenue, invested bond proceeds and the increasing interest rate environment we experienced. For fiscal years 2008, 2007, and, 2006 the Board's average interest rate on cash and investments was approximately 4.51%, 5.40%, and 4.33% respectively.

- The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the OPO redevelopment in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during FY2003; the KCLG was placed in service in FY2004 and the NSG was placed in service in early 2007. The KCLG was contributed to the Kansas City Urban Public Library District during fiscal year 2008.

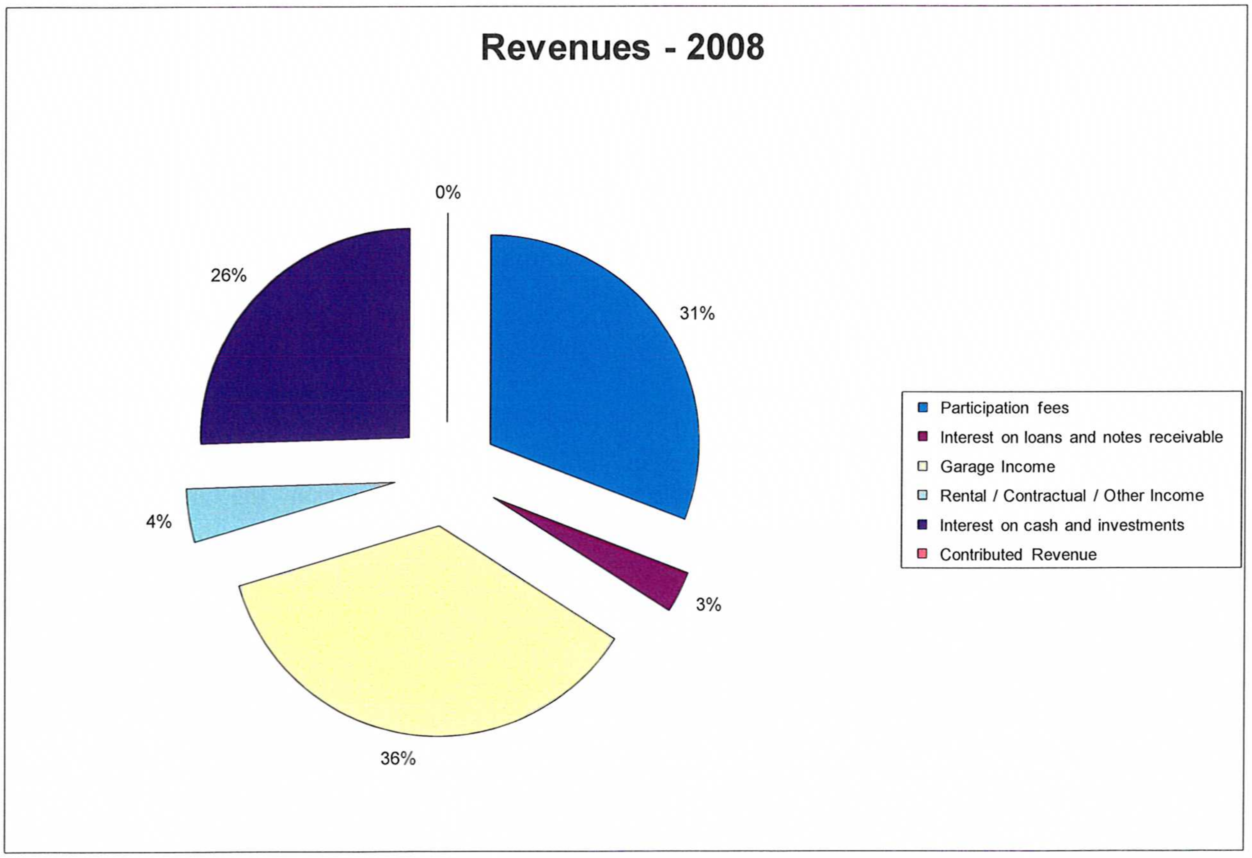
(Continued)

- There were no interfund transfers during fiscal years 2008, 2007 and 2006.

In the current fiscal year, operating expenses increased $1,740,585 due primarily to an increase in DREAM expenses of $1,005,767 (203%). DREAM expenses have increased now that it includes both the 2006 and 2007 communities' expenses. There were other increases in operating expenses including: professional fees increase of $175,513 (109%), depreciation and amortization of $467,678 (46%), and increase in parking garage operating expenses of $233,553 (21%). These increases were offset by moderate decreases in personnel expenses of $38,938 (5.9%), office expenses of $35,652 (25%), bad debt expense of $32,877 (24%), and miscellaneous expense of $46,169 (70%).

In year 2007, operating expenses decreased $2,102,443 (35%) due primarily to decreased bad debt expense of $(3,359,268) offset by modest increases in every other category (with the exception of a minor decrease in travel expense) as follows: personnel services increased $73,812 (12%), professional fees increased $104,425 (184%), supplies and other increased $34,586 (31%), depreciation increased $281,159 (38%), parking garage operating expenses increased $231,584 (26%), DREAM expenses of $495,312 and miscellaneous increased $36,564 (123%).

In the 2006 fiscal year, expenses decreased $6,241,562 (48%) due primarily to decreased bad debt expense of $5,950,607 (63%), decreased professional fees of $487,835 (89.6%) and increased bond interest expense of $220,880 (57%) offset by other slightly decreased expenses.



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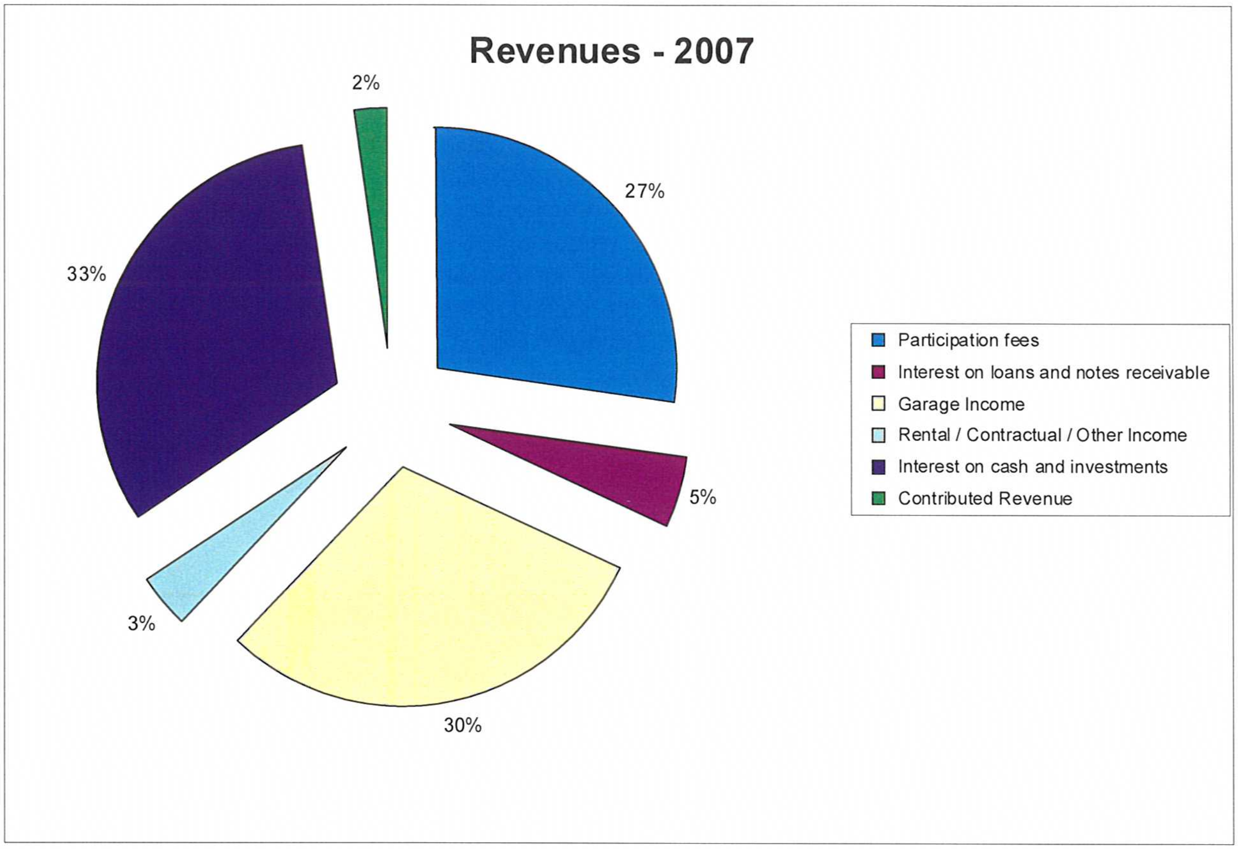
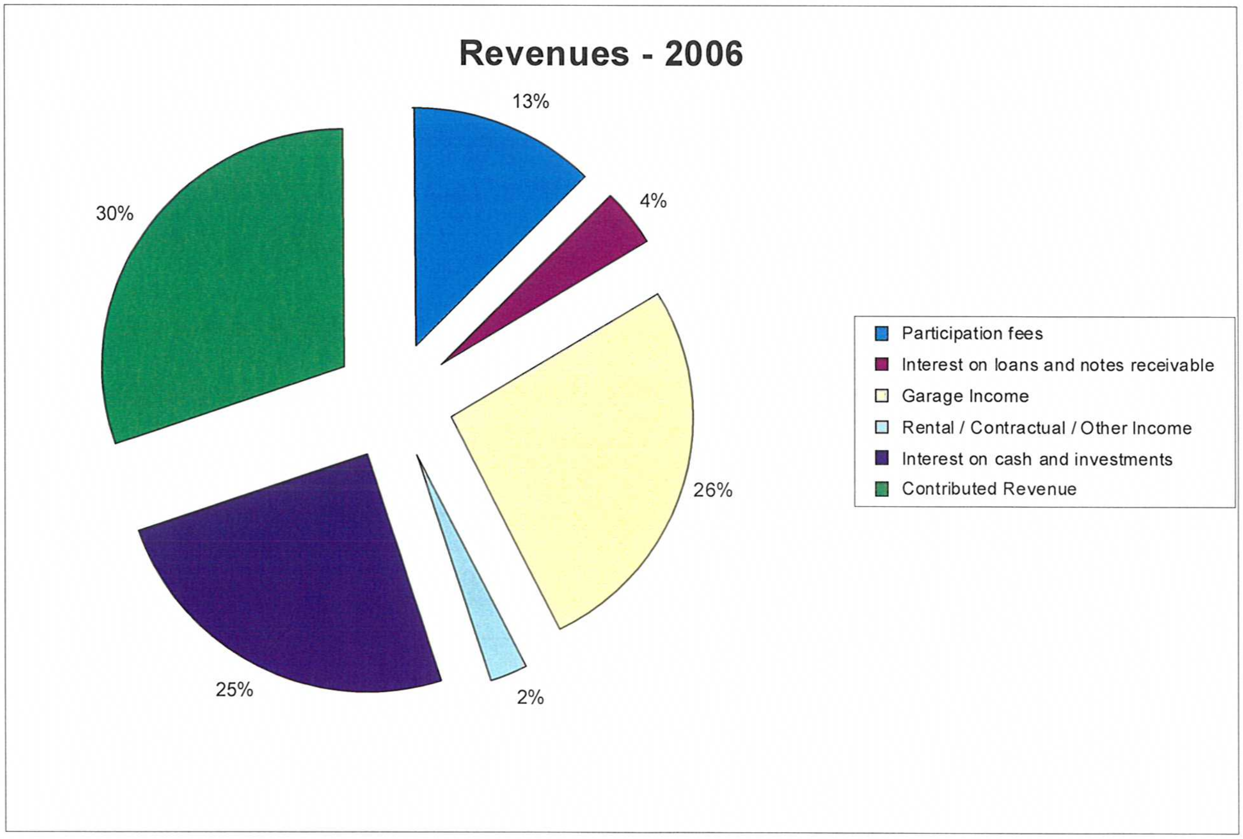

