MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Comprehensive Annual Financial Report

For the year ended June 30, 2009

MISSOURI DEVELOPMENT FINANCE BOARD

A COMPONENT UNIT OF THE STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

PREPARED BY:
THE ACCOUNTING DEPARTMENT:

- **KRYSTAL DAVIS, CPA**
  CONTROLLER

- **DAWN HOLT, CPA**
  SENIOR ACCOUNTANT

MISSOURI DEVELOPMENT FINANCE BOARD

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION

Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii – xi
GFOA Certificate of Achievement	xii

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	2 – 12
Basic Financial Statements:	
Statements of Net Assets	13 – 14
Statements of Revenues, Expenses, and Changes in Fund Net Assets	15 – 16
Statements of Cash Flows	17 – 18
Notes to Financial Statements	19 – 41

STATISTICAL SECTION

Statistical Section Table of Contents	42
Financial Trends	43 – 45
Revenue Capacity	46 – 47
Debt Capacity	48 – 49
Demographic and Economic Information	50 – 55
Operating Information	56 – 58
Acknowledgements	59

INTRODUCTORY SECTION

MISSOURI DEVELOPMENT FINANCE BOARD

Principal Officials

BOARD MEMBERS

Ms. Marie J. Carmichael, Chair
Mr. John D. Starr, Vice Chairman
Mr. Larry D. Neff, Secretary
Mr. John E. Mehner, Treasurer
Mr. L. B. Eckelkamp, Jr.
Ms. Danette D. Proctor
Mr. Brian H. May
The Honorable Peter D. Kinder, Lieutenant Governor
Ms. Katie Steele Danner, Interim Director, Department of
Economic Development
Dr. Jon Hagler, Director, Department of Agriculture
Mr. Mark N. Templeton, Director, Department of Natural Resources

STAFF

Mr. Robert V. Miserez, Executive Director
Ms. Krystal Davis, CPA, Controller
Ms. Dawn Holt, CPA, Senior 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
Ms. Kara McGinty, Administrative Assistant

BOARD COUNSEL

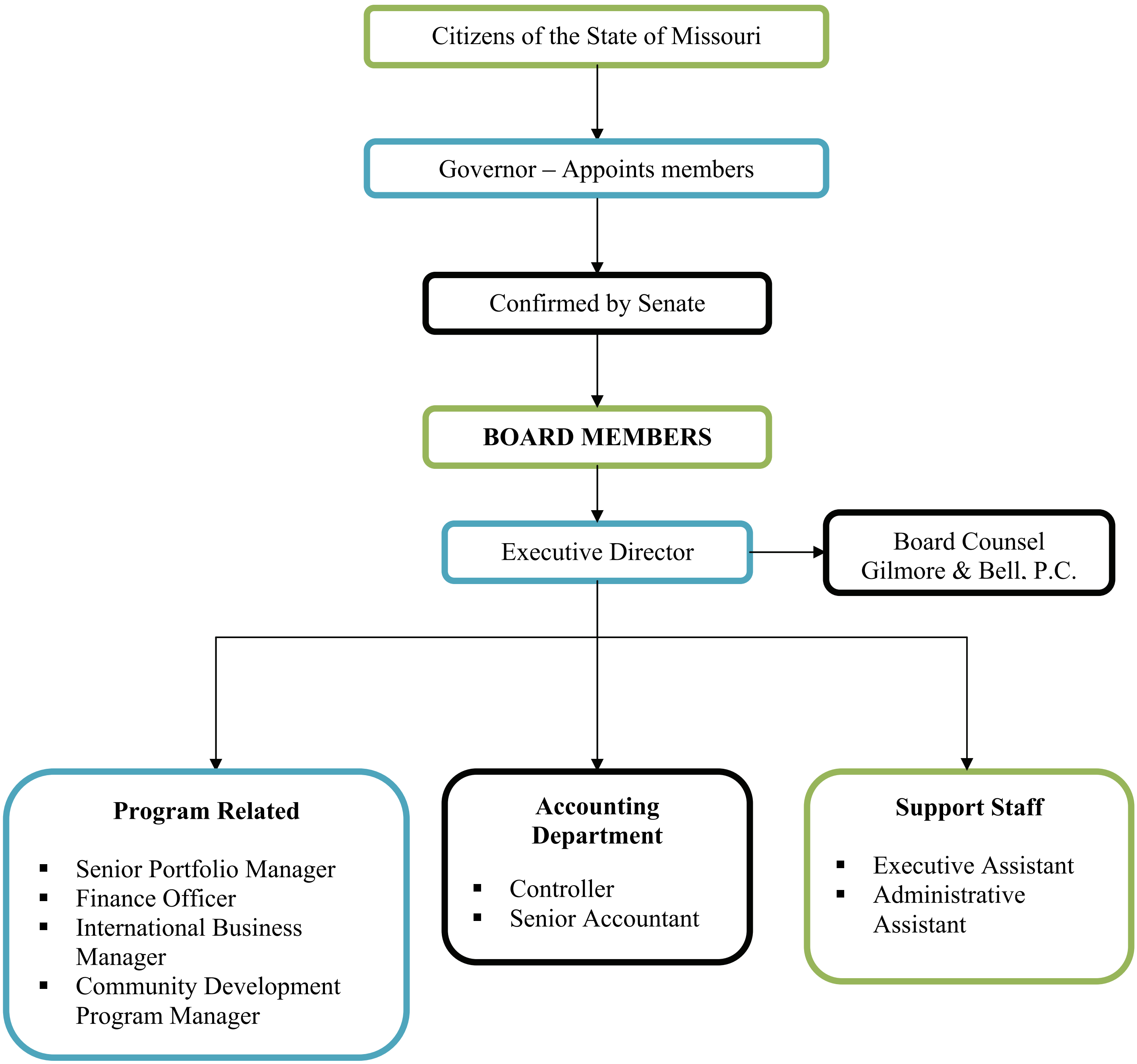
Mr. David Queen, Gilmore & Bell, P.C.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams-Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

Organizational Chart



MDFB

Missouri Development Finance Board

MISSOURI DEVELOPMENT FINANCE BOARD

September 15, 2009

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, 2009. The accounting department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams-Keepers LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Missouri Development Finance Board's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (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 the MD&A and should be read with it as well.

PROFILE OF THE GOVERNMENT

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

200 Madison Street, Suite 1000 P.O. Box 567 Jefferson City, Missouri 65102
Telephone: (573) 751-8479 Fax: (573) 526-4418
Visit our Web site at www.mdfb.org

2. Revenue bonds for public infrastructure projects.
   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.

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. The limitation on tax credit authorization and approval provided under this subsection may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter by the Directors of the Department of Economic Development and Revenue and the Commissioner of Administration.

   In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities. In February 2008, the Board increased its commitment to this program to $1 million in tax credits annually. The Board can rescind the reservation each calendar year.

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

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

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.
   The BUILD Missouri Program 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 $150,000; however, if there is a critical need and with Board approval, this maximum loan amount may be exceeded. In December 2008, the Board amended the maximum proceeds amount from $100,000 to $150,000.

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 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. 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 years ended June 30, 2009 and 2008.

14. Small Business Micro-Loan Program.
    Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 shortly after assuming office. This E.O. directed the Department of Economic Development to work with the Board "to create a pool of funds designated for low-interest and no-interest direct loans for small businesses." Related announcements from Governor Nixon recommended this pool of funds be capitalized by a $2 million grant from the Board. The Board is in the process of developing policies and procedures and expects to issue loans in the year ending June 30, 2010.

The Board completed fiscal year 2009 in sound financial condition. The change in net assets for fiscal year ended June 30, 2009 was $5,725,001 versus ($6,846,391) for fiscal year ended 2008. The Board's activities provided funding for the Board's operations but also fulfilled its mission to the state of Missouri. Assets were $117,412,653 and $122,791,874 at June 30, 2009 and June 30, 2008, 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 2009. At the end of June 2009, the state unemployment rate was 9.3% compared to 6.4% at the end of June 2008. The national rate was 9.5% and 5.7% at June 30, 2009 and 2008, respectively.

MAJOR INTIATIVES

During fiscal year ended June 30, 2009, the Board has authorized 27 projects resulting in total Board related financing of approximately $622 million. During fiscal years ended June 30, 2008 and 2007, the Board authorized 31 and 23 projects, respectively. Listed below are the significant projects approved during the fiscal year ended June 30, 2009.

<u>The Nelson Gallery Foundation</u>

In July 2008, the Board authorized the conduit issuance of $108.5 million in Cultural Facility Bonds. The issuance refinanced Series 2001B debt for $85 million as well as provided funds for a new museum project. The bonds that were refunded provided funds for construction of the Bloch Building and renovations to the original 1933 building.

<u>MasterCard International, LLC</u>

In November 2008, the Board authorized the conduit issuance of $154 million in Taxable Industrial Development Refunding Bonds. In 1999, the Board issued Bonds for $154 million to fund construction of approximately 414,000 square feet of office space and a 114,000 square foot data and energy center on 52 acres in O'Fallon. The project also included equipment for the facility that has been occupied by MasterCard Global Technology and Operation since 2001. The original arrangement called for the Board to hold title to the facility and lease it to the O'Fallon Public Facilities Authority which then subleased it to MCI O'Fallon 1999 Trust, which further subleased to MasterCard. The refinance afforded MasterCard the opportunity to exercise its option to refund the Bonds in connection with MasterCard's pay-off of its primary loan for the facility. In addition, it streamlined the financing structure by eliminating the subleases involved.

<u>Jackson County Sports Authority and Missouri Western State University</u>

In December 2008, the MDFB approved $25 million in credits to leverage $50 million in contributions. The contributions, and proceeds from the sale of tax credits are to be used for various infrastructure and facility upgrades in and around Arrowhead Stadium, and toward construction of a new indoor practice facility on the Missouri Western State University (MWSU) campus in St. Joseph.

In June 2009, the MDFB approved amendments to the project that resulted in the Chiefs retaining their training camp in the State of Missouri for a minimum of 10 years, the initial 5 years will be at MWSU and established a specific dollar amount liquidated damages over the term to be paid in the event that the training camp is moved prior to the agreed upon date. In addition it resulted in clarifications to the fees to be charged to both organizations.

City of Independence – Multipurpose Events Center, Eastland Center, Water Utility, Electric Utility and Crackerneck Creek

During Fiscal Year 2009, the Board provided conduit financing for multiple projects located in Independence, Missouri.

In December 2008, the Board authorized the conduit issuance of $15 million and $3 million in Public Infrastructure Bonds. The $15 million issuance financed an Events Center to be located at the southeast corner of the intersection of Interstates 70 and 470. The City expects the primary tenant of the Events Center to be a hockey team in the Central Hockey League. In addition, the Events Center will have a wide variety of uses including concerts, banquets, graduations, sporting events beyond hockey, trade shows and conventions. The $3 million issuance financed road and traffic improvements in the adjacent Eastland Center TIF district.

