Comprehensive Annual Financial Report

for the fiscal year ended
June 30, 2012

Prepared by the Financial Services Division
under the direction of
Roberta Broeker, CPA, Chief Financial Officer
and Brenda Morris, CPA, Financial Services Director

Missouri Department of Transportation
105 West Capitol Avenue
Jefferson City, MO 65102
573-526-8106

Missouri Department of Transportation
an agency of the State of Missouri

Table of Contents

This page intentionally left blank

Introductory Section

This page intentionally left blank

MoDOT

105 West Capitol Avenue
P.O. Box 270
Jefferson City, Missouri 65102

Missouri Department of Transportation
Kevin Keith, Director

573.751.2551
Fax: 573.751.6555
1.888.ASK MODOT (275.6636)

September 28, 2012

The Honorable Jay Nixon, Governor
Members of the Missouri Legislature
Members of the Missouri Highways and Transportation Commission
Citizens of the State of Missouri

The Missouri Department of Transportation (MoDOT or the Department) is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Department for the fiscal year ended June 30, 2012.

Revised Statutes of Missouri, Section 21.795, require the Department, an agency of the state of Missouri, to have a financial statement audit performed by independent certified public accountants annually. In fulfillment of this requirement, as well as bond requirements, the Department prepared this CAFR and contracted with the independent auditing firm of BKD, LLP to audit the financial statements.

The objective of the independent audit is to provide a reasonable assurance the financial statements are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the Department's financial statements for the fiscal year ended June 30, 2012, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Their report is presented as the first component in the financial section of this report.

GAAP requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is designed to complement Management's Discussion and Analysis, which can be found immediately following the report of the independent auditors, and should be read in conjunction with it.

The CAFR comprises all funds from which MoDOT spends including certain other state agencies' spending as allowed by Missouri law. Only MoDOT appropriations are reported for other state of Missouri funds. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department.

To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the Department's assets from loss, theft, or misuse and to compile reliable information for the preparation of the financial statements in conformity with GAAP. The Department's internal control includes both automated controls, which are an integral component of the financial accounting system, and comprehensive policies and procedures. In addition, the Department's Audits and Investigations Division is an independent audit unit that performs audits of the various districts and divisions of the Department.

Because the cost of internal controls should not outweigh their benefits, the Department's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

Profile of the Department

MoDOT works to provide a world-class transportation experience that delights our customers and promotes a prosperous Missouri. The Department is responsible for designing, building, operating and maintaining Missouri's transportation system - the seventh largest in the United States with more than 33,500 miles of highway and 10,000 bridges. The Department also works to improve airports, river ports, railroads, public transit systems and pedestrian and bicycle travel.

In 1979, voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation, becoming the Missouri Highways and Transportation Department. In 1996, the Missouri Highways and Transportation Department became the Missouri Department of Transportation by legislative action. The Missouri Highways and Transportation Commission (MHTC or Commission), a six-member bipartisan board, governs the Department. Commission members are appointed by the governor and are confirmed by the Missouri Senate. No more than three commission members may be of the same political party. The Commission appoints the MoDOT director.

The Commission is responsible for the annual update of the Department's five-year Statewide Transportation Improvement Program (STIP) and awards contracts for highway projects. The Commission has authority to issue bonds secured by highway revenues.

As shown on the organizational chart following this letter, the Department is organized in three operating teams:

- The System Delivery team includes central office divisions and MoDOT's seven districts. This team is responsible for design and construction of new highways and facilities, external civil rights, transportation planning and the five-year STIP, maintenance and safety of the existing highway system and all other modes of transportation.

- The System Facilitation team provides support to the Department's districts and divisions, including personnel, workforce diversity, financial services, general services, information systems, motor carriers regulations and registrations, risk management and employee benefits.

- The Organizational Support team is responsible for customer relations, governmental relations, legal counsel, audits and investigations and the overall results of the organization to ensure the Department is accountable to taxpayers.

In March 2010, the Department adopted a Five-Year Direction designed to maintain customer satisfaction. The direction was for the Department to deliver commitments promised to Missouri citizens in the STIP, while maintaining major highways in good condition, improving minor state roads and holding our own on bridges. The Five-Year Direction required significant cost-saving strategies including reducing the number of the Department's salaried employees and operating expenditures. The measures were estimated to save more than $200.0 million that would be used in achieving the direction.