Revenues - 2007
27%
5%
30%
3%
33%
2%
Participation fees
Interest on loans and notes receivable
Garage Income
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue


Revenues - 2006
13%
4%
26%
2%
25%
30%
Participation fees
Interest on loans and notes receivable
Garage Income
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue

(Continued)

Capital Assets and Debt Administration

The Board's investment in capital assets for its business type activities as of June 30, 2008 amounts to $52,171,655, net of depreciation. This is a decrease of $10,240,105 from June 30, 2007. The Board's investment in capital assets for its business type activities as of June 30, 2007 amounts to $62,411,760, net of depreciation. This is an increase of $11,244,170 from June 30, 2006. The 2006's years investment in capital assets amounts to $51,167,590, net of depreciation, an increase of $7,073,803 from June 30, 2005. This investment in capital assets includes land, buildings, and equipment. The change in the Board's investment in capital assets for fiscal years' 2008, 2007 and 2006 was (16%), 22%, and 16%, respectively.

The major capital asset event in the 2008 fiscal year was the donation of the KCLG to the Kansas City Urban Public Library District. In the 2007 fiscal year the major capital asset event was the completion of the Ninth Street Garage. In fiscal year 2006, the continued construction of the NSG project in St. Louis resulted in the growth of capital assets balances.

Missouri Development Finance Board's Capital Assets (net of depreciation)

	2008	2007	2006
Land	$ 7,219,739	$ 9,271,176	$ 9,271,176
Construction in process	-	-	16,347,967
Buildings and façade	44,859,270	53,018,024	25,435,728
Equipment	39,264	81,238	65,885
Leasehold improvements	36,874	41,324	46,833
Vehicle	16,509	-	-
Total	$ 52,171,656	$ 62,411,762	$ 51,167,589

Additional information on the Board's capital assets can be found in note 5 to the financial statements.

Long-term Debt

At the end of fiscal years 2008, 2007, and 2006, the Board had total bond debt outstanding of $31,850,000.

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

Missouri Development Finance Board's Outstanding Debt

	2008	2007	2006
Long-term debt	$ 31,850,000	$ 31,850,000	$ 31,850,000

Additional information on the Board's long-term debt can be found in note 7 to the financial statements.

(Continued)

Items of Significance for the Current Year

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

During the fiscal year ended June 30, 2008, the Board along with the Department of Economic Development and the Missouri Housing Development Commission has continued to work with the 2006 and 2007 DREAM communities. The ten 2006 DREAM communities assisted were: Cape Girardeau, Excelsior Springs, Hannibal, Hermann, Kennett, Neosho, Sedalia, St. Joseph, Washington and West Plains. The ten 2007 DREAM communities served were: Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston, and Trenton. DREAM communities receive significant downtown redevelopment, research, planning, and capital assistance over a three year period.

In February of 2008, the Board approved the donation of the Kansas City Library Garage (KCLG) to the Kansas City Urban Public Library District in exchange for $425,000 to be paid to the Board. The sale was finalized in May of 2008. The net contribution value of the KCLG was $9,763,892.

In October of 2007, the Board authorized $45,000,000 in conduit revenue bonds for the benefit of the Jewish Community Center. The issue will support new construction and renovations to all three of their locations, including a new aquatic center at Camp Sabra, increased Fitness Center space in Chesterfield, and a Jewish Learning Center in Creve Coeur. All of these facilities are available for use by the general public on a non-denominational, non-discriminatory basis.

In October of 2007, the Board authorized the conduit bond issuance of $10,000,000 to benefit the City of Arnold. The issuance helped to finance the installation of interceptors to connect the city's sewer system to the Metropolitan St. Louis Sewer District system as well as assist with the Church Road Project of roadway realignment.

During fiscal year 2008, the Board approved three conduit bond issuances of $24,000,000, $2,000,000, and $100,000,000 for the City of Independence. The $24,000,000 bond was issued to fund the Eastland Center and Crackerneck Creek projects. The Eastland Center project dollars will be used to fund infrastructure costs associated with the project. The Crackerneck Creek project funds will provide for site preparation and public infrastructure needed to serve the new retail development. The $2,000,000 bond issuance was used to finance public infrastructure costs in association with the Drumm Farm Development Project. Lastly, the $100,000,000 bond issuance was used to finance a Multi-Purpose Events Center owned by the City of Independence.

In March of 2008, the Board authorized a joint tax credit for contribution application for $15,000,000 to benefit the Center of Research Technology and Entrepreneurial Exchange ("CORTEX") and the Center for Emerging Technologies ("CET"). CORTEX will use the proceeds to develop life sciences facilities in the St. Louis region. CET intends to utilize the tax credit proceeds to expand its facilities to serve a pipeline of companies being created in the CORTEX area.

In April of 2008, the Board authorized $6,000,000 in tax credits for contribution as well as approved a resolution of intent for $8,258,500 in BUILD bonds for the benefit of the Brown Shoe Redevelopment District in Clayton Missouri. The tax credits for contribution proceeds will fund eligible public infrastructure improvements, while the BUILD bonds will be used to finance capital projects, including office space to be occupied by the Brown Shoe headquarters facility.

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Significant Events for Next Year

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

The Missouri Development Finance Board is currently negotiating with DESCO and Schnucks Markets, Inc. to lease retail space located in the Ninth Street Garage to operate an urban concept grocery store.

The Board will continue its efforts in St. Louis to renovate the old Cardinal Ballpark site through the Ballpark Village MODESA project.

The Governor announced ten additional DREAM communities at the Governor's Economic Development Conference in September 2008. Those communities designated were: Boonville, Farmington, Fulton, Lamar, Lebanon, Louisiana, Macon, Stafford, Warrensburg, and Webb City. These ten communities along with the twenty previously designated in 2006 and 2007 will receive assistance for the redevelopment of their downtowns.