In February 2009, the Board authorized the conduit issuance of $31 million in Public Infrastructure Bonds to fund Electric Utilities Capital Improvements. The bonds were used to finance extensive repairs for two 50-year old plant buildings, as well as provide funds to match a FEMA grant intended to cover the costs to bury lines susceptible to tree damage during inclement weather.

In February and May 2009, the Board authorized the conduit issuance of $47 million in Public Infrastructure Bonds for water utility capital improvements and to refund 1986 water bonds. Projects associated with this bond financing include replacement of water mains, construction of a transmission main serving residents in eastern and southern Independence and the extension of water mains to eastern Independence. The Department also will relocate water mains when the Public Works Department makes future street improvements.

BUILD Missouri

RSMo Sections 100.700 to 100.850 govern the Business Use Incentives for Large-Scale Development Act (BUILD) that created the program. During fiscal year 2009, three issues were given final approval while four issues were closed. During fiscal year 2008, three issues were given final approval while two issues were closed and during fiscal year 2007, one bond issue was approved and one issue was closed.

Since the program's inception, the Board has given final approval to 40 BUILD bond projects for various locations throughout the State. The total jobs promised to be created are over 12,402, issuing $80.4 million in bonds and will include over $2.1 billion in new private investment to the state of 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 and the DREAM program. During fiscal year 2009, the Board approved projects in two communities through the use of the Downtown Revitalization Tax Credit Program. Both communities also receive assistance through the DREAM program.

In February 2009, the Board approved $125,000 in credits to the City of Hermann to assist in the redevelopment of the only remaining green space in downtown Hermann. The green space is located next to the German School Museum which is currently under renovation. The credits were used to leverage $250,000 in funds to repair the park to its historic condition. The completion of the park will have a significant impact on the Downtown District and surrounding businesses.

In March 2009, the Board approved $121,100 in credits to the City of Chillicothe for the benefit of Main Street Chillicothe's Silver Moon Plaza. The credits leveraged $242,000 in contributions that will be utilized to revitalize a blighted area in Downtown Chillicothe where three buildings were razed. Once developed, the park will showcase a mural depicting a former area feed business. The DREAM Initiative has placed a priority on this project in an effort to increase pedestrian traffic, boost the downtown economy, and provide an aesthetic venue in which to hold a variety of events and programming.

During fiscal year 2008, the Board approved projects in four communities through the use of the Downtown Revitalization Tax Credit Program. 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 partially finance renovation to the historic Sedalia train station to promote redevelopment in downtown Sedalia. Sedalia is 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. And finally 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.

During fiscal years 2009 and 2008, the Board approved two loans and one loan 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 80 out-state loans with over $5.4 million in loaned principal.

Since inception, the Missouri Association of Municipal Utilities (MAMU) has assisted 68 communities through the issuance of $174 million of the Missouri Association of Municipal Utilities Tax-Exempt Commercial Paper, Series 1999, 2003, 2005, 2006 and 2008 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 wastewater utility that offers the Municipal Finance Program to assist communities in financing utility improvements.

During the fiscal year ending June 30, 2009 and 2008, the Board worked with the Missouri Department of Economic Development and the Missouri Housing Development Commission in the 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 communities selected in fiscal year 2009 were: Boonville, Farmington, Fulton, Lamar, Lebanon, Louisiana, Macon, Strafford, Warrensburg and Webb City. The ten DREAM communities selected in fiscal year 2008 were: Aurora, Caruthersville, Chillicothe, Clinton, Kirksville, Maryville, Mexico, Poplar Bluff, Sikeston and Trenton.

Future Projects

During Fiscal Year 2009, the Board negotiated a lease with representatives from DESCO and Schnuck Markets, Inc. (SMI). SMI-NSG, LLC, an affiliate of SMI, will lease the 20,800 square-foot retail space located in the Ninth Street Garage to operate an urban concept grocery store. The store will have all the features of Schnuck's larger stores including: meats, seafood, pharmacy, floral, organic and specialty food and produce. The store is scheduled to open in early August 2009.

The Board will continue its efforts to work with the City of Kansas City, the Kansas City Economic Development Council and their affiliates to redevelop the blighted Bannister Mall district located along I-435 and 87th street. The project, referred to as the Three Trails Redevelopment, consists of demolition of all blighted facilities including the Bannister Mall, any other blighted buildings as well as remediation of any further blighting in these zones. The developer plans to construct a 17,000 - 18,500 seat soccer stadium to be the home of a professional soccer team. In addition, the plans call for construction of two Class A office facilities. The district is also supported by a TIF that will include the Stadium, the Stadium Hotel, retail space and 12 soccer fields. In November 2008, the project was approved an allocation of tax credits in the amount of $30 million to be utilized over three calendar years.

The Board will continue to work with the St. Louis Port Authority and St. Louis County in its efforts to construct a 474,690 square foot office and record storage building which will be leased to the General Services Administration (GSA). It is anticipated that the building will house over 700 federal agency employees.

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

During Fiscal Year 2010, the Board anticipates funding the Small Business Revolving Loan Program that will extend capital financing loans to small businesses throughout the State of Missouri.

The Board is currently investigating the opportunity to construct another parking garage in downtown St. Louis.

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 ended June 30, 2009 and June 30, 2008, the Board 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 fourteen 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 Ninth Street Garage project entered into during fiscal year 2005 and the St. Louis Convention Center Hotel 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 8 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 ensure 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 Convention Center Hotel 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. 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

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, 2008. This is the ninth 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.

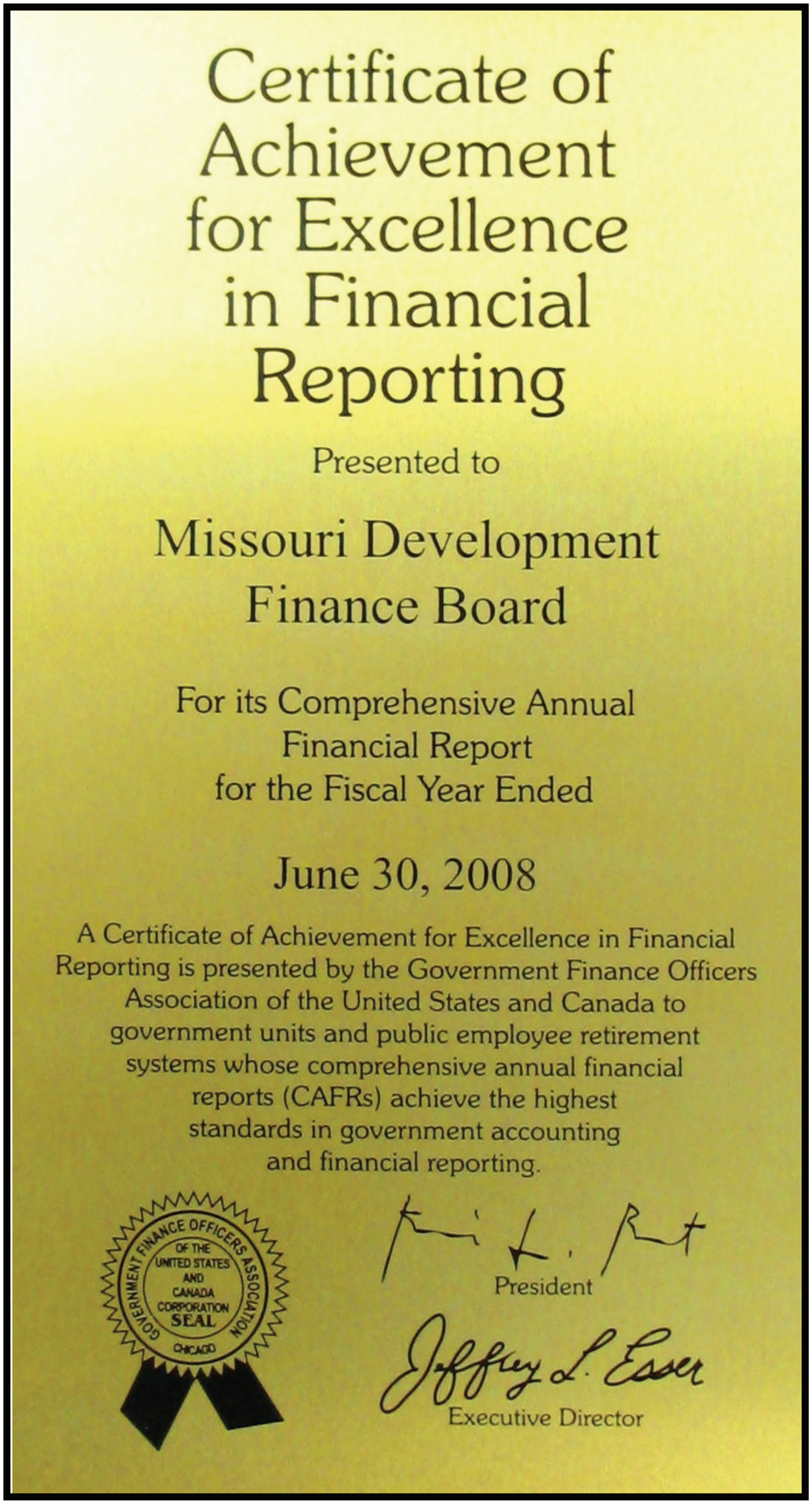
ACKNOWLEDGEMENTS

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, John E. Mehner for serving as Board Treasurer, and the MDFB Audit Committee, as chaired by L. B. Eckelkamp, Jr. for their oversight and guidance.

Respectfully submitted,

Krystal Davis, CPA
Controller

Dawn Holt, CPA
Senior Accountant


Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2008

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.

President

Executive Director

FINANCIAL SECTION

MDFB

MISSOURI DEVELOPMENT
FINANCE BOARD

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

www.williamskeepers.com

INDEPENDENT AUDITORS' REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the business-type activities and each major fund (Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund) of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2009 and 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund (Industrial Development and Reserve Fund, Parking Garage Fund and Infrastructure Development Fund) of the Board as of June 30, 2009 and 2008, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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

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

September 15, 2009

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, 2009.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the 2009 fiscal year by $74,933,223 (*Net Assets)*. Of this amount, $52,061,830 *(Unrestricted Net Assets)* may be used to meet the Board's ongoing obligations to citizens and creditors.

- The Board's total net assets increased by $5,725,001 during fiscal year 2009. The increase can largely be attributed to a change in the allowance for the Old Post Office loan receivable. This increase was partially offset by a contribution to help fund the Tour of Missouri Bike Race as well as assistance to SMI-NSG, LLC for tenant improvements in the Ninth Street Garage.

- At the end of the 2009 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund was $42,112,103, or approximately 12.47 times the Industrial Development and Reserve Fund's 2009 operating and non-operating expenses of $3,376,004.

- During fiscal year 2009, the Board paid down $1,000,000 in debt on the Ninth Street Garage Series 2004A taxable infrastructure facilities revenue bond. No new debt was issued during the fiscal year ended June 30, 2009.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Infrastructure Development (Revolving Loan) Fund. 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 $74,933,223 at the close of fiscal year 2009, by $69,208,222 at the close of fiscal year 2008, and by $76,054,613 at the close of fiscal year 2007.