Faced with a severe decline in funding for transportation and the inability to match federal funds in the future, the Commission in June 2011 adopted a plan that expands on the original Five-Year Direction outlined in March 2010. This new bolder plan, known as the Bolder Five-Year Direction, includes reducing the size of the Department's staff by 1,200, closing 131 facilities, including three district offices, and reducing the equipment it owns by more than 740 pieces. By 2015, the plan will save $512.0 million that will be used for vital road and bridge projects.

Budgetary Controls

The Commission approves the appropriation request submitted to the State Legislature for all governmental funds reported by MoDOT with the exception of those funds appropriated to other state agencies and to the Office of

Administration for certain fringe benefits. The request is developed with input from the districts and central office divisions. The legal authority of the State Road Fund budget and amendments is the Commission. The legal authority for all other funds rests with the Legislature, taking action on appropriation requests between January and May for the subsequent year's appropriations.

The Department relies on the statewide accounting system to control total expenditures by appropriation, utilizing features in the system to ensure budgetary compliance. An additional budgetary control in place includes management using reports to monitor spending by program, division or appropriation.

Missouri Economy

Missouri employment is continuing to rebound following the recession. Per the Bureau of Labor Statistics, United States Department of Labor, in fiscal year 2012, the unemployment rate declined to 7.1 percent in June 2012. This compares to an unemployment rate of 8.7 percent in June 2011. Compared to the national trend, the Missouri unemployment rate declined more than the United States rate, ending 1.1 percent lower in June of 2012. Employment gains occurred over the previous year in the areas of manufacturing, professional/business services and educational/health services. Personal income in the first quarter of 2012 is continuing to show growth, 2.6 percent over the previous year. Consumer confidence has increased in fiscal year 2012, but still remains fairly low which may impact consumer spending.

MoDOT continues to contribute to the economy in the areas of job creation, personal income growth and new value added to the economy. Based on the 2012-2016 STIP investment of $4,545.0 million, an analysis estimates that on average, each year the plan creates 8,786 additional jobs paying an average wage of $27,773 per job, $366.4 million in new personal income and $550.0 million in new value added to the economy. Comparing the analysis of the 2011-2015 STIP investment of $3,842.0 million, which estimates 6,817 jobs created at an average of $30,875 per job, $318.3 million in new personal income and $442.1 million in new value added to the economy, shows the impact to the economy by the increased STIP investment. This increased investment was possible as a result of redirecting savings associated with the Bolder Five-Year Direction to the STIP.

The Department's state fuel tax receipts, the second largest source of transportation revenue, decreased 1.0 percent in 2012 from 2011, and the 2012 state fuel tax receipts are 4.6 percent lower than receipts from 2008, the year with the most receipts in the last five years. Fuel taxes continue to decrease because vehicles continue to be more fuel efficient and people are driving fewer miles. There have been no increases in the state motor fuel tax since 1996 and it is not indexed to keep pace with inflation. Motor vehicle sales tax receipts had strong growth, increasing 5.2 percent from 2011, and motor vehicle and driver licensing fees increased 1.4 percent from 2011. Vehicle and driver licensing fees, similar to motor fuel taxes, are not indexed to keep pace with inflation and no annual registration fee increases have occurred since 1984.

After more than two and a half years of extensions, ten in total, to the federal highway act, Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), Congress reached an agreement for a new transportation bill on June 29, 2012. Congress passed Moving Ahead for Progress in the 21st Century (MAP-21), a two-year, $105.0 billion transportation bill for the nation's transportation projects. The president signed the bill into law on July 6, 2012. While states now have federal transportation funding for a full 27-months, federal gas tax receipts are insufficient to fund the bill. General Fund transfers of $18.8 billion to the Highway Trust Fund are necessary to fund the bill through September 30, 2014. The Congressional Budget Office (CBO) estimates the Highway Trust Fund's Highway and Transit Accounts will face deficits in federal fiscal year 2015. The impact to Missouri's transportation funding remains uncertain; however, we estimate at least a $70.0 million reduction annually.