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, Suite 1000, Jefferson City, Missouri 65102.

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MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 604,815	$ 1,007,055	$ 504,101	$ 2,115,971
Investments	30,791,168	2,463,104	493,513	33,747,785
Current portion of loans and notes receivable	125,000	-	154,091	279,091
Accrued interest on investments	149,519	5,618	5,700	160,837
Accrued interest on loans and notes receivable	62,971	-	15,166	78,137
Prepaid expense and other assets	94,707	55,456	-	150,163
Total current assets	31,828,180	3,531,233	1,172,570	36,531,983
Noncurrent assets:				
Board designated investment	1,064,716	-	-	1,064,716
Restricted assets	24,278,999	2,719,562	-	26,998,561
Long-term portion of loans and notes receivable	4,564,207	-	1,460,751	6,024,958
Capital assets:				
Assets not being depreciated	-	7,219,739	-	7,219,739
Assets being depreciated, net	1,348,801	43,603,116	-	44,951,917
Total noncurrent assets	31,256,723	53,542,417	1,460,751	86,259,891
Total assets	$ 63,084,903	$ 57,073,650	$ 2,633,321	$ 122,791,874
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 480,768	$ -	$ -	$ 480,768
Accrued bond interest payable	-	49,170	-	49,170
Current portion of long-term debt payable	-	240,000	-	240,000
Total current liabilities	480,768	289,170	-	769,938
Noncurrent liabilities:				
Long-term debt	-	31,610,000	-	31,610,000
Payable from restricted assets:				
Tax credit for contribution and other deposits	21,203,714	-	-	21,203,714
Total noncurrent liabilities	21,203,714	31,610,000	-	52,813,714
Total liabilities	21,684,482	31,899,170	-	53,583,652
NET ASSETS				
Invested in capital assets, net of related debt	1,348,801	18,972,855	-	20,321,656
Restricted:				
Tax credit and second loss reserves	1,500,000	-	-	1,500,000
Project accounts	1,575,285	2,719,562	-	4,294,847
Unrestricted	36,976,335	3,482,063	2,633,321	43,091,719
Total net assets	41,400,421	25,174,480	2,633,321	69,208,222
Total liabilities and net assets	$ 63,084,903	$ 57,073,650	$ 2,633,321	$ 122,791,874

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

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
ASSETS					
Current assets:					
Cash	$ 1,993,435	$ 153,120	$ 360,867	$ 2,507,422	$ -
Investments	22,053,554	2,355,975	-	24,409,529	-
Current portion of loans and notes receivable	3,362,000	-	543,499	3,905,499	-
Accrued interest on investments	539,011	4,847	-	543,858	-
Accrued interest on loans and notes receivable	123,949	-	28,350	152,299	-
Prepaid expense and other assets	98,841	301,507	-	400,348	-
Total current assets	28,170,790	2,815,449	932,716	31,918,955	-
Noncurrent assets:					
Board designated investment	977,249	-	-	977,249	-
Restricted assets	46,567,035	3,611,257	-	50,178,292	-
Long-term portion of loans and notes receivable	4,641,616	-	1,595,387	6,237,003	-
Bond issuance costs, less accumulated amortization of $61,061	2,033	-	-	2,033	-
Capital assets:					
Assets not being depreciated	-	9,271,177	-	9,271,177	-
Assets being depreciated, net	1,404,087	51,736,498	-	53,140,585	-
Total noncurrent assets	53,592,020	64,618,932	1,595,387	119,806,339	-
Total assets	$ 81,762,810	$ 67,434,380	$ 2,528,103	$ 151,725,293	$ -
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 263,499	$ 102,448	$ -	$ 365,947	$ -
Accrued bond interest payable	-	122,900	-	122,900	-
Total current liabilities	263,499	225,348	-	488,847	-
Noncurrent liabilities:					-
Long-term debt	-	31,850,000	-	31,850,000	-
Payable from restricted assets:					
Tax credit for contribution and other deposits	43,331,833	-	-	43,331,833	-
Total noncurrent liabilities	43,331,833	31,850,000	-	75,181,833	-
Total liabilities	43,595,332	32,075,348	-	75,670,680	-
NET ASSETS					
Invested in capital assets, net of related debt	1,404,087	29,157,675	-	30,561,762	-
Restricted:					
Tax credit and second loss reserves	1,524,999	-	-	1,524,999	-
Project accounts	1,710,203	3,611,257	-	5,321,460	-
Unrestricted	33,528,189	2,590,100	2,528,103	38,646,392	-
Total net assets	38,167,478	35,359,032	2,528,103	76,054,613	-
Total liabilities and net assets	$ 81,762,810	$ 67,434,380	$ 2,528,103	$ 151,725,293	$ -

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, 2008

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities
OPERATING REVENUES:				
Participation fees	$ 3,075,419	$ -	$ -	$ 3,075,419
Interest income on loans and notes receivable	266,310	-	50,476	316,786
Rental income	25,008	-	-	25,008
Contractual income	75,990	-	-	75,990
DREAM revenue	809,894	-	-	809,894
Other income	278,596	-	33,132	311,728
Parking garage revenues	-	3,623,164	-	3,623,164
Total operating revenues	4,531,217	3,623,164	83,608	8,237,989
OPERATING EXPENSES:				
Personnel services	658,415	-	-	658,415
Professional fees	155,086	181,609	-	336,695
Travel	70,355	-	-	70,355
Supplies and other	109,176	-	-	109,176
Depreciation and amortization	86,666	1,405,543	-	1,492,209
Parking garage operating expenses	-	1,348,926	-	1,348,926
DREAM expense	1,501,079	-	-	1,501,079
Bad debt expense	105,929	-	-	105,929
Miscellaneous	17,144	3,003	-	20,147
Total operating expenses	2,703,850	2,939,081	-	5,642,931
Operating income (loss)	1,827,367	684,083	83,608	2,595,058
NON-OPERATING REVENUE (EXPENSE):				
Interest on cash and investments	2,355,576	156,541	21,609	2,533,726
Bond interest expense	-	(1,075,534)	-	(1,075,534)
Bond expense	-	(185,749)	-	(185,749)
Total non-operating revenue (expense)	2,355,576	(1,104,742)	21,609	1,272,443
Income (loss) before contributed revenue and interfund transfers	4,182,943	(420,659)	105,217	3,867,501
CONTRIBUTIONS TO OTHERS	(950,000)	(9,763,892)	-	(10,713,892)
Change in net assets	3,232,943	(10,184,551)	105,217	(6,846,391)
Total net assets - beginning	38,167,478	35,359,031	2,528,104	76,054,613
Total net assets - ending	$ 41,400,421	$ 25,174,480	$ 2,633,321	$ 69,208,222

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, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
OPERATING REVENUES:					
Participation fees	$ 2,603,017	$ -	$ -	$ 2,603,017	$ -
Interest income on loans and notes receivable	382,386	-	50,029	432,415	-
Rental income	25,008	-	-	25,008	-
Contractual income	68,757	-	-	68,757	-
Other income	236,924	136,641	-	373,565	17,500
Parking garage revenues	-	2,743,209	-	2,743,209	-
Total operating revenues	3,316,092	2,879,850	50,029	6,245,971	17,500
OPERATING EXPENSES:					
Personnel services	697,353	-	-	697,353	1,435
Professional fees	154,103	7,079	-	161,182	35,000
Travel	58,646	-	-	58,646	2,142
Supplies and other	144,828	-	-	144,828	-
Depreciation and amortization	82,094	942,437	-	1,024,531	-
Parking garage operating expenses	-	1,115,373	-	1,115,373	-
DREAM expense	495,312	-	-	495,312	-
Bad debt expense	138,806	-	-	138,806	-
Miscellaneous	35,425	30,891	-	66,316	-
Total operating expenses	1,806,566	2,095,780	-	3,902,346	38,577
Operating income (loss)	1,509,526	784,070	50,029	2,343,625	(21,077)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	2,895,832	160,301	15,950	3,072,083	-
Bond interest expense	-	(711,903)	-	(711,903)	-
Bond expense	-	(224,254)	-	(224,254)	-
Total non-operating revenue (expense)	2,895,832	(775,856)	15,950	2,135,926	-
Income (loss) before contributed revenue and interfund transfers	4,405,358	8,214	65,979	4,479,551	(21,077)
CONTRIBUTED REVENUE	225,000	-	-	225,000	21,077
Change in net assets	4,630,358	8,214	65,979	4,704,551	-
Total net assets - beginning	33,537,120	35,350,817	2,462,125	71,350,062	-
Total net assets - ending	$ 38,167,478	$ 35,359,031	$ 2,528,104	$ 76,054,613	$ -