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

	2009		2008		2007	
Investment in capital assets, net of related debt	$ 20,069,761	26.78%	$ 20,321,656	29.36%	$ 30,561,762	40.19%
Restricted	2,801,632	3.74%	5,794,847	8.37%	6,846,459	9.00%
Unrestricted	52,061,830	69.48%	43,091,719	62.26%	38,646,392	50.81%
	$ 74,933,223	100.00%	$ 69,208,222	100.00%	$ 76,054,613	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.

There was no material change in the capital assets in fiscal year 2009. 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 11 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.

Restricted net assets decreased $2,993,215 (52%) from 2008 to 2009. The decrease is a result of reclassification of restricted net assets. 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 increase in net assets for fiscal year 2009 was largely because of the adjustment to allowance for notes receivable for the Old Post Office loan. The $500,000 contribution to the 2009 Tour of Missouri Bike Race and the $1,100,000 SMI-NSG, LLC accrual reduced net assets of the Board for the fiscal year ending June 30, 2009. The decrease in net assets for fiscal year 2008 was largely 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 Ninth Street Garage becoming fully operational.

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

	2009		2008		2007	
Operating income (loss)	$ 7,071,301	123.52%	$ 2,776,667	40.56%	$ 2,343,625	49.82%
Non-operating revenue (expense)	(1,346,300)	-23.52%	(9,623,057)	-140.56%	2,135,926	45.40%
Contributed revenue	-	0.00%	-	0.00%	225,000	4.78%
Change in net assets	$ 5,725,001	100.00%	$ (6,846,391)	-100.00%	$ 4,704,551	100.00%

From 2008 to 2009, operating income is up $4,294,634 (155%). This large increase was due to the adjustment for the Old Post Office loan as mentioned above. Participation fees are down in fiscal year 2009 due to lower tax credit for contribution fees. Parking Garage revenues were also down.

In comparison with 2007, 2008 operating income was up $433,042 (18%). Participation fees were up due to demand of Board programs. DREAM reimbursement revenue increased due to the first matching installments collected from the DREAM communities.

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
	2009	2009	2009	2008	2008	2008	2007	2007	2007	2009	2008	2007
Current &Other assets	46,063,183	5,388,836	4,609,074	37,457,103	3,531,233	2,633,321	33,791,688	2,815,449	2,528,103	56,061,093	43,621,657	39,135,240
Restricted Assets	9,130,167	1,301,632	-	24,278,999	2,719,562	-	46,567,035	3,611,257	-	10,431,799	26,998,561	50,178,292
Capital assets	1,269,734	49,650,027	-	1,348,801	50,822,855	-	1,404,087	61,007,675	-	50,919,761	52,171,656	62,411,762
Total assets	56,463,084	56,340,495	4,609,074	63,084,903	57,073,650	2,633,321	81,762,810	67,434,381	2,528,103	117,412,653	122,791,874	151,725,294
Current liabilities	3,951,080	288,183	-	480,768	289,170	-	263,499	225,348	-	4,239,263	769,938	488,847
Total noncurrent liabilities	7,630,167	30,610,000	-	21,203,714	31,610,000	-	43,331,833	31,850,000	-	38,240,167	52,813,714	75,181,833
Total liabilities	11,581,247	30,898,183	-	21,684,482	31,899,170	-	43,595,332	32,075,348	-	42,479,430	53,583,652	75,670,680
Net Assets:												
Invested in capital assets, net of related debt	1,269,734	18,800,027	-	1,348,801	18,972,855	-	1,404,087	29,157,675	-	20,069,761	20,321,656	30,561,762
Restricted	1,500,000	1,301,632	-	3,075,285	2,719,562	-	3,235,202	3,611,257	-	2,801,632	5,794,847	6,846,459
Unrestricted	42,112,103	5,340,653	4,609,074	36,976,335	3,482,063	2,633,321	33,528,189	2,590,100	2,528,103	52,061,830	43,091,719	38,646,392
Total net assets	44,881,837	25,442,312	4,609,074	41,400,421	25,174,480	2,633,321	38,167,478	35,359,032	2,528,103	74,933,223	69,208,222	76,054,613

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
	2009	2009	2009	2008	2008	2008	2007	2007	2007	2009	2008	2007
Revenues:												
Participation fees	2,475,963	-	-	3,075,419	-	-	2,603,017	-	-	2,475,963	3,075,419	2,603,017
Interest on loans & notes receivables	112,392	-	48,445	266,310	-	50,476	382,386	-	50,029	160,837	316,786	432,415
Rental income	25,008	-	-	25,008	-	-	25,008	-	-	25,008	25,008	25,008
Contractual income	77,210	-	-	75,990	-	-	68,757	-	-	77,210	75,990	68,757
Parking garage income	-	3,080,901	-	-	3,623,164	-	-	2,743,209	-	3,080,901	3,623,164	2,743,209
DREAM revenue	873,330	-	-	809,894	-	-	-	-	-	873,330	809,894	-
Other income	43,362	-	-	278,596	-	33,132	236,924	136,641	-	43,362	311,728	373,565
Capital grants & contributions	-	-	-	-	-	-	225,000	-	-	-	-	225,000
Non-operating revenues:												
Interest on cash & investments	1,078,514	45,969	7,309	2,355,576	156,541	21,609	2,895,832	160,301	15,950	1,131,792	2,533,726	3,072,083
Total revenues	4,685,779	3,126,870	55,754	6,886,793	3,779,705	105,217	6,436,924	3,040,151	65,979	7,868,403	10,771,715	9,543,054
Expenses:												
Personnel	786,596	-	-	658,415	-	-	697,353	-	-	786,596	658,415	697,353
Professional fees	396,713	93,455	-	155,086	-	-	154,103	7,079	-	490,168	155,086	161,182
Depreciation & amortization	85,435	1,194,208	-	86,666	1,405,543	-	82,094	942,437	-	1,279,643	1,492,209	1,024,531
Parking garage operating expenses	-	1,032,951	-	-	1,348,926	-	-	1,115,373	-	1,032,951	1,348,926	1,115,373
DREAM Expense	1,856,262	-	-	1,501,079	-	-	495,312	-	-	1,856,262	1,501,079	495,312
Other expenses	250,998	3,096	80,001	302,604	3,003	-	377,704	30,891	-	334,095	305,607	408,595
Non-operating expenses:												
Bond expense and interest expense	-	878,092	-	-	1,442,892	-	-	936,157	-	878,092	1,442,892	936,157
Contributions to others	1,600,000	-	-	950,000	9,763,892	-	-	-	-	1,600,000	10,713,892	-
Total Expenses	4,976,004	3,201,802	80,001	3,653,850	13,964,256	-	1,806,566	3,031,937	-	8,257,807	17,618,106	4,838,504
Adjustment to Allowance for Notes Receivable	6,114,405	-	-	-	-	-	-	-	-	6,114,405	-	-
Income (loss) before interfund transfers	5,824,180	(74,932)	(24,247)	3,232,943	(10,184,551)	105,217	4,630,358	8,214	65,979	5,725,001	-6,846,391	4,704,551
Interfund transfers	(2,342,764)	342,764	2,000,000	-	-		-	-	-	-	-	-
Net assets, beginning of year	41,400,421	25,174,480	2,633,321	38,167,478	35,359,031	2,528,104	33,537,120	35,350,818	2,462,124	69,208,222	76,054,613	71,350,062
Net assets, end of year	44,881,837	25,442,312	4,609,074	41,400,421	25,174,480	2,633,321	38,167,478	35,359,032	2,528,103	74,933,223	69,208,222	76,054,613

- Participation fees decreased $599,456 (19.4%) in the current fiscal year. The decrease is due to lower tax credit for contribution fee income offset by an increased volume of bond issuances. Participation fees increased $472,402 (18.1%) in fiscal year 2008. Participation fees also increased in fiscal year 2007 by $1,522,158 (140.8%). In both fiscal years 2008 and 2007 the increase was due to increased fees from the tax credit for contribution program.

- Interest on loan and notes receivable decreased in 2009 by $155,949 (49.23%) due to lower loan receivable balances as a result of prior years' payoffs. 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%). The increase in 2007 is attributable to a $3.1 million loan issued to the City of Springfield to purchase the HEERS Building in downtown Springfield.

- Due to decreased income from special events and due to the sale of the Kansas City Library Garage in late fiscal year 2008, parking garage operating revenue is down $542,263 (14.97%) in 2009 in comparison to 2008. Parking garage operating revenue increased in 2008 and 2007 by $743,314 (25.8%) and $620,164 (21.40%), respectively. The increases in 2008 and 2007 are due to the opening in 2007 and continued operations of the Ninth Street Garage in downtown St. Louis.

- No contributed revenue was received in fiscal years 2009 and 2008. However, in 2007, contributed revenue in the amount of $225,000 was received for tenant improvements for a museum located in the Old Post Office (OPO). Overall for the fiscal year 2007, contributed revenue declined ($2,375,000) (91.35%) due to the ending of fundraising on the OPO.

- Interest income on cash and investments decreased $1,401,934 (55.33%) and $538,357 (17.5%) for the fiscal years' 2009 and 2008, respectively; while increasing $942,915 (44.29%) for the 2007 fiscal year. The decrease in 2009 and 2008 is due to economic downturn, which drove rates down, as well as smaller balances on-hand for tax credit projects. The increase in 2007 can be attributed to higher balances in tax credit for contribution accounts. For fiscal years 2009, 2008 and 2007 the Board's average interest rate on cash and investments was approximately 2.59%, 4.51%, and 5.4% respectively.