Construction

As of December 2011, 88.1 percent of Missouri's major roadways are in good condition compared to December 2005 when only 61.0 percent were in good condition. This improvement is the result of the Department's unprecedented amount of work. The construction has been possible due to Missouri voters approving Constitutional Amendment 3 in 2004. The amendment provides additional revenue by directing motor vehicle sales and use taxes that formerly were deposited in the State's General Revenue Fund to transportation. In accordance with the language of the constitutional amendment, the revenues are used to repay bonds the Department has issued.

In addition to the work on major highway system roadways, the Department has worked at improving minor roads as well. In December 2011, 71.5 percent of minor highway system roadways were in good condition, up from 60.3 percent in December 2009. The Department continues to find opportunities to invest in minor road improvements with its limited funding.

An unprecedented amount of work was also made possible when the President signed into law the American Recovery and Reinvestment Act (ARRA) in February 2009. This $787.0 billion act was intended to stimulate the economy and provide jobs to the American public. As of June 30, 2012, the Department has expended $611.6 million of the $639.2 million allocated for Missouri's highway infrastructure, on the job training, ferry boat and forest highway projects. In addition, the Department has also expended $38.1 million for other transportation modes, such as aviation and transit.

As of June 2012, customer satisfaction with MoDOT was 85.0 percent, up from 68.0 percent in 2003. Very satisfied customers are at 23.0 percent, compared to 5.0 percent in 2003. During 2012, the Department awarded 422 new highway and bridge project contracts totaling $640.9 million. This compares to $658.1 million, $1.2 billion and $1.4 billion in 2011, 2010 and 2009, respectively.

During 2012, the Department completed 299 of the Safe & Sound Bridge Improvement Program bridges, a combined design-build and modified design-bid-build program to replace or rehabilitate 802 small bridges throughout the state. As of June 30, 2012, 755 bridges have been replaced or rehabilitated. The Safe & Sound Bridge Improvement Program is projected to be completed by October 2012, over one year ahead of schedule. Construction started in April 2010 and continued through fiscal year 2012 on the Mississippi River Bridge project, a joint project with Illinois to build a new bridge over the Mississippi River at St. Louis. In addition, the I-64 Daniel Boone Bridge Design-Build project costing $125.0 million was awarded in July 2012. This project is needed to maintain the existing system by constructing a new westbound bridge over the Missouri River between St. Louis and St. Charles counties to replace an aging structure. The current westbound bridge was built in the mid-1930s and was not designed for interstate level traffic.

Long-term financial planning

The Department's 2013 budget, $2.22 billion, approved by the Commission in June, is approximately $269.2 million less than the Department's 2012 budget, with amendments. In fact, the fiscal year 2013 budget is the smallest since fiscal year 2006. With the completion of projects built with Amendment 3 bond proceeds and federal stimulus funds, the construction program continues its decline. Program funds will focus on taking care of the existing transportation system as revenues are insufficient to do more.

The 2013-2017 STIP, approved by the Commission in July, includes $709.7 million available for highway and bridge right of away and construction awards in 2013, compared to $647.9 million in 2012. From 2013 through 2017, construction awards average $699.9 million each year, an increase of approximately $100.0 million from the average of $602.0 million in the 2012-2016 STIP. This increase is the result of redirecting savings from the Bolder Five-Year Direction to the STIP. The amount available in 2013 is significantly lower than the average awards of $1.2 billion for the five years 2006-2010.

The Commission approved the Bolder Five-Year Direction in June 2011. As of June 30, 2012, significant progress has been made in the implementation of this direction. The Department's total number of salaried employees as of June 30, 2012 was 5,104, a total reduction of 1,198 since February 28, 2010. Under the Bolder Five-Year Direction, the goal was to eliminate 131 facilities. As of June 30, 2012, the Commission has conveyed 26 facilities, terminated five leases and vacated 120 facilities. The Department plans to dispose of more than 740 pieces of equipment, including dump trucks, tractors, stripers, loaders, pickups and other equipment. As of June 30, 2012, the Department has 265 fewer pieces of equipment.