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, 2008

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 2,148,839	$ 3,623,164	$ 63,660	$ 5,835,663
Receipts for tax credit projects	64,372,301	-	-	64,372,301
Payments to suppliers	(1,750,509)	(1,390,710)	-	(3,141,219)
Payments to tax credit projects	(84,057,088)	-	-	(84,057,086)
Payments to employees	(658,415)	-	-	(658,414)
Cash contributions to others	(950,000)	-	-	(950,000)
Net cash provided (used) by operating activities	(20,894,871)	2,232,454	63,660	(18,598,755)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	3,467,929	-	657,176	4,125,105
Loans and notes receivable issued	(153,520)	-	(100,000)	(253,520)
Net cash provided (used) by noncapital financing activities	3,314,409	-	557,176	3,871,585
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond interest paid	-	(1,335,013)	-	(1,335,013)
Cash received from asset contribution	-	409,870	-	409,870
Acquisition of buildings and equipment	(31,380)	(1,394,484)	-	(1,425,864)
Net cash provided (used) by capital and related financing activities	(31,380)	(2,319,627)	-	(2,351,007)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(91,804,351)	-	(989,690)	(92,794,041)
Maturities of investments	106,935,749	2,506,537	496,178	109,938,464
Interest on cash and investments	2,745,068	156,541	15,910	2,917,519
Net cash provided (used) by investing activities	17,876,466	2,663,078	(477,603)	20,061,942
Net increase in cash and cash equivalents	264,624	2,575,905	143,234	2,983,765
Cash and cash equivalents - July 1	26,417,760	3,613,817	360,867	30,392,442
Cash and cash equivalents - June 30	$ 26,682,384	$ 6,189,722	$ 504,101	$ 33,376,207
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 1,827,369	$ 684,083	$ 83,608	$ 2,595,060
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	86,666	1,405,543	-	1,492,209
Cash donations to others	(950,000)	-	-	(950,000)
Increase (decrease) in allowance for bad debt	-	-	(33,132)	(33,132)
(Increase) decrease in accrued interest on loans and notes receivable	60,978	-	13,184	74,162
(Increase) decrease in prepaid expenses and other assets	4,134	245,277		249,411
Increase (decrease) in accounts payable and accrued liabilities	202,069	(102,448)	-	99,621
Increase (decrease) in tax credit for contribution deposits	(22,128,119)	-	-	(22,128,119)
Increase (decrease) in debt service reserve	-	-	-	-
Increase (decrease) in deferred charges	2,033	-	-	2,033
Total adjustments	(22,722,240)	1,548,371	(19,948)	(21,193,815)
Net cash provided (used) by operating activities	$ (20,894,871)	$ 2,232,454	$ 63,660	$ (18,598,755)
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 604,815	$ 1,007,055	$ 504,101	$ 2,115,971
Investments	30,791,168	2,463,104	493,513	33,747,785
Less: Portion maturing in 90 days or more	(17,541,892)	-	(493,513)	(18,035,404)
Less: Portion attributable to accrued interest	(9,874)	-	-	(9,874)
Board designated investment	1,064,716	-	-	1,064,716
Less: Portion maturing in 90 days or more	(5,067)	-	-	(5,067)
Restricted assets	24,278,999	2,719,562	-	26,998,561
Less: Portion maturing in 90 days or more	(12,500,185)	-	-	(12,500,185)
Less: Portion attributable to accrued interest	(296)	-	-	(296)
Total cash and cash equivalents	$ 26,682,384	$ 6,189,722	$ 504,101	$ 33,376,207

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, 2007

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities	Component Unit Missouri Community Investment Corporation
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 1,869,102	$ 2,879,850	$ 53,148	$ 4,802,100	$ 17,500
Receipts for tax credit projects	54,453,573	-	-	54,453,573	-
Payments to suppliers	(835,835)	(1,246,797)	(750)	(2,083,382)	(38,577)
Payments to tax credit projects	(41,075,062)	-	-	(41,075,062)	-
Payments to employees	(697,353)	-	-	(697,353)	-
Net cash provided (used) by operating activities	13,714,425	1,633,053	52,398	15,399,876	(21,077)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans and notes receivable principal payments	262,000	-	205,079	467,079	-
Loans and notes receivable issued	(3,110,659)	-	(755,000)	(3,865,659)	-
Contributed revenue	225,000	-	-	225,000	21,077
Net cash provided (used) by noncapital financing activities	(2,623,659)	-	(549,921)	(3,173,580)	21,077
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond interest paid	-	(931,543)	-	(931,543)	-
Acquisition of buildings and equipment	(4,177)	(12,264,526)	-	(12,268,703)	-
Net cash provided (used) by capital and related financing activities	(4,177)	(13,196,069)	-	(13,200,246)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of investments	(105,644,100)	(5,667,073)	-	(111,311,173)	-
Maturities of investments	71,198,392	4,857,101	-	76,055,493	-
Interest on cash and investments	2,511,481	186,371	15,951	2,713,803	-
Net cash provided (used) by investing activities	(31,934,227)	(623,601)	15,951	(32,541,877)	-
Net increase in cash and cash equivalents	(20,847,638)	(12,186,617)	(481,572)	(33,515,827)	-
Cash and cash equivalents - July 1	47,265,398	15,800,434	842,439	63,908,271	-
Cash and cash equivalents - June 30	$ 26,417,760	$ 3,613,817	$ 360,867	$ 30,392,444	$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 1,509,526	$ 784,070	$ 50,029	$ 2,343,625	$ (21,077)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization expenses	82,094	942,437	-	1,024,531	-
Increase (decrease) in allowance for bad debt	138,806	-	-	138,806	-
(Increase) decrease in accrued interest on loans and notes receivable	(34,542)	-	3,119	(31,423)	-
(Increase) decrease in prepaid expenses and other assets	(80,276)	(195,902)		(276,178)	-
Increase (decrease) in accounts payable and accrued liabilities	129,744	102,448	(750)	231,442	-
Increase (decrease) in tax credit for contribution deposits	11,466,062	-	-	11,466,062	-
Increase (decrease) in debt service reserve	500,000	-	-	500,000	-
Increase (decrease) in deferred charges	3,011	-	-	3,011	-
Total adjustments	12,204,899	848,983	2,369	13,056,251	-
Net cash provided (used) by operating activities	$ 13,714,425	$ 1,633,053	$ 52,398	$ 15,399,876	$ (21,077)
Reconciliation of cash and cash equivalents to the statement of net assets					
Cash	$ 1,993,435	$ 153,120	$ 360,867	$ 2,507,422	$ -
Investments	22,053,554	2,355,975	-	24,409,529	-
Less: Portion maturing in 90 days or more	(19,536,956)	(2,355,975)	-	(21,892,931)	-
Less: Portion attributable to accrued interest	(22,954)	-	-	(22,954)	-
Board designated investment	977,249	-	-	977,249	-
Less: Portion maturing in 90 days or more	(918,855)	-	-	(918,855)	-
Restricted assets	46,567,035	3,611,257	-	50,178,292	-
Less: Portion maturing in 90 days or more	(24,423,561)	(150,000)	-	(24,573,561)	-
Less: Portion attributable to accrued interest	(271,187)	(560)	-	(271,747)	-
Total cash and cash equivalents	$ 26,417,760	$ 3,613,817	$ 360,867	$ 30,392,444	$ -

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

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NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), was created by Sections 100.250 to 100.297 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 a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue bonds or notes; provide loans or loan guarantees; provide loans 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 has one discretely presented component unit as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*: The Missouri Community Investment Corporation (MCIC). The Board members of the Missouri Development Finance Board and five additional members serve as the Board for (MCIC). MCIC is a non-profit organization established for the primary purpose to serve 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 Market Tax Credit program established pursuant to Section 45D of the Internal Revenue Code of 1986 as amended. Activities for MCIC are reported separately in a column to the far right of the government-wide financial statements. MCIC was inactive during fiscal year 2008 and thus has been omitted from the 2008 presentation.

(b) Basis of Presentation

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

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

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

- Industrial Development and Reserve Fund — The Industrial Development and Reserve Fund was established in 1982 by Section 100.260 RSMo (as amended). 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 the RSMo. 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 General Revenue Fund – State. This fund also includes activity related to the OPO project, the DREAM initiative and building leasing operations.

- Parking Garage Fund — The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (the "SLCCHG"), Ninth Street Garage (the "NSG") supporting the Old Post Office redevelopment project in St. Louis, and the Kansas City Public Library Garage (the "KCLG"). The Board is the sole owner of these garages. SLCCHG was placed in service during 2003; the KCLG was placed in service during 2004, and the NSG was placed in service in 2006. The KCLG was contributed to the Kansas City Urban Library District in 2008.

- Infrastructure Development Fund — The Infrastructure Development Fund was established in 1988 by Section 100.263 RSMo, as amended, and is funded by appropriations from the State General Fund or from various other sources as specified by the RSMo. Funds may be used to make low-interest or interest-free loans, and loan guarantees to local political subdivisions and state agencies.