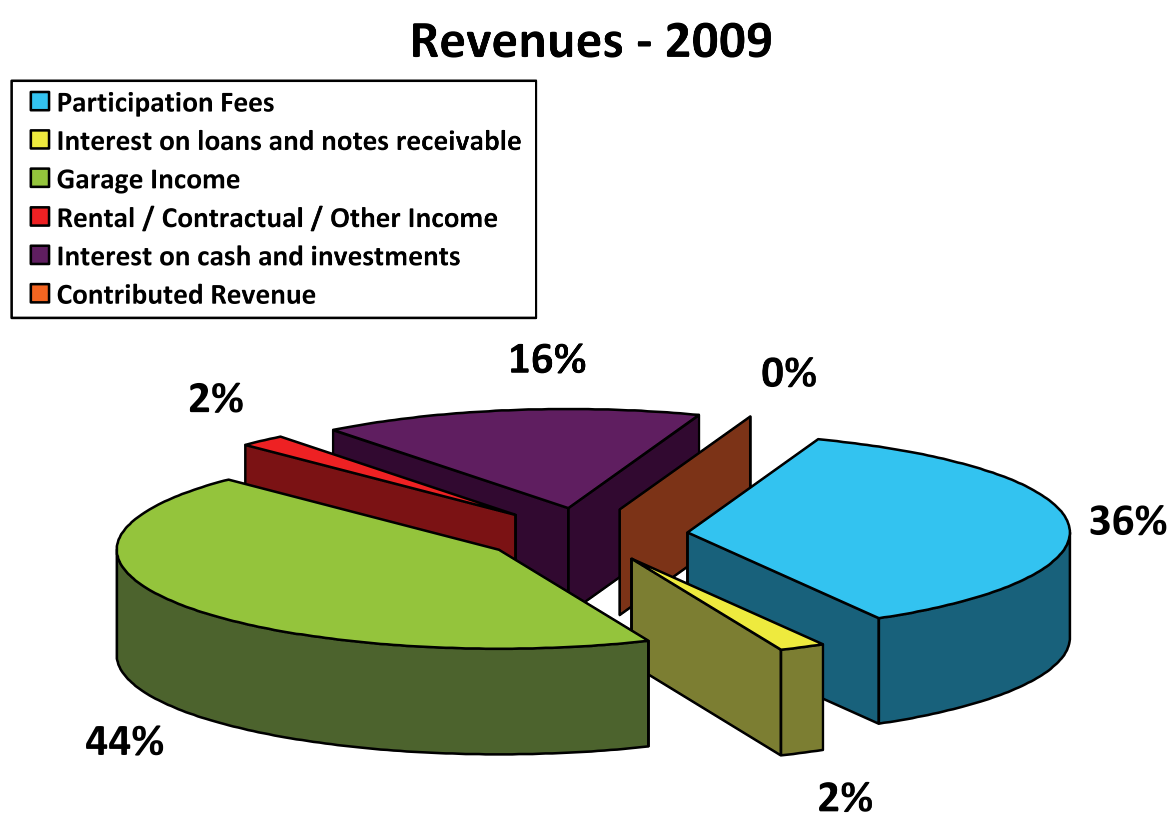
- The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Convention Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the OPO redevelopment in St. Louis, and the Kansas City Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during fiscal year 2003; the KCLG was placed in service in fiscal year 2004 and the NSG was placed in service in early 2007. The Board no longer owns the KCLG as this garage was contributed to the Kansas City Urban Public Library District during fiscal year 2008.

- There were two interfund transfers in fiscal year 2009. The first was for $342,764 from the Industrial Development & Reserve Fund to the Ninth Street Garage, Parking Garage Fund. This money was used with the garage funds to pay down a total of $1,000,000 in debt for the 2004A series bond. The second interfund transfer was for $2,000,000 to fund the new Small Business Loan program, as established in the Governor's Executive Order 09-03 in fiscal year 2009. There were no interfund transfers during fiscal years 2008 and 2007.

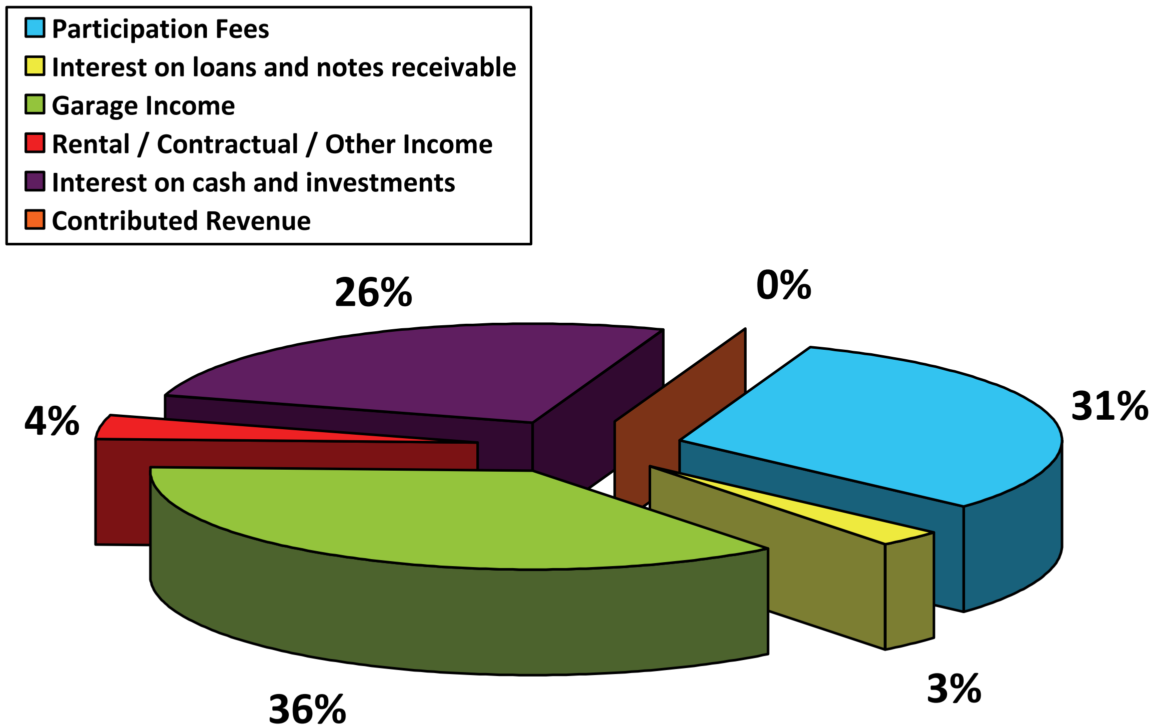
In fiscal year 2009, operating expenses increased $318,393 (5.8%). There were increases in operating expenses including an increase in professional fees of $335,082 (216%), DREAM expenses of $355,183 (23.66%) and personnel expenses $128,181 (19.47%). Personnel expenses increased due to the fact that new staff hired in fiscal year 2008 were receiving full salary and benefits for the entire fiscal year, along with the modest increases in insurance coverage. Professional fees increased due to pension plan research. DREAM expenses have increased because of the additional 10 communities selected in 2008 for a total of 30 communities' expenses. These increases were offset by decreases in depreciation and amortization $212,566 (14.25%) and parking garage operating expenses $315,975 (23.42%).

In fiscal year 2008, operating expenses increased $1,558,975 (40%) primarily due to an increase in DREAM expenses of $1,005,767 (203%). DREAM expenses have increased due to the inclusion of both 2006 and 2007 communities' expenses. There were other increases in operating expenses including depreciation and amortization of $467,678 (46%) and an 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%), supplies and other of $35,652 (25%), bad debt expense of $32,877 (24%), and miscellaneous expense of $46,169 (70%).

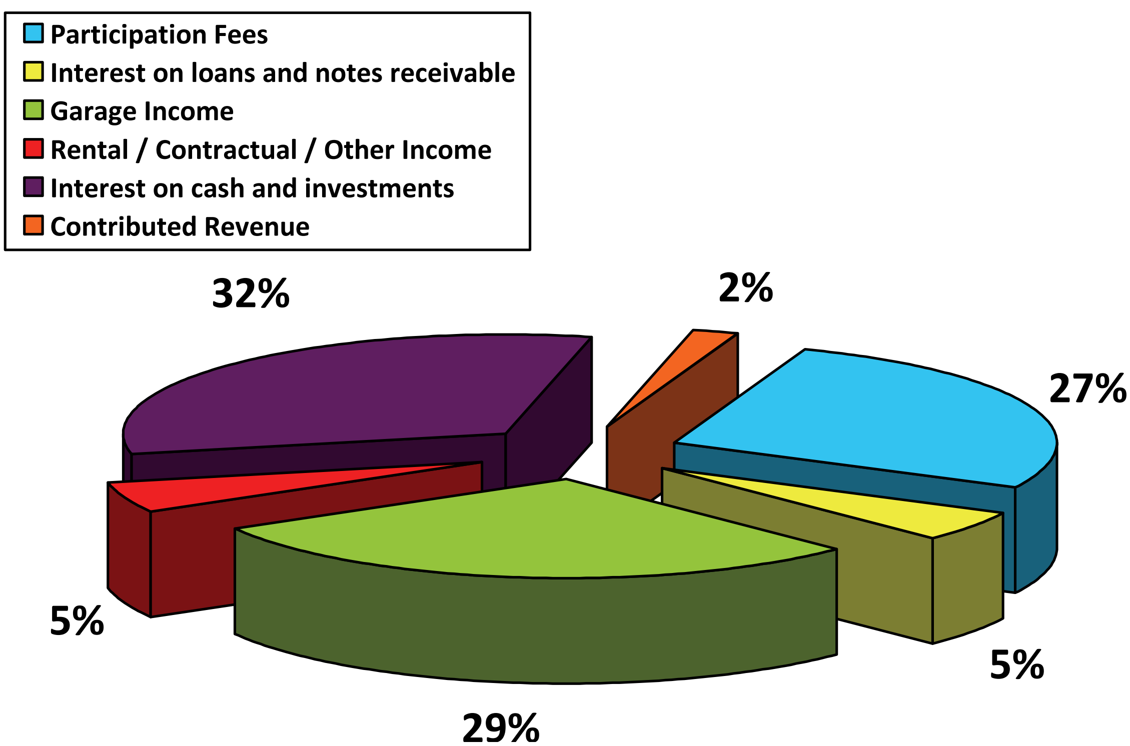
In year 2007, operating expenses decreased $2,102,443 (35%) primarily due to decreased bad debt expense of ($3,359,268) offset by modest increases in every other category (with the exception of a minor decrease in travel expense) as follows: personnel services increased $73,812 (12%), professional fees 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%).



Revenues - 2008



Revenues - 2007



Capital Assets and Debt Administration

The Board's investment in capital assets for its business type activities as of June 30, 2009 amounts to $50,919,761, net of depreciation. This is a decrease from this time last year of $1,251,895. The Board's investment in capital assets as of June 30, 2008 was $52,171,656. 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 $62,411,762, net of depreciation. This is an increase of $11,244,170 from June 30, 2006. This investment in capital assets includes land, buildings, and equipment. The change in the Board's investment in capital assets for fiscal years' 2009, 2008 and 2007 was (2.4%), (16%) and 22%, respectively.

There were no major capital assets purchased or retired during fiscal year 2009. 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.

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

	2009	2008	2007
Land	$ 7,219,739	$ 7,219,739	$ 9,271,176
Construction in process	-	-	-
Buildings and façade	43,613,311	44,859,270	53,018,024
Equipment	45,386	39,264	81,238
Leasehold improvements	31,205	36,874	41,324
Vehicle	10,120	16,509	-
Total	$ 50,919,761	$ 52,171,656	$ 62,411,762

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

Outstanding Bond Debt

At the end of fiscal year 2009 the Board had total bond debt outstanding of $30,850,000. During fiscal year 2009, $240,000 was paid towards the normal debt service schedule and an additional $760,000 was paid in advance towards this debt. Prior fiscal years 2008 and 2007, 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

	2009	2008	2007
Outstanding bond debt	$ 30,850,000	$ 31,850,000	$ 31,850,000

Additional information on the Board's bond debt can be found in note 8 to the financial statements.