The plan projected savings of $169.0 million as of June 30, 2012 and the Department has realized $218.0 million in savings as of this date. The savings have been invested in minor road improvements and in the STIP. In addition to monetary savings, the Department continues to explore ways to do things differently to maximize the limited resources the Department has available.

Other Information

The Department is required to undergo an annual Single Audit in accordance with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." The Department's information will be included in the state of Missouri's Single Audit for the fiscal year ended June 30, 2012.

Acknowledgements

This CAFR is published to demonstrate our intention to maintain the highest quality standards of public accountability. This report could not have been published without the dedicated efforts of MoDOT employees. The commitment, professionalism and dedicated efforts of the Financial Services Division staff contributed significantly to the timely preparation of the 2012 report.

Respectfully submitted,

Kevin Keith
Director

Roberta Broeker, CPA
Chief Financial Officer

Principal Officials
as of June 30, 2012

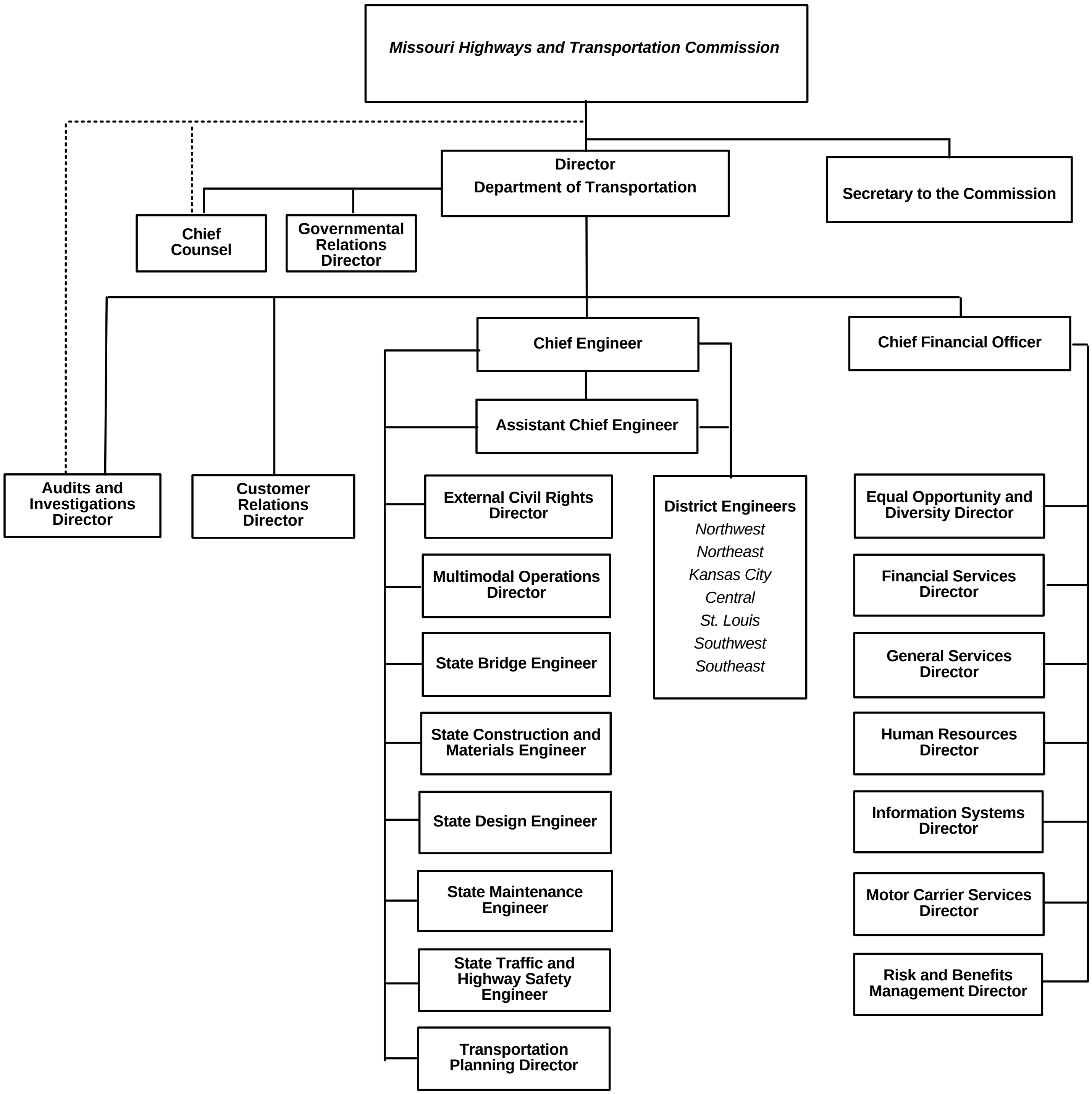
Commission	
Rudolph E. Farber	Chairman
Grace M. Nichols	Vice Chairman
Lloyd J. Carmichael	Member
Stephen R. Miller	Member
Kenneth H. Suelthaus	Member
Pam Harlan	Secretary