The inactive funds are the Industrial Development Guarantee Fund, Export Finance Fund, and the Jobs Now Fund.

The Board has one discretely presented component unit:

- Missouri Community Investment Corporation (MCIC) — MCIC is the Board's only discretely presented component unit. This not-for profit corporation was established to further the Board's mission by applying for Federal New Market Tax Credits (NMTC). MCIC was notified in October 2007, that it did not receive a NMTC allocation; it will remain inactive until an allocation is received.

(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 above-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 Principals Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issued subsequent to November 30, 1989, are not applied.

(d) Investments

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

(e) 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 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).

For the fiscal year ending June 30, 2008 and 2007, the allowance for loan losses was $12,795,642 and $12,985,169, respectively. As a result of increasing these allowances, bad debt expense was recognized for $105,929 and $138,806, respectively.

(f) Loans and Allowance for Uncollectible Interest

Interest is accrued on loans as it is earned. The unpaid portion is included in accrued interest on loans and notes receivable.

Base interest of 0.5% is paid monthly on the outstanding balance on the loan on the Old Post Office ("OPO"). The loan allows for an additional .05% of interest once the OPO meets certaub cash flow levels. As of June 30, 2008, the OPO had not met these projections and thus no additional interest was accrued.

(g) Capital Assets

Capital assets, which consist of land, building and equipment, 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	40 years
Façade	39 years
Leasehold Improvements	10 years
Equipment	3 – 5 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 ending June 30, 2008. For the year ended June 30, 2007, the total amount of interest incurred was $539,636; capitalized interest was $315,382; and interest expensed was $224,254.

(h) Compensated Absences

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

(i) Bond Issue Costs

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

(j) 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. A $750 fee is assessed for the direct infrastructure loans to cover legal counsel costs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of $500 and a maximum of $2,500.

The issuance fee for private and public activity bonds is .30% and .25%, respectively, 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 .10% to .20%, not to exceed $75,000 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 $7,500, plus out of pocket expenses.

Participation fees for the tax credit for contribution program are 4% of all contributions.

(k) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Conference Center Hotel (SLCCH) and the Ninth Street Garage (NSG) projects (see Note 7), 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 12 to the financial statements for further information.

(l) Cash and Cash Equivalents

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

(m) 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."

(n) 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 and 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 revenue related to the contributions for tax credit program authorized under state statute and received for Board-owned projects.

(o) 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. May include expenses related to the basic purpose of the Board when such expenses are financial in nature such as bond and interest expenses.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principals 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 doubtful accounts; 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, 2008 and 2007, the Board had the following investments:

	2008		2007	
Investment type:	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
U.S. Treasuries	$ 1,000,000	0.1250	$ 1,025,000	0.2500
U.S. Government Bonds	500,000	0.6167	500,000	0.6167
U.S. Government Agency Discount Notes	33,903,442	0.2890	66,749,426	0.1886
Overnight Repurchase Agreements	562,279	0.0028	2,022,713	0.0028
Total Fair Value	$ 35,965,720		$ 70,297,139	

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 eliminates exposure to 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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007 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, 2008, securities with a total fair value of $39,583,462 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2007, securities with a total fair value of $7,570,619 are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2008 and 2007, the Board's deposits were collateralized as follows:

	2008	2007
Insured by the FDIC	$ 475,907	$ 433,741
Collateralized with securities pledged by the financial institutions	27,447,638	7,000,819
Collateralized with letter of credit pledged by financial institutions	-	-
Amount not collateralized	-	-
Total deposits	$ 27,923,546	$ 7,434,560

The Board's total cash and investments as of June 30, 2007 and 2006 are as follows:

	2008	2007
U.S. government and agency securities from above	$ 35,965,720	$ 70,297,139
Cash deposits from above	27,923,546	7,434,560
Accrued interest not included above	198,604	884,651
Total cash and investments	$ 64,087,870	$ 78,616,350
As reflected on the statement of net assets:		
Cash	$ 2,115,971	$ 2,507,422
Investments	33,747,785	24,409,529
Accrued interest	160,837	543,858
Board designated investment	1,064,716	977,249
Restricted assets	26,998,561	50,178,292
Total cash and investments	$ 64,087,870	$ 78,616,350

3. LOANS, NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

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

Loans and notes receivable at June 30, 2008 and 2007, are as follows:

	2008		2007	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 125,000	$ 17,269,849	$ 3,362,000	$ 17,503,653
Infrastructure Development Fund	154,091	1,550,751	666,631	1,595,387
Total	279,091	18,820,600	4,028,631	19,099,040
Less: allowance for doubtful loans	-	12,795,642	123,132	12,862,037
Total loans and notes receivable, net	$ 279,091	$ 6,024,958	$ 3,905,499	$ 6,237,003

4. RESTRICTED ASSETS

In September 1992, the Board issued $15,000,000 of bonds for a Series 1992-A Infrastructure Facilities Revenue Bond Program. The Board was required to deposit, from existing funds, $25,000 in a separate issuer account. During fiscal year 2008, the entire $25,000 was refunded to the Board.

In June 1999, May 2000, December 2003, and April 2004, the Board placed unrestricted Board funds of $500,000 into Second Loss Debt Service Reserve Funds for each of its four infrastructure bonds, for a total of $2,000,000. During fiscal year 2007, $500,000 was refunded to the Board; as a result $1,500,000 remains in the Second Loss Debt Service Reserve Funds at June 30, 2008.

In December 2000, the Board issued $39,555,000 of bonds to fund a loan for the St. Louis Conference Center Hotel and land and construction costs for the hotel's parking garage. The restricted assets held for this project as of June 30, 2008 and 2007, are reserved as a contingency for the garage portion of the project, for a total of $1,059,649 and $977,249, respectively.

In October 2004, the Board issued $16,500,000 of bonds to fund the construction of the Ninth Street parking garage associated with the Old Post Office Building renovation. The Board was required to deposit $1,501,000 in a cash collateral account for the OPO project. Any investment earnings on the balance outstanding are credited to the Industrial Development and Reserve Fund.

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

Restricted assets consist of the following as of June 30, 2008 and 2007:

	2008	2007
Infrastructure Bond Debt Service Reserve Funds	$ 1,500,000	$ 1,525,000
Tax credit for contribution deposits (Note 6)	21,203,714	43,331,832
Old Post Office construction and reserve deposits (Note 10)	1,575,285	1,710,203
Total restricted assets – Industrial Development and Reserve Fund	$ 24,278,999	$ 46,567,035

	2008	2007
St. Louis Conference Center Hotel reserve deposits (Note 9)	$ 1,420,023	$ 746,575
Ninth Street Garage construction and reserve deposits (Note 10)	1,299,539	2,827,548
Kansas City Library Garage construction deposits (Note 10)	-	37,134
Total restricted assets – Parking Garage Fund	$ 2,719,562	$ 3,611,257

5. CAPITAL ASSETS

During August 1989, the Board received a $2,400,000 contribution from a taxpayer to acquire and renovate a vacant, historic hotel building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a twenty-year lease with the United Way of Kansas City (the "United Way") to rent the office space within the building upon completion of the renovation. The lease provides for monthly rental payments of $2,084, with an option to purchase the building at the end of the lease term (August 15, 2009) for $1,200,000. The lease is accounted for as an operating lease and the building and contribution have been recorded as land and building and invested in capital assets.

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

In addition, during 2004 and 2003, the Board used $6,800,000 in contributions received pursuant to the Board's tax credit for contribution program to fund construction of a parking garage to support the new downtown headquarters for the Kansas City Public Library. The garage began operations during April 2004. The garage was contributed in May 2008 to the Kansas City Urban Public Library District.