Items of Significance for the Current Year

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

During the fiscal year ended June 30, 2009, the Board along with the Department of Economic Development and the Missouri Housing Development Commission continued to work with the 2006, 2007 and 2008 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. The most recent ten DREAM communities designated in 2008 were: Boonville, Farmington, Fulton, Lamar, Lebanon, Louisiana, Macon, Strafford, Warrensburg and Webb City. DREAM communities receive significant downtown redevelopment, research, planning and capital assistance over a three year period.

In December 2008, the Board approved $25 million in tax credits to the Jackson County Sports Authority to leverage $50 million in contributions. The contributions and proceeds from the sale of tax credits will be used for common area infrastructure improvements and other stadium improvements at Arrowhead. Another major component of this authorization is that the Chiefs will donate $10 million to Missouri Western State University for an indoor events and football training facility on its campus.

During fiscal year 2009, the Board approved six conduit bond issuances totaling $122 million for the City of Independence. Four of these issuances resulting in $73 million will fund the construction of the Multi-Purpose Events Center located at the southeast corner of Interstates 70 and 470. The Events Center will be used for Central Hockey League team play and capable of hosting sporting, civic and entertainment events. The two other bond issuances include funds for Electric and Water Utilities Capital Improvements. Improvements comprise extensive electrical repairs to two 50-year old generating facilities and maintenance for transmission and distribution of power to its customers. The Water Utility improvements include maintenance and distribution work as well as a new transmission line and extension to serve the Little Blue Valley area and eastern Independence.

The Nelson Gallery Foundation issued $108.5 million in conduit Cultural Facility Bonds through the Board. These refunded bonds, authorized in July 2008, were used to finance construction of the Bloch building and renovations to the original 1933 building. Total project costs were $220 million.

In November 2008, the Board authorized the issuance of $154 million in conduit refunding bonds to the MasterCard International, LLC. These Taxable Industrial Development Refunding Bonds allowed MasterCard the opportunity to exercise its option to refund previously issued bonds in order to streamline the financing structure and eliminate previously executed subleases. The original issuance was to fund construction of office space and a data and energy center in O'Fallon, as well as provide capital for equipment acquisition for existing MasterCard operations.

During fiscal year 2009, the Board authorized three and closed four BUILD Bond issuances. These include Kerry, Inc., EnerSys Energy Products, Inc., Orgill, Inc. and Edward D. Jones & Co. Kerry, Inc. expects to create 150 new jobs in Affton. EnerSys Energy Products located in Warrensburg plans to add 180 new jobs to their 578 existing jobs. Orgill expects to add 274 new jobs in Sikeston, and Edward Jones expects to add no less than 500 new jobs through December 2011 in St. Louis County. Total investment from these four issuances alone will bring more than $390 million in new investment to Missouri.

The Board continues its work in small communities through the DREAM initiative, MIDOC loan program, the Downtown Revitalization Tax Credit for Contribution program and the conduit bond issuance program through the Missouri Association of Municipal Utilities (MAMU).

Significant Events for Next Year

In the coming fiscal year:

In early fiscal year 2010, SMI-NSG, LLC will open Culnaria, an urban concept grocery store in the Ninth Street Garage retail space.

In August 2009, the United Way exercised its option to purchase the renovated historic hotel in downtown Kansas City from the Board. The United Way had a 20-year lease with the Board for this building and the purchase option was part of the original agreement.

In early fiscal year 2010, the State of Missouri acting through the Office of Administration, per the contract terms, reduced its monthly parking spaces at the Ninth Street Garage (NSG) by 327 spaces. This decrease in daily parkers is an annual reduction in revenues of $428,000.

The Board continues its work with the Three Trails Redevelopment Tax Credit for Contribution project. The project was awarded $30 million to be used in three calendar years.

The Board is also working with the St. Louis Port Authority and St. Louis County to construct an office and storage building to keep over 700 federal agency employees working in Missouri for the National Archives Records Administration.

The Board has at least three other BUILD bond issues likely to close in the next year. The Department of Economic Development has proposal letters out on an additional 13 projects under the BUILD program.

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

During Fiscal Year 2010, the Board will transfer funds to the Small Business Revolving Loan Program and will extend loans to small businesses throughout the State of Missouri.

The Board is currently investigating the opportunity to construct another parking garage in downtown St. Louis.

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.

MDFB

MISSOURI DEVELOPMENT
FINANCE BOARD

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (Revolving Loan) Fund	Total Business-Type Activities
ASSETS				
Current assets:				
Cash	$ 5,903,581	$ 2,838,999	$ 1,103,979	$ 9,846,559
Investments	29,083,427	2,504,309	-	31,587,736
Due from other funds	-	-	2,000,000	2,000,000
Current portion of loans and notes receivable	179,916	-	158,804	338,720
Accrued interest on investments	128,246	389	-	128,635
Accrued interest on loans and notes receivable	7,447	-	20,519	27,966
Prepaid expense and other assets	218,097	45,139	-	263,236
Total current assets	35,520,714	5,388,836	3,283,302	44,192,852
Noncurrent assets:				
Restricted assets	9,130,167	1,301,632	-	10,431,799
Long-term portion of loans and notes receivable	10,542,469	-	1,325,772	11,868,241
Capital assets:				
Assets not being depreciated	-	7,219,739	-	7,219,739
Assets being depreciated, net	1,269,734	42,430,288	-	43,700,022
Total noncurrent assets	20,942,370	50,951,659	1,325,772	73,219,801
Total assets	$ 56,463,084	$ 56,340,495	$ 4,609,074	$ 117,412,653
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	$ 1,951,080	$ 34,325	$ -	$ 1,985,405
Due to other funds	2,000,000	-	-	2,000,000
Accrued bond interest payable	-	13,858	-	13,858
Current portion of long-term debt payable	-	240,000	-	240,000
Total current liabilities	3,951,080	288,183	-	4,239,263
Noncurrent liabilities:				
Long-term debt	-	30,610,000	-	30,610,000
Payable from restricted assets:				
Tax credit for contribution and other deposits	7,630,167	-	-	7,630,167
Total noncurrent liabilities	7,630,167	30,610,000	-	38,240,167
Total liabilities	11,581,247	30,898,183	-	42,479,430
NET ASSETS				
Invested in capital assets, net of related debt	1,269,734	18,800,027	-	20,069,761
Restricted:				
Tax credit and second loss reserves	1,500,000	-	-	1,500,000
Project accounts	-	1,301,632	-	1,301,632
Unrestricted	42,112,103	5,340,653	4,609,074	52,061,830
Total net assets	44,881,837	25,442,312	4,609,074	74,933,223
Total liabilities and net assets	$ 56,463,084	$ 56,340,495	$ 4,609,074	$ 117,412,653

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

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

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (Revolving 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 REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (Revolving Loan) Fund	Total Business-Type Activities
OPERATING REVENUES:				
Participation fees	$ 2,475,963	$ -	$ -	$ 2,475,963
Interest income on loans and notes receivable	112,392	-	48,445	160,837
Rental income	25,008	-	-	25,008
Contractual income	77,210	-	-	77,210
DREAM revenue	873,330	-	-	873,330
Other income	43,362	-	-	43,362
Parking garage revenues	-	3,080,901	-	3,080,901
Total operating revenues	3,607,265	3,080,901	48,445	6,736,611
OPERATING EXPENSES:				
Personnel services	786,596	-	-	786,596
Professional fees	396,713	93,455	-	490,168
Travel	67,536	-	-	67,536
Supplies and other	113,348	-	-	113,348
Depreciation and amortization	85,435	1,194,208	-	1,279,643
Parking garage operating expenses	-	1,032,951	-	1,032,951
DREAM expense	1,856,262	-	-	1,856,262
Bad debt expense	-	-	80,001	80,001
Miscellaneous	70,114	3,096	-	73,210
Total operating expenses	3,376,004	2,323,710	80,001	5,779,715
Operating income (loss) before adjustment to allowance for notes receivable	231,261	757,191	(31,556)	956,896
Adjustment to allowance for notes receivable	6,114,405	-	-	6,114,405
Operating income (loss)	6,345,666	757,191	(31,556)	7,071,301
NON-OPERATING REVENUE (EXPENSE):				
Interest on cash and investments	1,078,514	45,969	7,309	1,131,792
Bond interest expense	-	(517,121)	-	(517,121)
Bond expense	-	(360,971)	-	(360,971)
Contributions to others	(1,600,000)	-	-	(1,600,000)
Total non-operating revenue (expense)	(521,486)	(832,123)	7,309	(1,346,300)
Income (loss) before interfund transfers	5,824,180	(74,932)	(24,247)	5,725,001
INTERFUND TRANSFERS	(2,342,764)	342,764	2,000,000	-
Change in net assets	3,481,416	267,832	1,975,753	5,725,001
Total net assets - beginning	41,400,421	25,174,480	2,633,321	69,208,222
Total net assets - ending	$ 44,881,837	$ 25,442,312	$ 4,609,074	$ 74,933,223

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 (Revolving 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	-	-	155,086
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	2,757,472	-	5,461,322
Operating income (loss)	1,827,367	865,692	83,608	2,776,667
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	-	(367,358)	-	(367,358)
Contributions to others	(950,000)	(9,763,892)	-	(10,713,892)
Total non-operating revenue (expense)	1,405,576	(11,050,242)	21,609	(9,623,057)
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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	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	$ 2,164,420	$ 3,080,901	$ 43,092	$ 5,288,413
Receipts for tax credit projects*	37,537,147	-	-	37,537,147
Payments to suppliers	(2,361,808)	(1,084,861)	-	(3,446,669)
Payments to tax credit projects	(49,612,325)	-	-	(49,612,325)
Payments to employees	(786,596)	-	-	(786,596)
Net cash provided (used) by operating activities	(13,059,162)	1,996,040	43,092	(11,020,030)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	324,866	-	150,265	475,131
Loans and notes receivable issued	(243,639)	-	(100,000)	(343,639)
Cash donations to others	(423,170)	-	-	(423,170)
Interfund transfers	(342,764)	342,764	-	-
Net cash provided (used) by noncapital financing activities	(684,707)	342,764	50,265	(291,678)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond principal paid	-	(1,000,000)	-	(1,000,000)
Bond expense and interest paid	-	(913,404)	-	(913,404)
Acquisition of buildings and equipment	(6,368)	(21,377)	-	(27,745)
Net cash provided (used) by capital and related financing activities	(6,368)	(1,934,781)	-	(1,941,149)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(27,249,418)	-	(500,075)	(27,749,493)
Maturities of investments	41,530,151	-	993,587	42,523,738
Interest on cash and investments	1,127,932	51,195	13,009	1,192,136
Net cash provided (used) by investing activities	15,408,665	51,195	506,521	15,966,381
Net increase in cash and cash equivalents	1,658,428	455,218	599,878	2,713,524
Cash and cash equivalents - July 1	26,682,384	6,189,722	504,101	33,376,207
Cash and cash equivalents - June 30	$ 28,340,812	$ 6,644,940	$ 1,103,979	$ 36,089,731
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 6,345,666	$ 757,191	$ (31,556)	$ 7,071,301
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	85,435	1,194,208	-	1,279,643
Adjustment to allowance for notes receivable	(6,114,405)	-	-	(6,114,405)
Increase (decrease) in allowance for bad debt	-	-	80,001	80,001
(Increase) decrease in accrued interest on loans and notes receivable	55,524	-	(5,353)	50,171
(Increase) decrease in prepaid expenses and other assets	(123,390)	10,316	-	(113,074)
Increase (decrease) in accounts payable and accrued liabilities	293,482	34,325	-	327,807
Increase (decrease) in tax credit for contribution deposits	(13,573,547)	-	-	(13,573,547)
Increase (decrease) in deferred charges	(27,927)	-	-	(27,927)
Total adjustments	(19,404,828)	1,238,849	74,648	(18,091,331)
Net cash provided (used) by operating activities	$ (13,059,162)	$ 1,996,040	$ 43,092	$ (11,020,030)
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 5,903,581	$ 2,838,999	$ 1,103,979	$ 9,846,559
Investments	29,083,427	2,504,309	-	31,587,736
Less: Portion maturing in 90 days or more	(14,267,395)	-	-	(14,267,395)
Less: Portion attributable to accrued interest	(8,968)	-	-	(8,968)
Restricted assets	9,130,167	1,301,632	-	10,431,799
Less: Portion maturing in 90 days or more	(1,500,000)	-	-	(1,500,000)
Total cash and cash equivalents	$ 28,340,812	$ 6,644,940	$ 1,103,979	$ 36,089,731
Non cash transaction				
Tax credit projects contributions and subsequent distributions of land	$ 440,000	$ -	$ -	$ 440,000