MoDOT	
Kevin Keith	Director
Dave Nichols	Chief Engineer
Roberta Broeker	Chief Financial Officer
Don Hillis	Assistant Chief Engineer
Rich Tiemeyer	Chief Counsel
Bill Rogers	Director of Audits and Investigations
Dennis Heckman	State Bridge Engineer
Dave Ahlvers	State Construction and Materials Engineer
Mara Campbell	Customer Relations Director
Kathy Harvey	State Design Engineer
Rudy Nickens	Equal Opportunity and Diversity Director
Lester Woods	External Civil Rights Director
Brenda Morris	Financial Services Director
Debbie Rickard	General Services Director
Jay Wunderlich	Governmental Relations Director
Micki Knudsen	Human Resources Director
Beth Ring	Information Systems Director
Jan Skouby	Motor Carrier Services Director
Michelle Teel	Multimodal Operations Director
Jeff Padgett	Risk and Benefits Management Director
Eileen Rackers	State Traffic and Highway Safety Engineer
Machelle Watkins	State Transportation Planning Director

Districts	
Don Wichern	Northwest District Engineer
Paula Gough	Northeast District Engineer
Dan Niec	Kansas City District Engineer
Dave Silvester	Central District Engineer
Ed Hassinger	St. Louis District Engineer
Rebecca Baltz	Southwest District Engineer
Mark Shelton	Southeast District Engineer

Organizational Chart

June 30, 2012



The System Delivery team reports to the Chief Engineer.
The System Facilitation team reports to the Chief Financial Officer.
The Organizational Support team reports to the Director.

This page intentionally left blank

Financial Section

This page intentionally left blank

BKD LLP
CPAs & Advisors

910 E. St. Louis Street, Suite 200
P.O. Box 1190
Springfield, MO 65801-1190
417.865.8701 Fax 417.865.0682 www.bkd.com

Independent Accountants' Report on Financial Statements and Supplementary Information

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation (Department) as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

As discussed in *Note 1*, the financial statements of the Missouri Department of Transportation are intended to present the financial position, the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the State of Missouri that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Missouri as of June 30, 2012 and 2011, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audits were performed for the purpose of forming opinions on the basic financial statements as a whole. The combining financial statements and the budgetary comparison schedules and reconciliations – debt service and nonmajor governmental funds, the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD LLP

September 28, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

The following section of our annual financial report presents our discussion and analysis of the Department's (or MoDOT's) financial performance during the year. It is intended to assist you in understanding how the various statements relate to each other and provide an objective and easily readable analysis of the Department's financial activities based on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the letter of transmittal included in the introductory section and information presented in the Department's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

- The net assets of the Department at the close of the fiscal year were $26.6 billion, compared to $26.0 billion at 2011. Of this amount, $1.0 billion represents the amount available for highways and transportation uses, compared to $1.4 billion in 2011. This represents a 24.7 percent decrease in the amount available for highways and transportation uses from 2011 compared to a 41.1 percent increase in 2011 from 2010.

- The Department's capital assets totaled $28.7 billion and $27.9 billion for fiscal years 2012 and 2011, respectively, comprising the majority of noncurrent assts. This represents a 2.8 percent increase compared to a 1.8 percent increase in 2011 from 2010. The Department's investment in capital assets, net of related debt, is $25.5 billion compared to $24.6 billion in 2011.