In April 2003, the Board used a $10,000,000 contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. The first project, commonly referred to as the "Old Post Office Project" or the "OPO Project," consists of the acquisition and renovation of a historic structure in downtown St. Louis known as the U.S. Custom House and Old Post Office. The second project consists of the acquisition and demolition of the Century Building and the construction of 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, L.P., a Missouri limited partnership (the "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 $12,649,673. 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 at the greater of the fair market value or the development debt outstanding beginning in 2014. 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.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Deletions/ Retirements	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	$ 9,271,176	$ -	$ (2,051,438)	$ 7,219,739
Construction in process	-	-	-	-
Total capital assets, not being depreciated	9,271,176	-	(2,051,438)	7,219,739
Capital assets, being depreciated:				
Building	55,292,996	1,383,464	(7,118,547)	49,557,914
Equipment	150,175	19,996	(49,535)	120,637
Leasehold Improvements	55,099	1,112	-	56,211
Vehicle	-	19,172	-	19,172
Façade	1,849,357	-	(1,849,357)	-
Total capital assets, being depreciated	57,347,628	1,423,745	(9,017,439)	49,753,934
Less: accumulated depreciation for:				
Building	4,029,493	1,409,092	(739,941)	4,698,644
Equipment	68,937	28,412	(15,975)	81,374
Leasehold Improvements	13,775	5,563	-	19,337
Vehicle	-	2,663	-	2,663
Façade	94,838	43,468	(138,306)	-
Total accumulated depreciation	4,207,042	1,489,198	(894,222)	4,802,018
Total capital assets, being depreciated, net	53,140,586	(65,453)	(8,123,217)	44,951,916
Total capital assets, net	$ 62,411,762	$ (65,453)	$(10,174,655)	$ 52,171,655

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deletions/ Retirements	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	$ 9,271,176	$ -	$ -	$ 9,271,176
Construction in process	16,347,966	12,217,659	(28,565,625)	-
Total capital assets, not being depreciated	25,619,142	12,217,659	(28,565,625)	9,271,176
Capital assets, being depreciated:				
Building	26,727,372	28,565,625	-	55,292,996
Equipment	111,636	40,520	(1,981)	150,175
Leasehold Improvements	55,099	-	-	55,099
Façade	1,849,357	-	-	1,849,357
Total capital assets, being depreciated	28,743,464	28,606,145	(1,981)	57,347,627
Less: accumulated depreciation for:				
Building	3,093,582	935,911	-	4,029,493
Equipment	45,752	23,976	(791)	68,937
Leasehold Improvements	8,265	5,510	-	13,775
Façade	47,418	47,419	-	94,838
Total accumulated depreciation	3,195,017	1,012,816	(791)	4,207,043
Total capital assets, being depreciated, net	25,548,447	27,593,329	(1,190)	53,140,586
Total capital assets, net	$ 51,167,589	$ 39,810,988	$(28,566,815)	$ 62,411,762

A summary of capital assets by fund at June 30, 2008 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 7,219,739	$ 7,219,739
Building	2,400,000	47,157,914	49,557,914
Equipment	95,858	24,779	120,637
Leasehold Improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Façade	-	-	-
Sub-total	2,571,241	54,402,432	56,973,673
Less: accumulated depreciation	(1,222,438)	(3,579,579)	(4,802,018)
Total capital assets, net	$ 1,348,803	$ 50,822,853	$ 52,171,655

A summary of capital assets by fund at June 30, 2007 follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 9,271,176	$ 9,271,176
Building	2,400,000	52,892,996	55,292,996
Equipment	87,775	62,400	150,175
Leasehold Improvements	55,099	-	55,099
Vehicle	-	-	-
Façade	-	1,849,357	1,849,357
Sub-total	2,542,874	64,075,930	66,618,804
Less: accumulated depreciation	(1,138,785)	(3,068,257)	(4,207,042)
Total capital assets, net	$ 1,404,089	$ 61,007,673	$ 62,411,762

6. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution program. Through this program, the Board is authorized to grant tax credits in an amount equal to fifty percent 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, 2008 and 2007, the Board held deposits received pursuant to the Tax Credit for Contribution program of $21,203,714 and $43,217,221, respectively.

7. LONG-TERM DEBT

Summary of debt held as of June 30, 2008 and 2007, is as follows:

	2008	2007
$6,500,000 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds; and $14,600,000 St. Louis Convention Center Hotel Series 2000C, tax exempt infrastructure facilities revenue bonds. Remaining principal is due December 1, 2021.	$ 15,350,000	$ 15,350,000
$9,500,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Due in annual installments of $240,000 to $545,000 beginning October 1, 2008 through October 1, 2034, plus interest up to 10%.	16,500,000	16,500,000
Total	$ 31,850,000	$ 31,850,000

Changes in long-term debt for the year ended June 30, 2008, were as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
Infrastructure facilities revenue bonds	$ 31,850,000	$ -	$ -	$ 31,850,000	$ 240,000

Changes in long-term debt for the year ended June 30, 2007, were as follows:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due within one year
Infrastructure facilities revenue bonds	$ 31,850,000	$ -	$ -	$ 31,850,000	$ -

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

The annual debt service requirements as of June 30, 2008 are as follows:

	Principal	Interest	Total
2009	$ -	$ 320,048	$ 320,048
2010	-	320,048	320,048
2011	-	320,048	320,048
2012	-	320,048	320,048
2013	-	320,048	320,048
2014	-	320,048	320,048
2015	-	320,048	320,048
2016	-	320,048	320,048
2017 - 2021	15,350,000	1,600,238	16,950,238
Totals	$ 15,350,000	$ 4,160,618	$ 19,510,618

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 2.085% representing the interest rate at June 30, 2008. The actual interest paid during 2008 and 2007 averaged 3.732% and 4.503% respectively.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed 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.

The rate cap agreements purchased during closing of the financing for the St. Louis Convention Center Hotel and Garage project were 8.5% on the Series B bonds and 6.7% on the Series C bonds with an expiration date of December 1, 2007. The Board did not renew the rate cap during fiscal year 2008.

In March 2004, the Board made principal payments for Series B bonds and Series C bonds in the amount of $1,300,000 and $1,700,000, respectively. These payments were used to offset scheduled debt service payments for years 2006 through 2016.

In November 2005, the Board made principal payments for Series B bonds and Series C bonds in the amount of $1,290,000, and $1,460,000 respectively. These payments offset debt service payments for years 2017 through 2020, and a small portion of 2021.

Ninth Street Garage Series 2004A and B:

The annual debt service requirements as of June 30, 2008 are as follows:

	Principal	Interest	Total
2009	$ 240,000	$ 1,674,750	$ 1,914,750
2010	255,000	324,902	579,902
2011	270,000	319,421	589,421
2012	285,000	313,635	598,635
2013	305,000	307,444	612,444
2014	325,000	300,846	625,846
2015	345,000	293,843	638,843
2016 - 2020	2,115,000	1,345,992	3,460,992
2021 - 2025	2,905,000	1,084,934	3,989,934
2026 - 2030	4,005,000	726,131	4,731,131
2031 - 2035	5,450,000	233,450	5,683,450
Totals	$ 16,500,000	$ 6,925,345	$ 23,425,345

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the reimbursement of the bank, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to the lesser of $10,000,000 or 61% of the principal amount of the bonds until such time as the net cash flow from the project is a least 1.25 times debt service on the bonds for two consecutive years. Thereafter, the Board is required to maintain unrestricted cash balances and investments on its balance sheet of not less than $2,000,000. In addition, the Board must maintain a ratio of total adjusted liabilities to total net assets of 1.5:1.

The annual debt service schedule above assumes an interest rate of 2.03% representing the interest rate as of June 30, 2008. The actual interest paid during 2008 and 2007 averaged 3.72% and 4.48%, respectively.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed rated 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. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

8. RENTAL INCOME

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

	Industrial Development & Reserve Fund	Parking Garage Fund
2009	$ 25,008	$ 1,097,262
2010	3,126	1,097,262
2011	-	1,097,262
2012	-	1,044,282
2013-2017	-	4,894,320
2018-2022	-	4,601,210
2023-2027	-	4,382,410
2028-2032	-	3,558,910
2033-2037	-	3,333,910
2038-2042	-	3,333,910
2043-2047	-	3,600,991
Totals	$ 28,134	$ 32,041,729

The Industrial Development and Reserve Fund building located in downtown Kansas City is leased by the United Way of Greater Kansas City. The carrying value of the building is $2,400,000 and accumulated depreciation as of June 30, 2008 and 2007, was $1,130,000 and $1,070,000, respectively. The lease expires August 15, 2009.

The Parking Garage Fund's SLCCH parking garage is an 880-space garage 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 $2,545,028 and $2,114,882 as of June 30, 2008 and 2007, respectively. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is $554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of $25,000 through August 2, 2021. Also, the Roberts Old School House Lofts, L. P. has a lease for 75 spaces in this garage with annual lease payments of $112,500 with an expiration date of August 26, 2009 and renewable for five consecutive five year periods on each expiration date.

The Parking Garage Fund's NSG parking garage is a 1,050-space garage constructed by the Board to support the Old Post Office project in downtown St. Louis. The carrying value of the garage is $32,463,828, less accumulated depreciation of $1,023,616 as of June 30, 2008. Leases have been negotiated with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction, Talley Properties, L.L.C., and Roberts Old School House Lofts, L.P. and others. A total of 374 spaces are subject to the corresponding leases. The estimated minimum lease payments for all negotiated leases on the Ninth Street Garage total $1,097,262 per year with expiration dates from 2011 through 2047.

9. CONTRIBUTED ASSETS

No contributed revenue was received during the year ended June 30, 2008.

During the year ended June 30, 2007, the Board received $225,000 in the Industrial Development and Reserve Fund for benefit of the OPO project. No tax credits were awarded upon receipt of this donation.

10. CONTRIBUTIONS TO OTHERS

In fiscal year 2008, the Board sponsored the inaugural race of the Tour of Missouri. During fiscal year 2008 the Board approved $950,000 in funds for this annual event. Research conducted by the University of Missouri Tourism Economic Research Initiative (TERI) estimated an economic impact of $26.2 million in tourism expenditures.