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	(84,057,087)	-	-	(84,057,087)
Payments to employees	(658,415)	-	-	(658,414)
Net cash provided (used) by operating activities	(19,944,871)	2,232,454	63,660	(17,648,756)
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)
Cash donations to others	(950,000)	-	-	(950,000)
Net cash provided (used) by noncapital financing activities	2,364,409	-	557,176	2,921,585
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond expense and 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	2,983,763
Cash and cash equivalents - July 1	26,417,760	3,613,817	360,867	30,392,444
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	-	-	-	-
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	(21,772,240)	1,548,371	(19,948)	(20,243,815)
Net cash provided (used) by operating activities	$ (19,944,871)	$ 2,232,454	$ 63,660	$ (17,648,755)
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.

MDFB

Missouri Development Finance Board

NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

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. MCIC was inactive during fiscal year 2009 and 2008 and thus has been omitted from presentation in the financial statements.

(b) Basis of Presentation

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

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. 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 Old Post Office (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 Convention Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the OPO redevelopment project in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during 2003, the 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 and has no activity in 2009.

- 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 previously mentioned uncertainties.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions received for tax credits on behalf of the Board's projects are recorded as contributed revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict 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).

(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 certain cash flow levels. Due to a reevaluation of the required reserves under the Federal New Market Tax Credit Program, it is anticipated that the OPO will meet such cash flow projections and the Board will begin to collect the additional .05% during fiscal year 2010.

(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 years ended June 30, 2009 or 2008.

(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 not accrued.

(i) 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 bonds is .30% and public activity bonds is .25% on the first $25,000,000 and .10% thereafter. Total fees on both types of issuances are not to exceed $75,000 for a single issue or multiple series under a single issue. For State Agency bonds, the issuance fee is on a scale ranging from .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.

(j) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Convention Center Hotel Garage (SLCCHG) and the Ninth Street Garage (NSG) projects (see Note 8), 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 13 to the financial statements for further information.

(k) 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.

(l) Net Assets

Equity is categorized in the statement of net assets as invested in capital assets net of related debt, restricted, and unrestricted. Restricted 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."

(m) 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.

(n) 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.

(o) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for loan losses; asset impairment; depreciable lives of capital assets and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

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

2. DEPOSITS AND INVESTMENTS

As of June 30, 2009 and 2008, the Board had the following investments:

	2009		2008	
Investment type:	Carrying Value	Weighted Average Maturity	Carrying Value	Weighted Average Maturity
U.S. Treasuries	$ 1,000,000	0.2500	$ 1,000,000	0.1250
U.S. Government Bonds	500,000	0.6167	500,000	0.6167
U.S. Government Agency Discount Notes	14,267,395	1.2009	33,903,442	0.2890
Overnight Repurchase Agreements	4,258,180	0.0028	562,279	0.0028
Funds held by trustee:				
Fidelity US Treasury Money Market Fund	1,450,010	n/a	1,447,921	n/a
Total Fair Value	$21,475,585		$37,413,641	

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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 and 2008, 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, 2009, securities with a total fair value of $41,317,841 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2008, securities with a total fair value of $39,583,462 were held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2009 and 2008, the Board's deposits were collateralized as follows:

	2009	2008
Insured by the FDIC	$ 3,791,172	$ 475,907
Collateralized with securities pledged by the financial institutions	26,586,446	25,999,718
Amount not collateralized	-	-
Total deposits	$ 30,377,618	$ 26,475,625

The Board's total cash and investments as of June 30, 2009 and 2008 are as follows:

	2009	2008
U.S. government and agency securities from above	$ 21,475,585	$ 37,413,641
Cash deposits from above	30,377,618	26,475,625
Accrued interest not included above	141,526	198,604
Total cash and investments	$ 51,994,729	$ 64,087,870
As reflected on the statement of net assets:		
Cash	$ 9,846,559	$ 2,115,971
Investments	31,587,736	33,747,785
Accrued interest	128,635	160,837
Board designated investment	-	1,064,716
Restricted assets	10,431,799	26,998,561
Total cash and investments	$ 51,994,729	$ 64,087,870

3. DUE TO/DUE FROM OTHER FUNDS

During fiscal year 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 to create a small business loan pool of $2,000,000 in funds. The Board capitalized this loan pool from the Industrial Development and Reserve Fund but will record program activity in the Revolving Loan Fund. Therefore, a transfer of $2,000,000 was recorded between the two funds, which are shown as a due to and due from between funds on the Statement of Net Assets at June 30, 2009.

4. 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.

For the fiscal year ending June 30, 2009 and 2008, the allowance for loan losses was $6,761,237 and $12,795,642, respectively. During fiscal year 2009, the allowance for loan losses was adjusted from $12,795,642 down to $6,761,237. The largest adjustment is attributable to the reevaluation of the Old Post Office (the "OPO") loan. The new estimate was based upon current rent levels and conditions and resulted in a reduction of the allowance in the amount of $5,919,211. This decrease in the allowance was offset to operating income as *Adjustment to allowance for notes receivable*. In addition, the Board collected an installment on the American Fish and Wildlife Loan and recorded an offset of $195,194 in principle received. These decreases were offset by an increase in the allowance for loan losses on MIDOC loans receivable in the amount of $80,000. During fiscal year 2008, the allowance for loan losses was increased and bad debt expense was recognized in the amount of $105,929.

Loans and notes receivable at June 30, 2009 and 2008, are as follows:

	2009		2008	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 179,916	$ 17,133,706	$ 125,000	$ 17,269,849
Infrastructure Development Fund	158,804	1,495,772	154,091	1,550,751
Total	338,720	18,629,478	279,091	18,820,600
Less: allowance for loan losses	-	6,761,237	-	12,795,642
Total loans and notes receivable, net	$ 338,720	$ 11,868,241	$ 279,091	$ 6,024,958

5. RESTRICTED ASSETS

In June 1999, 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 three infrastructure bonds, for a total of $1,500,000.

In October 2004, the Board issued $16,500,000 of bonds to fund the construction of the Ninth Street 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. During fiscal year 2009, the Board was released from this obligation.

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.

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, 2009 and 2008, are reserved as a contingency for the garage portion of the project, for a total of $0 and $1,420,023, respectively.

Ninth Street Garage construction and reserve deposits account for the $1,100,000 in funds to be paid to SMI-NSG, LLC for tenant improvements to the Ninth Street Garage retail space. The remaining balance is held in order to satisfy a covenant with Bank of America to have a refinance reserve of no less than $200,000.

Restricted assets consist of the following as of June 30, 2009 and 2008:

	2009	2008
Infrastructure bond debt service reserve funds	$ 1,500,000	$ 1,500,000
Tax credit for contribution deposits (Note 7)	7,630,167	21,203,714
Old Post Office construction and reserve deposits	-	1,575,285
Total restricted assets – Industrial Development and Reserve Fund	$ 9,130,167	$ 24,278,999

	2009	2008
St. Louis Convention Center Hotel Garage reserve deposits (Note 9)	$ -	$ 1,420,023
Ninth Street Garage construction and reserve deposits	1,301,632	1,299,539
Total restricted assets – Parking Garage Fund	$ 1,301,632	$ 2,719,562

6. 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 20-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 Convention 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 a parking garage located to the west of the OPO Project. This project is known as the “Ninth Street Garage Project” or the “NSG Project.” The OPO and NSG Projects are separate and distinct projects for purposes of financial reporting, but integrally linked for development and operational purposes.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis U. S. Custom House and Post Office Building Associates, L.P.; a Missouri limited partnership (OPO Master Lessee). In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,750,000 to assist in the financing of the OPO Project. The current balance is $12,723,755. 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.

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Deletions/ Retirements	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	$ 7,219,739	$ -	$ -	$ 7,219,739
Total capital assets, not being depreciated	7,219,739	-	-	7,219,739
Capital assets, being depreciated:				
Building	49,557,914	-	-	49,557,914
Equipment	120,637	27,747	-	148,384
Leasehold improvements	56,211	-	-	56,211
Vehicle	19,172	-	-	19,172
Total capital assets, being depreciated	49,753,934	27,747	-	49,781,681
Less: accumulated depreciation for:				
Building	4,698,644	1,245,959	-	5,944,603
Equipment	81,374	21,624	-	102,998
Leasehold improvements	19,337	5,669	-	25,006
Vehicle	2,663	6,389	-	9,052
Total accumulated depreciation	4,802,018	1,279,641	-	6,081,659
Total capital assets, being depreciated, net	44,951,916	(1,251,894)	-	43,700,022
Total capital assets, net	$ 52,171,655	$ (1,251,894)	$ -	$ 50,919,761

A summary of capital assets by fund at June 30, 2009 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	102,224	46,160	148,384
Leasehold improvements	56,211	-	56,211
Vehicle	19,172	-	19,172
Sub-total	2,577,607	54,423,813	57,001,420
Less: accumulated depreciation	(1,307,871)	(4,773,788)	(6,081,659)
Total capital assets, net	$ 1,269,736	$ 49,650,025	$ 50,919,761

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

	Balance June 30, 2007	Additions	Deletions/ Retirements	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	$ 9,271,177	$ -	$ (2,051,438)	$ 7,219,739
Total capital assets, not being depreciated	9,271,177	-	(2,051,438)	7,219,739
Capital assets, being depreciated:				
Building	55,292,997	1,383,465	(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	4,029,492	1,409,092	(739,940)	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	(138,307)	-
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	$ 62,411,763	$ (65,453)	$(10,174,655)	$ 52,171,655

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
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

7. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution program. During any calendar year, the Board is authorized to issue $10 million in tax credits. The limitation on tax credit authorization may be exceeded only upon mutual agreement, evidenced by a signed and properly notarized letter, by the commissioner of the office of administration, the director of the department of economic development, and the director of the department of revenue that such action is essential to ensure retention or attraction of investment in Missouri provided, however, that in no case shall more than $25 million in tax credits be authorized or approved during such year. Prior to July 4, 2009, there was no cap on authorizations approved with the authority to exceed the $10 million calendar year cap. In addition prior to the July 4, 2009, legislation the Board was authorized to issue the greater of $10 million or five percent of the average growth in general revenue receipts in the preceding three fiscal years.