- Non-current liabilities of the Department total $3.4 billion at June 30, 2012, compared to $3.5 billion at 2011. This decrease of $0.1 billion is the same as the decrease in non-current liabilities in 2011 from 2010.

Fund Highlights

- As of the close of the fiscal year, the Department's *governmental funds* reported combined ending fund balances of $1.3 billion, compared to $1.6 billion in 2011. The decrease of $0.3 billion is compared to no decrease from 2011 to 2010.

- Approximately 96.7 percent of the Department's governmental fund balances, or $1.25 billion, are available for spending at the Department's discretion in accordance with the purpose of the funds, compared to 97.1 percent, or $1.57 billion, in 2011.
  The remaining nonspendable fund balance is inventories of $45.8 million, compared to $46.7 million in 2011. At June 30, 2012, there was $2.9 million of unassigned (negative) fund balance due to the timing of receipts, while the corresponding expenditures were recorded as incurred.

- The *proprietary funds* reported combined net assets of $23.7 million at the close of the fiscal year, compared to $11.5 million in 2011. This increase is primarily the result of decreases in highway liability self-insurance claims. Restricted investments at the close of both years totaled $0.3 million, resulting in unrestricted net assets of $23.4 million and $11.2 million for fiscal years 2012 and 2011, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Department's basic financial statements, which include three components: (1) ***government-wide financial statements,*** (2) ***fund financial statements*** and (3) ***notes to the financial statements***. This section also contains required supplementary information and combining financial statements.

Government-wide Financial Statements (Reporting the Department as a Whole)

The government-wide financial statements are designed to provide readers an overall picture of the Department's financial position. The statements provide both current and noncurrent information about the Department's financial status, which assist the reader in assessing the Department's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which are similar to methods followed by most private-sector businesses. These statements take into account all of the current year's revenues and expenses, even if the related cash has not been received or paid. The government-wide financial statements include two statements: the Statements of Net Assets and the Statements of Activities. These statements take a much longer view of the Department's finances than do the fund-level statements.

- The *Statements of Net Assets* combine and consolidate all of the Department's assets and liabilities, except fiduciary funds, with the difference between the two reported as "net assets". This includes current financial resources, capital assets and long-term obligations. Over time, increases or decreases in the net assets indicate whether the Department's financial health is improving or deteriorating, respectively. Fiduciary fund resources are not reported, as they are not available to support Department programs.

- The *Statements of Activities* present information showing how the Department's net assets changed during the fiscal year. The Department reports changes in net assets as soon as the event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The Department's basic services are reported as governmental activities, including administration, fleet, facilities and information systems, maintenance, construction, other modal systems and other activities. Taxes, fees and federal grants finance most of these activities.

This report includes two schedules that reconcile the amounts reported on the governmental fund financial statements (prepared using the modified accrual basis of accounting and current financial resources measurement focus) with the governmental activities on the appropriate government-wide statements (prepared using the accrual basis of accounting and economic resources measurement focus). The following summarizes the impact of utilizing Governmental Accounting Standards Board (GASB) Statement 34 reporting:

- Other long-term assets that are not available to pay for current period expenditures are not reported on governmental fund statements.

- Internal service fund activities are reported as governmental activities on the government-wide statements, but reported separately as proprietary funds in the fund financial statements.

- Bond issuance costs are capitalized and amortized to expense as governmental activities, but reported as expenditures in the governmental fund statements.

- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences and others, appear as liabilities only on the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.

- Bond, note and capital lease issuances result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

Fund Financial Statements (Reporting the Department's Major Funds)

The fund financial statements provide detailed information about the major individual funds. A fund is an accounting entity with a self-balancing set of accounts the Department uses to keep track of specific sources of funding and spending for a particular purpose. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal and contractual requirements. All of the funds of the Department can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note these fund categories use different accounting approaches and should be interpreted differently.