In February 2008, the Board approved the contribution of the Kansas City Library Garage (KCLG) to the Kansas City Urban Public Library District in exchange for $425,000 to be paid to the Board. The KCLG property, plant and equipment was held on the Board's books at $10,173,762, net of depreciation as of the closing date of the sale, May 31, 2008. The net contribution of the KCLG was $9,763,892. See note 5 for discussion of the KCLG.

11. LEASE AGREEMENTS

(a) Office Lease Obligation

In October of 2004, the Board entered into a lease with Hotel Governor of Jefferson City, L.L.P, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with the exception of depreciable tenant improvements in the amount of $56,210. The lease term is 10 years. During fiscal years 2008 and 2007, $53,472.78 and $51,915.33 was paid, respectively.

Future minimum lease payments for this lease are as follows:

2009	$ 55,077
2010	56,729
2011	58,431
2012	60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 372,339

(b) Copier Lease Obligation

In December of 2007, the Board entered into a lease with Gibbs Technology Leasing, L.L.C. to lease copier equipment. The lease is accounted for as an operating lease. The term of the lease is four years. Future minimum lease payments for this lease are as follows:

2009	$ 4,464
2010	4,464
2011	4,464
2012	2,232
Total minimum lease obligation	$ 15,624

(c) 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 an independent appraiser at $32,000,000. In return, the Board issued a total of $16,000,000 in contribution tax credits to EDC. These tax credits were sold by EDC at the direction of the Board to independent parties. The tax credits were sold by EDC as follows: $5,333,333 on March 3, 2005; $5,333,333, on July 2, 2005; and $5,333,334 issued on June 30, 2006. The Board paid the proceeds from the tax credit sales to the City to be used by the City for payment of a bond issued by the City 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.

(d) 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 net basis, to 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. Generally, 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.

12. COMMITMENTS AND CONTINGENCIES

(a) Loan Guarantees

The Board has guaranteed repayment to the financial institution holding the loan of up to 85% of the outstanding guaranteed balance of certain approved loans to businesses in the State. Total loans outstanding under the Loan Guarantee Program amounted to approximately $0 and $460,000 as of June 30, 2008 and 2007, respectively. The loan was repaid during the fiscal year ended June 30, 2008. $391,000 was guaranteed by the Board during 2007.

(b) Irrevocable Line of Credit

As of January 13, 2006, the Board has 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 $1,800,000, at the request and for the account of St. Louis Land Clearance for Redevelopment Authority ("LCRA").

The line of credit expires January 13, 2012; however, the expiration date may be automatically extended for a period of one year on each successive expiration date, unless, 120 days before the current expiration date, the Board or the Army notifies DNR the decision has been made not to extend the line of credit beyond the current expiration date. The line of credit bears interest at prime rate and interest payments are due on the first business day of the month with the principal due on January 13, 2012.

As of fiscal year ended June 30, 2008 there have been no draws on the line of credit and the outstanding balance is $0.

(c) Ninth Street Garage Letter of Credit

On October 1, 2004, in connection with the construction of the Ninth Street Garage the Board established a letter of credit with Bank of America in the amount of $16,658,220. The purpose of the Letter of credit is to reduce interest costs on the bonds and to induce the purchase of the bonds. Interest on the bonds is at an assumed rate of interest of 10% per annum. Beginning October 6, 2007, the Letter of Credit shall automatically renew for four additional one-year periods (each such one-year period constituting a "Renewal Term", with the final such Renewal Term terminating October 5, 2011), unless the Board shall no later than 90 days before the then current Expiration Date provide written notice to the Credit Bank and the Trustee of its decision not to extend the Letter of Credit. Beginning October 6, 2011, the Letter of Credit shall automatically renew for additional Renewal Terms unless the Credit Bank or the Board shall no later than 90 days before the then current Expiration Date provide written notice to the other and to the Trustee of its decision not to extend the Letter of Credit. The final Renewal Term shall terminate no later than October 5, 2034.

(d) Conduit Bond Issues

As of June 30, 2008, the Board has issued $972,012,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,477,570,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2008, were approximately $684,901,278, $0, and $672,706,000 respectively.

As of June 30, 2007, the Board has issued $910,262,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,433,475,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2007, were approximately $424,350,328, $135,000, and $614,476,000 respectively.

The Board has no liability for repayment of the above revenue bonds and notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying combined financial statements. Security for the bondholders consists of 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.

(e) Legal Matters - Old Post Office Litigation

On April 19, 2005 the Board (and certain other plaintiffs) filed an action against two individuals (the plaintiffs in two prior lawsuits, which have been dismissed) relating to the demolition of the Century Building, the Old Post Office and the Ninth Street Garage. The lawsuit alleges that the plaintiffs filed their lawsuits in bad faith with malicious intent. The case is in the preliminary motions phase. As of June 30, 2008, no counterclaims have been asserted against the Board or the other defendants.

(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 Conference Center Hotel and Ninth Street parking garages. The Board is self-insured for all other risks of loss.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. No substantive changes were made in the type and amounts of the Board's insurance coverage during 2008. In fiscal year 2007, the Board increased its general liability insurance to $7 million.

(g) DREAM Commitments

In August 2006 under the direction of Governor Blunt's administration, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. As required by the program, 10 communities were selected to receive technical assistance and services to support them in their downtown redevelopment efforts. The Board has contracted with PGAV Urban Consulting to assist in the redevelopment process of the 10 chosen communities. Each community is to receive technical assistance over the course of three years. Costs of services over the next three fiscal years are estimated at $6 million. During the fiscal year ended June 30, 2008, the Board spent approximately $1.5 million towards the program. DED and MHDC each contributed $300,000 towards program costs. DED has pledged to contribute $300,000 and MHDC has pledged to contribute $500,000 each during fiscal year 2009.

13. EMPLOYEES' RETIREMENT PLAN

(a) Defined Contribution Pension Plan

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

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed $44,714 and $55,815 for the years ended June 30, 2008 and 2007, respectively. For the years ended June 30, 2008 and 2007, the contributions amounted to 12.84% and 12.78% of the eligible employees' salaries, respectively.

(b) Deferred Compensation Plan

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

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

14. SUBSEQUENT EVENT – DREAM COMMITMENTS

In September 2008, ten additional communities received DREAM designations to support downtown redevelopment. The new communities designated were: Boonville, Farmington, Fulton, Lamar, Lebanon, Louisiana, Macon, Stafford, Warrensburg, and Webb City. Each community is to receive technical and financial assistance over the course of three years.

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STATISTICAL SECTION

(UNAUDITIED)

STATISTICAL SECTION

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 do not reflect the financial position and results of operations of the State.

Contents **Page**

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF NET ASSETS BY COMPONENT
FISCAL YEARS 2003 to 2008

	June 30,											
	2008		2007		2006		2005		2004		2003	
	$	%	$	%	$	%	$	%	$	%	$	%
Investment in capital assets, net of related debt	$20,321,656	29.36%	$30,561,762	40.18%	$19,317,590	27.07%	$ 9,493,788	13.66%	$20,034,676	34.89%	$ 7,018,010	13.99%
Restricted-expendable	5,794,847	8.37%	6,846,459	9.00%	19,377,826	27.16%	35,785,144	51.50%	7,766,352	13.52%	11,382,872	22.70%
Unrestricted	43,091,719	62.26%	38,646,392	50.81%	32,654,645	45.77%	24,209,068	34.84%	29,624,972	51.59%	31,750,078	63.31%
	$69,208,222	100.00%	$76,054,613	100.00%	$71,350,061	100.00%	$69,488,000	100.00%	$57,426,000	100.00%	$50,150,960	100.00%

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY FUNCTION, FISCAL YEARS 2003 TO 2008

	2008	2007	2006	2005	2004	2003
Operating Expenses						
Personnel	$ 658,415	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional Fees	336,695	161,182	56,754	544,589	102,686	217,156
Travel	70,355	58,646	59,265	70,375	35,881	68,610
Supplies and Other	109,176	144,828	110,242	222,613	125,957	66,837
Depreciation and Amortization	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Parking Garage Operating Expense	1,348,926	1,115,373	883,789	813,265	568,394	334,825
DREAM Expense	1,501,079	495,312	-	-	-	-
Bad Debt and Miscellaneous	[1] 126,076	[2] 205,122	[3] 3,527,826	[4] 9,492,203	21,094	29,934
Total Operating Expenses	5,642,931	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating Expenses						
Interest & Bond Expense	1,261,283	936,157	733,823	550,946	459,897	342,231
Interfund Transfers	-	-	-	-	-	-
Total Non-pperating Expenses	1,261,283	936,157	733,823	550,946	459,897	342,231
Total Expenses	$ 6,904,214	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $105,929

[2] Includes bad debt expense of $138,806

[3] Includes bad debt expense of $3,498,074

[4] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY, FISCAL YEARS 2003 TO 2008