Through this program, the Board is authorized to grant tax credits in an amount equal to 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, 2009 and 2008, the Board held deposits received pursuant to the Tax Credit for Contribution program of $7,630,167 and $21,203,714, respectively.

8. OUTSTANDING BOND DEBT

Summary of debt held as of June 30, 2009 and 2008, is as follows:

	2009	2008
$3,910,000 St. Louis Convention Center Hotel Garage Series 2000B, taxable infrastructure facilities revenue bonds; and $11,440,000 St. Louis Convention Center Hotel Garage Series 2000C, tax exempt infrastructure facilities revenue bonds. Remaining principal is due December 1, 2021.	$ 15,350,000	$ 15,350,000
$8,500,000 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. Annual installments began October 1, 2008 and will continue through October 1, 2034, plus interest up to 10%.	15,500,000	16,500,000
Total	$ 30,850,000	$ 31,850,000

Changes in outstanding bond debt for the year ended June 30, 2009, were as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due within one year
Infrastructure facilities revenue bonds	$ 31,850,000	$ -	$ 1,000,000	$ 30,850,000	$ 240,000

Changes in outstanding bond 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

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

The annual debt service requirements as of June 30, 2009 are as follows:

	Principal	Interest	Total
2010	$ -	$ 77,006	$ 77,006
2011	-	77,006	77,006
2012	-	77,006	77,006
2013	-	77,006	77,006
2014	-	77,006	77,006
2015	-	77,006	77,006
2016	-	77,006	77,006
2017 - 2021	15,350,000	385,028	15,735,028
Totals	$ 15,350,000	$ 924,068	$ 16,274,068

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 0.502% representing the interest rate at June 30, 2009. The actual interest paid during 2009 and 2008 averaged 1.996% and 3.732% respectively.

The bonds bear interest at a daily rate. When the bonds are in a daily 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 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.

Ninth Street Garage Series 2004A and B**:**

The annual debt service requirements as of June 30, 2009 are as follows:

	Principal	Interest	Total
2010	240,000	77,928	317,928
2011	255,000	76,626	331,626
2012	270,000	75,247	345,247
2013	290,000	73,766	363,766
2014	305,000	72,208	377,208
2015	325,000	70,549	395,549
2016 - 2020	2,005,000	323,355	2,328,355
2021 - 2025	2,755,000	261,079	3,016,079
2026 - 2030	3,805,000	175,414	3,980,414
2031 - 2035	5,250,000	57,220	5,307,220
Totals	$ 15,500,000	$ 1,263,392	$ 16,763,392

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 0.511% representing the interest rate as of June 30, 2009. The actual interest paid during 2009 and 2008 averaged 1.765% and 3.72%, respectively.

The bonds bear interest at a daily rate. When the bonds are in a daily 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.

9. RENTAL INCOME

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

	Industrial Development & Reserve Fund	Parking Garage Fund
2010	$3,126	$1,163,112
2011	-	1,284,462
2012	-	1,231,482
2013	-	1,169,862
2014	-	1,169,862
2015-2019	-	5,754,360
2020-2024	-	4,580,010
2025-2029	-	4,166,410
2030-2034	-	3,333,910
2035-2039	-	3,333,910
2040-2044	-	3,333,910
2045-2048	-	2,267,427
Totals	$ 3,126	$32,788,717

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, 2009 and 2008, was $1,190,000 and $1,130,000, respectively. The lease expires August 15, 2009. The United Way exercised its option to purchase the building in August 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 $2,975,174 and $2,545,028 as of June 30, 2009 and 2008, 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. The initial lease is for 19 years from the date that the Merchandise Mart received its occupancy certificate, September 19, 2001. There is a renewal option for an additional 11 years if the Merchandise Mart pays a $50,000 renewal fee on August 2, 2021. Finally, the Roberts Old School House Lofts, LP (Roberts) has a lease for 50 spaces in this garage with annual lease payments of $75,000 with an expiration date of August 26, 2009 and renewable for five consecutive 5-year periods on each expiration date. Beginning December 1, 2009, the number of spaces for this lease increases to 75 and annual lease payments will be $112,500. Both the Merchandise Mart and Roberts leases call for parking rates to be the same as those paid by the general public for monthly parking. Currently, Roberts is utilizing 38 spaces in the garage.

The Parking Garage Fund's NSG parking garage is a 1,050-space garage constructed by the Board to support the renovation of the Old Post Office project and redevelopment of adjacent vacant buildings in downtown St. Louis. The carrying value of the garage is $32,463,828, less accumulated depreciation of $1,779,428 and $1,023,616 as of June 30, 2009 and 2008, respectively. Leases have been negotiated with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction (which was assigned to Paul Brown Developer, L.P.), Talley Properties, L.L.C., and tenants of the Syndicate Building. Entities controlled by the Roberts Brothers have leases in place, but are not currently parking in the facility or making payments. The estimated minimum lease payments for all lessees at the Ninth Street Garage total $525,000 per year with expiration dates from 2011 through 2047. The Office of Administration for the State of Missouri, on a month to month basis, takes 513 spaces and pays $612,708 per year.

Under a lease dated November 26, 2008, the Board leased the 20,800 square feet of retail space in the NSG to SMI-NSG, LLC, an affiliate of Schnuck Markets, Inc. and DESCO. The lessee will open an urban concept grocery store, Culinaria, and pay annual rent of $187,200. The Board also entered into a Parking Validation Agreement that provides store customers with free parking for one hour from 9-5 on weekdays and two hours at all other times, and a provision for free employee parking for up to 336 hours per day. The Board also approved providing SMI-NSG, LLC $1,100,000 of remaining NSG bond funds for tenant improvements.

10. CONTRIBUTIONS TO OTHERS

As stated above in Note 9, during fiscal year 2009 the Board approved funding of $1,100,000 to SMI-NSG, LLC for tenant improvements. During fiscal years 2009 and 2008, the Board sponsored the Tour of Missouri Bicycle Race and approved $500,000 and $950,000, respectively, in funds for this annual event.

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 6 for discussion of the KCLG.

11. LEASE AGREEMENTS

(a) Office Lease Obligation

In October 2004, the Board entered into a lease with Hotel Governor of Jefferson City, LLP, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with a term of 10 years. The Board has capitalized related tenant improvements in the amount of $56,211. During fiscal years 2009 and 2008, $55,077 and $53,472 was paid, respectively.

Future minimum lease payments for this lease are as follows:

2010	$ 56,729
2011	58,431
2012	60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 317,262

(b) Copier Lease Obligation

In December 2007, the Board entered into a lease with Gibbs Technology Leasing, LLC 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:

2010	$ 4,464
2011	4,464
2012	2,232
Total minimum lease obligation	$ 11,160

(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.

(e) MasterCard International Incorporated Facility Lease

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

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

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

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

12. COMMITMENTS AND CONTINGENCIES

(a) City of Independence Line of Credit

In March 2009, the Board authorized a Direct Loan with the City of Independence (City) not to exceed $1.5 million. The purpose of the loan is to fund several small capital projections throughout the city. The loan has been structured as a line of credit to allow the City to draw proceeds as project costs are incurred. As of June 30, 2009, the City has drawn down $167,557 and repaid $4,672 and $254 in principal and interest respectively. The outstanding balance as of June 30, 2009 is $162,885.

(b) Loan Guarantees

The Board has guaranteed repayment to the financial institution holding certain loans 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 as of June 30, 2008. The loan was repaid during the fiscal year ended June 30, 2008.

(c) 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, 2009 there have been no draws on the line of credit and the outstanding balance is $0.

(d) 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 1-year periods (each such 1-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.

(e) Conduit Bond Issues

As of June 30, 2009, the Board has issued $1,237,242,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,667,600,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2009, were approximately $560,590,127, $0 and $814,896,000, respectively.

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.

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 financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes, and, in certain cases, insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

(f) 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, 2009, no counterclaims have been asserted against the Board or the other defendants.

On August 28, 2008, the Pernikoff Construction Company filed an action against the Board (and certain other defendants) in a mechanic's lien case. The lawsuit alleges that the plaintiff performed certain tenant finish work for a tenant who leases commercial space in the St. Louis Convention Center building. The Board owns a parking garage adjacent to the Convention Center. The Board was named because it owns a cross-easement for ingress and egress between the Convention Center and the parking garage and the plaintiff is seeking an order of priority among the property owners. The case is in the discovery phase. We do not expect the lawsuit to result in any judgment against the Board or any property of the Board.

(g) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Board carries commercial insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Convention Center Hotel and Ninth Street parking garages. The Board is self-insured for all other risks of loss.

The 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 2009 and 2008.

(h) DREAM Commitments

In August 2006, the Board, the Department of Economic Development (DED) and the Missouri Housing Development Commission (MHDC) initiated the DREAM program. As required by the program, 30 communities were selected over three years 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 30 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 $5.5 million. During the fiscal years ended June 30, 2009 and 2008, the Board spent approximately $1.9 million and $1.5 million towards the program. During fiscal year 2009, MHDC contributed $500,000. In 2008, DED and MHDC each contributed $300,000 towards program costs. In August 2009, MDFB intends to select up to 6 additional communities for downtown assistance through the DREAM program.

(i) Small Business Micro Loan Program

In January 2009, Governor Jeremiah W. (Jay) Nixon issued Executive Order 09-03 shortly after assuming office. This E.O. directed the Department of Economic Development to work with the Board "to create a pool of funds designated for low-interest and no-interest direct loans for small businesses." Related announcements from Governor Nixon recommended this pool of funds be capitalized by a $2 million grant from the Board. In April 2009, the Board approved funding the $2 million program. Applications were posted on DED's website in June with a deadline of June 26, 2009. MFDB and DED are currently reviewing the loan applications. The first loans will be approved in the year ending June 30, 2010. The Small Business Micro Loan Program is reflected in the Infrastructure Development (Revolving Loan) Fund.

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 $51,773 and $44,714 for the years ended June 30, 2009 and 2008, respectively. For the years ended June 30, 2009 and 2008, the contributions amounted to 12.53% and 12.84% 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.

MDFB

Missouri Development
Finance Board

STATISTICAL SECTION (UNAUDITED)

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.