- ***Governmental Funds*** Most of the basic services provided by the Department are reported in governmental funds. Reporting focuses on how financial resources flow in and out of the funds, and amounts remaining at year-end for future spending. Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. These statements provide a detailed short-term view of the Department's general governmental operations and the basic services it provides. This information should help determine whether there are more or less current financial resources available for the Department's current needs. Because the focus of governmental fund financial statements is narrower than that of government-wide financial statements, it is useful to compare these statements with the governmental activities information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund Balance Sheets and the governmental fund Statements of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental funds and governmental activities in the government-wide statements. These reconciliations are presented on the page immediately following the governmental fund financial statements.

  The Department reports three major governmental funds. Information is presented separately in the governmental funds Balance Sheets and the governmental funds Statements of Revenues, Expenditures and Changes in Fund Balances for the State Highways and Transportation Department Fund (Highway Fund), the State Road Fund (Road Fund) and the State Road Bond Fund. The Highway and Road funds are special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The State Road Bond Fund is a debt service fund, which was constitutionally established to receive monies from the state's motor vehicle sales tax and is used to fund the repayment of bonds. Data from other funds are combined into a single, aggregated presentation as nonmajor governmental funds. Examples of the nonmajor funds include statutorily established funds for multimodal activities. Individual fund data for each of these nonmajor governmental funds is provided within combining financial statements following the Notes to the Financial Statements.

- ***Proprietary Funds*** When the Department charges customers for some of the services it provides, whether to outside customers, other agencies, or to units within the Department, these funds are reported in proprietary funds. These funds are used to show activities that operate more like those found in the private sector and utilize full accrual accounting, like the government-wide statements.

  The Department has two internal service funds: MHTC Self-Insurance Plan and the MoDOT and Missouri State Highway Patrol (MSHP) Medical and Life Insurance Plan. Individual data for each of these funds is provided within the combining financial statements following the Notes to the Financial Statements. Internal service fund activities are reported as governmental activities on the government-wide statements with eliminations made to remove the effect of the interfund activity.

- ***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the Department. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Department's activities. These agency funds account for monies held on behalf of various political subdivisions and other interested parties.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements, which discuss particular accounts in more detail, can be found immediately following the fiduciary funds Statements of Assets and Liabilities.

Required Supplementary Information

A section of *Required Supplementary Information* follows the Notes to the Financial Statements. This section includes budgetary comparisons and a separate reconciliation between the fund balances for budgetary purposes and the fund balances as presented for the major special revenue funds in the governmental fund financial statements. The Budgetary Comparison has been provided for the Department's two major special revenue funds to demonstrate compliance with this budget. The legal authority for approval of the Department's budget and amendments for all funds, except the Road Fund, rests with the State Legislature. The authority for the Road Fund rests with the Commission.

Also included is a schedule that reports information about the funding progress of the MoDOT and MSHP Medical and Life Insurance Plan.

Combining Statements

The *Combining Statements* section presents statements reporting individual and total columns for nonmajor governmental funds, proprietary (internal service) funds and fiduciary (agency) funds. This information is presented only in summary form in the basic financial statements.

Budgetary Comparison Schedules and Reconciliations

The *Budgetary Comparison Schedules and Reconciliations* section includes budgetary comparisons and reconciliations between the fund balances for budgetary purposes and the fund balances as presented for the major debt service and nonmajor special revenue funds in the governmental fund financial statements. The legal authority for approval of these budgets and amendments rests with the State Legislature.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Department's financial health. The following tables, graphs and analyses discuss the financial position and changes in financial position for the Department as a whole as of and for the fiscal years ended June 30, 2012, 2011 and 2010. The Department's combined net assets increased $580.0 million over the course of this fiscal year's operations, an increase of 2.2 percent. This compares to an increase of $612.0 million in 2011 from 2010.

The following table reflects the condensed financial information derived from the Statements of Net Assets as of June 30, 2012, 2011 and 2010:

(Amounts in millions)	2012	2011	2010	Percent Change 2012-2011
Assets				
Current and other assets	$ 1,643	$ 1,957	$ 1,947	(16.0)%
Capital assets, net	28,712	27,937	27,449	2.8
Total assets	30,355	29,894	29,396	1.5
Liabilities				
Current liabilities	415	408	433	1.7
Noncurrent liabilities	3,366	3,492	3,581	(3.6)
Total liabilities	3,781	3,900	4,014	(3.1)
Net Assets				
Investment in capital assets net of related debt	25,528	24,604	24,397	3.8
Restricted (internal service fund requirements and highways and transportation uses)	1,046	1,390	985	(24.7)
Total net assets	$26,574	$25,994	$25,382	2.2 %