	2008	2007	2006	2005	2004	2003
Operating Expenses						
Program Administration	$ 2,675,720	$ 1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking Garage Operating Expense	1,348,926	1,115,373	883,789	813,265	568,394	334,825
Depreciation and Amortization	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Bad Debt and Miscellaneous	[1] 126,076	[2] 205,122	[3] 3,498,074	[4] 9,492,203	21,094	29,934
Total Operating Expenses	5,642,931	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating Expenses						
Interest & Bond Expense	1,261,283	936,157	733,823	550,946	459,897	342,231
Interfund Transfers	-	-	-	-	-	-
Total Non-operating Expenses	1,261,283	936,157	733,823	550,946	459,897	342,231
Total Expenses	$ 6,904,214	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $105,929
[2] Includes bad debt expense of $138,806
[3] Includes bad debt expense of $3,498,074
[4] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Operating Revenues						
Participation fees - Loan Guarantee	$ -	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	137,750	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	161,876	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	-	5,000	-	-	36,633	-
Participation fees - Tax Credits	2,443,355	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	307,438	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	-	2,500	-	-	-
Participation fees - MODESA	25,000	-	-	25,000	-	-
Interest income on loans and notes receivable	316,786	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,008	25,057	25,008	25,008
Contractual income	75,990	68,757	61,342	60,648	56,934	56,684
DREAM revenues	809,894	-	-	-	-	-
Parking garage revenues	311,728	373,565	119,272	1,815,481	1,573,553	730,097
Other income	3,623,164	2,743,209	2,259,686	54,010	14,552	1,187
Total operating revenues	8,237,989	6,245,971	3,871,505	3,286,400	3,267,660	2,414,241
Non-operating Revenues						
Interest on cash and investments	2,533,726	3,072,083	2,129,169	1,241,632	576,685	598,341
Total Revenues	$ 10,771,715	$ 9,318,054	$ 6,000,674	$ 4,528,032	$ 3,844,345	$ 3,012,582

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Income before other changes in net assets	$ 3,867,501	$ 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	-
Contributions to others	(10,713,892)	-	-	-	-	-
Total change in net assets	$ (6,846,391)	$ 4,704,551	$ 1,862,062	$ 12,062,000	$ 7,275,040	$ 10,961,330

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Operating Revenues						
Participation fees - Loan Guarantee	$ -	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	137,750	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	161,876	186,695	191,833	215,113	278,325	458,295
Participation fees - Notes Receivable	-	5,000	-	-	36,633	0
Participation fees - Tax Credits	2,443,355	1,912,449	321,987	420,563	725,680	177,029
Participation fees - BUILD Missouri	307,438	245,918	562,584	318,617	222,701	467,942
Participation fees - Tax Abatement	-	-	2,500	-	-	0
Participation fees - MODESA	25,000	-	-	25,000	-	0
Interest income on loans and notes receivable	316,786	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,008	25,057	25,008	25,008
Contractual income	75,990	68,757	61,342	60,648	56,934	56,684
DREAM revenues	809,894	-	-	-	-	-
Parking garage revenues	3,623,164	2,743,209	2,259,686	1,815,481	1,573,553	730,097
Other income	311,728	373,565	119,272	54,010	14,552	1,187
Total operating revenues	8,237,989	6,245,971	3,871,505	3,286,400	3,267,660	2,867,804
Non-operating Revenues						
Interest on cash and investments	2,533,726	3,072,083	2,129,169	1,241,632	576,681	598,341
Total Revenues	$ 10,771,715	$ 9,318,054	$ 6,000,674	$ 4,528,032	$ 3,844,341	$ 3,466,145
Debt Service						
Principal	$ -	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [1]	1,075,534	711,903	551,858	350,978	210,760	342,231
Total Debt Service	$ 1,075,534	$ 711,903	$ 3,301,858	$ 350,978	$ 3,210,760	$ 5,342,231
Debt Service Coverage	10.02	13.09	1.82	12.90	1.20	0.65

[1] Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Garages						
Total number of operational garages [1]	2	3	2	2	2	1
Parking capacity per year [2]	504,920	632,060	359,060	359,060	359,060	226,200
Debt Service						
Principal	$ -	$ -	$ 2,750,000	$ -	$ 3,000,000	$ 5,000,000
Interest [3]	1,075,534	711,903	551,858	350,978	210,760	342,231
Total Debt Service	$ 1,075,534	$ 711,903	$ 3,301,858	$ 350,978	$ 3,210,760	$ 5,342,231
Daily required revenue per space to cover annual debt service	2.13	1.13	9.20	0.98	8.94	23.62

1 KCLG sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.

2 Calculated as total number of spaces x 260 days --no charge on weekends)

3 Interest does not include capitalized interest paid from bond proceeds

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

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
2007	3,031	2,878	153	5.0	4.6
2006	3,016	2,871	145	4.8	4.6
2005	2,997	2,836	161	5.3	5.1
2004	2,986	2,814	172	5.8	5.5
2003	2,986	2,820	166	5.6	6.0
2002	2,997	2,841	156.663	5.2	5.8
2001	3,003	2,868	134.861	4.5	4.7
2000	2,973	2,875	97.756	3.3	4.0
1999	2,911	2,820	91.337	3.1	4.2
1998	2,911	2,795	116.002	4.0	4.5
1997	2,904	2,780	124.029	4.3	4.9
1996	2,869	2,735	134.546	4.7	5.4
1995	2,822	2,690	131.989	4.7	5.6
1994	2,759	2,622	136.375	4.9	6.1
1993	2,706	2,540	165.955	6.1	6.9

Data Source: Missouri Department of Labor and Industrial Relations

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
2007	$ 199,773	$ 11,631,571	$ 33,984	$ 38,564	4.6	5.0
2006	189,575	10,977,312	32,475	36,744	4.1	6.0
2005	180,512	10,252,849	31,188	34,650	3.0	4.6
2004	173,906	9,711,363	30,272	33,123	4.1	5.3
2003	166,129	9,150,320	29,082	31,466	2.6	2.1
2002	161,104	8,872,871	28,358	30,810	2.0	0.8
2001	156,937	8,716,992	27,809	30,574	2.1	2.4
2000	152,722	8,422,074	27,241	29,845	6.0	6.8
1999	142,925	7,796,137	25,697	27,939	3.1	3.9
1998	137,619	7,415,709	24,923	26,883	5.1	6.1
1997	129,992	6,907,332	23,716	25,334	5.2	4.8
1996	122,469	6,512,485	22,548	24,175	4.6	4.8
1995	115,948	6,144,741	21,559	23,076	3.4	4.1
1994	111,005	5,833,906	20,848	22,172	5.0	3.9
1993	104,699	5,548,121	19,862	21,346	2.7	2.4

Data Source: 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
2007	5,878	0.7	*	*
2006	5,838	0.9	*	*
2005	5,788	0.8	*	*
2004	5,745	2.7	*	*
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

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

* Information unavailable as of report date.

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)
2007	*	*
2006	*	*
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: U.S. Department of Commerce -- Bureau of the Census

Top 10 Major Employers

The State's major employers (listed alphabetically) and the type of employer in 2006 were as follows:

		Employer
1.	State	State of Missouri
2.	Private	Wal-Mart Associates, Inc.
3.	State	University of Missouri
4.	Federal	U.S. Post Office
5.	Private	Boeing Corporation
6.	Private	Washington University
7.	Private	Schnuck Markets, Inc.
8.	Private	Barnes-Jewish Hospitals
9.	Federal	U.S. Department of Defense
10.	Local	City of St. Louis

Data Source: Missouri Department of Economic Development

* Information unavailable as of report date.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Industrial Growth

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
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
SCHEDULE OF EMPLOYEE STATISTICS,
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Program Staff						
Full-time	5	4	4	3.5	3.5	4
Accounting Staff						
Full-time	2	2	2	2.5	2.5	2
Support Staff						
Full-time	2	2	2	2	2	2
Total Staff	9	8	8	8	8	8

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2008 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF PROJECTS APPROVED,
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Loan Guarantees	0	0	0	1	0	0
Bonds						
Private	7	5	1	2	2	1
Public	6	8	5	13	9	3
MIDOC	1	3	2	1	0	5
Tax Credits	12	6	6	6	4	2
BUILD	3	1	3	4	1	2
Tax Abatement	0	0	0	0	0	0
MODESA	0	0	0	0	1	0

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF CAPITAL ASSETS
FISCAL YEARS 2003 TO 2008

	For the Year Ended June 30,					
	2008	2007	2006	2005	2004	2003
Office Buildings	1	1	1	1	1	1
Garages [1]	2	3	2	2	2	1
Parking capacity	1,942	2,431	1,381	1,381	1,381	870

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2007 are available.

[1] KCLG sold May 31, 2008. Fiscal year 2008 had 3 garages for 11 months out of the year.

MISSOURI DEVELOPMENT FINANCE BOARD ACKNOWLEDGEMENTS

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