<u>Contents</u> **<u>Page</u>**

Financial Trends 43-45

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

Revenue Capacity 46-47

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

Debt Capacity 48-49

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

Demographic and Economic Information 50-55

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

Operating Information 56-58

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

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
June 30, 2009

	June 30,													
	2009		2008		2007		2006		2005		2004		2003	
	$	%	$	%	$	%	$	%	$	%	$	%	$	%
Investment in capital assets,														
net of related debt	$ 20,069,761	26.78%	$ 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	2,801,632	3.74%	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	52,061,830	69.48%	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%
	$ 74,933,223	100.00%	$ 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 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY FUNCTION,
FISCAL YEARS 2003 TO 2009

	2009	2008	2007	2006	2005	2004	2003
Operating expenses							
Personnel	$ 786,596	$ 658,415	$ 697,353	$ 623,541	$ 603,068	$ 534,550	$ 497,701
Professional fees	490,168	155,086	161,182	56,754	544,589	102,686	217,156
Travel	67,536	70,355	58,646	59,265	70,375	35,881	68,610
Supplies and other	113,348	109,176	144,828	110,242	222,613	125,957	66,837
Depreciation and amortization	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Parking garage operating expense	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
DREAM expense	1,856,262	1,501,079	495,312	-	-	-	-
Bad debt and miscellaneous	[1] 153,211	[2] 126,076	[3] 205,122	[4] 3,527,826	[5] 9,492,203	21,094	29,934
Total operating expenses	5,779,715	5,461,322	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses							
Interest and bond expense	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Contributions to others	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	2,478,092	12,156,784	936,157	733,823	550,946	459,897	342,231
Total expenses	$ 8,257,807	$ 17,618,106	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $131,118
[2] Includes bad debt expense of $105,929
[3] Includes bad debt expense of $138,806
[4] Includes bad debt expense of $3,498,074
[5] Includes bad debt expense of $9,356,822

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EXPENSES BY IDENTIFIABLE ACTIVITY, FISCAL YEARS 2003 TO 2009

	2009	2008	2007	2006	2005	2004	2003
Operating expenses							
Program administration	$ 3,313,910	$ 2,494,111	$ 1,557,321	$ 879,554	$ 1,440,645	$ 799,074	$ 850,304
Parking garage operating expense	1,032,951	1,348,926	1,115,373	883,789	813,265	568,394	334,825
Depreciation and amortization	1,279,643	1,492,209	1,024,531	743,372	683,016	544,707	494,597
Bad debt and miscellaneous	[1] 153,211	[2] 126,076	[3] 205,122	[4] 3,498,074	[5] 9,492,203	21,094	29,934
Total operating expenses	5,779,715	5,461,322	3,902,347	6,004,789	12,429,129	1,933,269	1,709,660
Non-operating expenses							
Interest and bond Expense	878,092	1,442,893	936,157	733,823	550,946	459,897	342,231
Contributions to others	1,600,000	10,713,892	-	-	-	-	-
Total non-operating expenses	2,478,092	12,156,784	936,157	733,823	550,946	459,897	342,231
Total expenses	$ 8,257,807	$ 17,618,106	$ 4,838,504	$ 6,738,612	$ 12,980,075	$ 2,393,166	$ 2,051,891

[1] Includes bad debt expense of $131,118

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

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

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

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

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF REVENUES BY SOURCE
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Operating revenues							
Participation fees - Loan Guarantee	$ -	$ -	$ 1,955	$ 1,955	$ 7,820	$ -	$ -
Participation fees - Private Activity Bonds	158,160	137,750	251,000	-	111,240	110,320	124,606
Participation fees - Public Activity Bonds	352,308	161,876	186,695	191,833	215,113	278,325	98,232
Participation fees - Notes Receivable	2,162	-	5,000	-	-	36,633	-
Participation fees - Tax Credits	1,498,369	2,443,355	1,912,449	321,987	420,563	725,680	83,529
Participation fees - BUILD Missouri	464,964	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	160,837	316,786	432,415	325,338	232,851	223,954	826,956
Rental income	25,008	25,008	25,008	25,008	25,057	25,008	25,008
Contractual income	77,210	75,990	68,757	61,342	60,648	56,934	56,684
DREAM revenues	873,330	809,894	-	-	-	-	-
Parking garage revenues	3,080,901	3,623,164	2,743,209	2,259,686	1,815,481	1,573,553	730,097
Capital grants and contributions	-	-	225,000	-	-	-	-
Other income	43,362	311,728	373,565	119,272	54,010	14,552	1,187
Total operating revenues	6,736,611	8,237,989	6,470,971	3,871,505	3,286,400	3,267,660	2,414,241
Adjustment to allowance for notes receivable	6,114,405	-	-	-	-	-	-
Non-operating revenues							
Interest on cash and investments	1,131,792	2,533,726	3,072,083	2,129,169	1,241,632	576,685	598,341
Total revenues	$ 13,982,808	$ 10,771,715	$ 9,543,054	$ 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 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF OTHER CHANGES IN NET ASSETS
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Income (loss) before other changes in net assets	$ 5,725,001	$ (6,846,391)	$ 4,479,551	$ (737,939)	$ (8,452,142)	$ 1,451,179	$ 960,691
Contributed revenue	-	-	225,000	2,600,000	20,514,142	5,799,361	10,000,639
Gain on sale of asset	-	-	-	-	-	24,500	-
Total change in net assets	$ 5,725,001	$ (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 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Total operating and non-operating revenues	$ 13,982,808	$ 10,771,715	$ 9,543,054	$ 6,000,674	$ 4,528,032	$ 3,844,341	$ 3,012,582
Total operating and non-operating expenses	6,657,807	6,904,214	4,838,504	6,738,612	12,980,075	2,393,166	2,051,891
Net revenue available	7,325,001	3,867,501	4,704,550	(737,939)	(8,452,043)	1,451,175	960,691
Debt service							
Principal	-	-	-	2,750,000	-	3,000,000	5,000,000
Interest [1]	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Total debt service	$ 517,121	$ 1,075,534	$ 711,903	$ 3,301,858	$ 350,978	$ 3,210,760	$ 5,342,231
Debt service coverage	14.16	3.60	6.61	(0.22)	(24.08)	0.45	0.18

[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 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
PLEDGED REVENUE COVERAGE
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Garages							
Total number of operational garages [1]	2	2	3	2	2	2	1
Parking capacity per year [2]	504,920	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]	517,121	1,075,534	711,903	551,858	350,978	210,760	342,231
Total debt service	$ 517,121	$ 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	1.02	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 2003-2009 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
2008	3,068	2,881	187	7.1	5.8
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	5.4	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	157	5.2	5.8
2001	3,003	2,868	135	4.5	4.7
2000	2,973	2,875	98	3.3	4.0
1999	2,911	2,820	91	3.1	4.2
1998	2,911	2,795	116	4.0	4.5
1997	2,904	2,780	124	4.3	4.9
1996	2,869	2,735	135	4.7	5.4
1995	2,822	2,690	132	4.7	5.6
1994	2,759	2,622	136	4.9	6.1
1993	2,706	2,540	166	6.1	6.9

Data Source: Missouri 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
2008	$ 208,255	$ 12,086,534	$ 35,228	$ 39,751	3.7	3.1
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				
			% of Total	
Census Year	Population (In Thousands)	% Change	Urban	Rural
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

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

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)
2008	13,273	1,889,739
2007	21,525	3,128,424
2006	29,172	4,086,728
2005	33,114	4,702,016
2004	32,791	4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

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

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
MAJOR EMPLOYERS 2008 AND 1999

2008

	Employer	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Associates, Inc.	40,000-42,500	1.63%
2.	University of Missouri	20,000-22,500	0.86%
3.	United States Postal Service	17,500-20,000	0.76%
4.	Washington University	12,500-15,000	0.57%
5.	Boeing Corporation	10,000-12,500	0.48%
6.	US Department of Defense	7,500-10,000	0.38%
7.	Barnes-Jewish Hospitals	7,500-10,000	0.38%
8.	Missouri Department of Corrections	7,500-10,000	0.38%
9.	Schnuck's Markets, Inc.	7,500-10,000	0.38%
10.	City of St. Louis	7,500-10,000	0.38%
		122,500-147,500	**6.20%**

1999

	Employer [1]	Number of Employees	Percent of Total State Employment
1.	Wal-Mart Associates, Inc.	30000 - 32,500	1.25%
2.	Boeing Corporation	16,000 - 17,000	0.65%
3.	Trans World Airlines, Inc.	12,000 - 13,000	0.50%
4.	Washington University	11,000 - 12,000	0.46%
5.	Schnuck's Markets, Inc.	10,000 - 11,000	0.42%
6.	Southwestern Bell Telephone Company	10,000 - 11,000	0.42%
7.	May Department Stores	9,000 - 10,000	0.38%
8.	Barnes Jewish Hospital	8,000 - 9,000	0.34%
9.	Ford Motor Company	8,000 - 9,000	0.34%
10.	Daimler Chrysler	7,000 - 8,000	0.31%
		121,000 - 132,500	**5.07%**

[1] Only includes major private employers.

Data Source: Missouri Department of Economic Development.
Missouri Economic Research and Information Center

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Industrial Growth				
Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2008	*	*	*	*
2007	*	*	*	*
2006	*	*	*	*
2005	49	26	7,983	$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development

* Information unavailable as of report date.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF EMPLOYEE STATISTICS,
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Program Staff							
Full-time	5	5	4	4	3.5	3.5	4
Accounting Staff							
Full-time	2	2	2	2	2.5	2.5	2
Support Staff							
Full-time	2	2	2	2	2	2	2
Total Staff	9	9	8	8	8	8	8

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2003-2009 are available.

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF PROJECTS APPROVED,
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Loan Guarantees	-	-	-	-	1	-	-
Bonds							
Private	3	7	5	1	2	2	1
Public	9	6	8	5	13	9	3
MIDOC	2	1	3	2	1	-	5
Tax Credits	9	12	6	6	6	4	2
BUILD	4	3	1	3	4	1	2
Tax Abatement	-	-	-	-	-	-	-
MODESA	-	-	-	-	-	1	-
DREAM	10	10	10	-	-	-	-
	37	39	33	17	27	17	13

MISSOURI DEVELOPMENT FINANCE BOARD
SCHEDULE OF CAPITAL ASSETS
FISCAL YEARS 2003 TO 2009

	For the Year Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Office Buildings	1	1	1	1	1	1	1
Garages [1]	2	2	3	2	2	2	1
Parking capacity	1,942	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 2003-2009 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

Report Prepared by:

Krystal Davis, CPA – Controller
Dawn Holt, CPA – Senior Accountant

With Assistance from:

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

State of Missouri – Department of Economic Development, Missouri Economic Research and Information Center

MDFB
MISSOURI DEVELOPMENT
FINANCE BOARD

200 Madison St., Suite 1000 ● P.O. Box 567 ● Jefferson City, MO 65101
Phone: 573.751.8479 ● Fax: 573.526.4418 ● Website: www.mdfb.org