The total assets of the Department were $30.4 billion, while total liabilities were $3.8 billion, resulting in a net asset balance of $26.6 billion. By far, the largest portion of the Department's net assets, $25.5 billion, 96.1 percent, was invested in capital assets (i.e., land, buildings, equipment, infrastructure and other), less any related debt outstanding that was needed to acquire or construct the assets. The Department uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Department's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

Total assets increased $0.5 billion in 2012, the same as the increase in 2011 from 2010. Total liabilities decreased $0.1 billion in 2012 compared to the same decrease in 2011 from 2010. The Department did not issue new long-term debt while making debt payments subsequently decreasing liabilities and current and other assets.

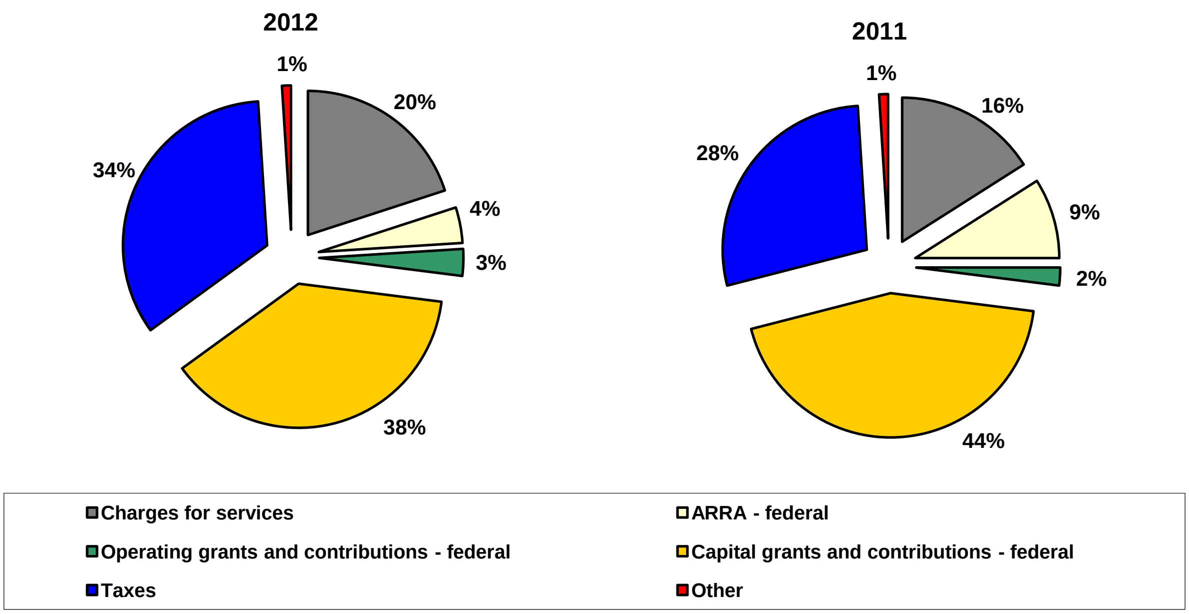
Statements of Activities

The following condensed financial information was derived from the government-wide Statements of Activities and reflects how the Department's net assets changed during the year, compared to the prior year. The information is for the fiscal years ended June 30, 2012, 2011 and 2010.

(Amounts in millions)	2012	2011	2010	Percent Change 2012-2011
Revenues				
Program revenues				
Charges for services	$ 452	$ 458	$ 423	(1.3)%
American Recovery and Reinvestment Act	99	249	298	(60.2)
Operating grants and contributions – federal government	74	58	84	27.6
Capital grants and contributions – federal government	861	1,228	974	(29.9)
General revenues				
Taxes	788	769	754	2.5
Investment earnings	13	14	12	(7.1)
Miscellaneous	8	7	(4)	14.3
Total revenues	2,295	2,783	2,541	(17.5)
Expenses				
Program expenses				
Administration	30	33	34	(9.1)
Fleet, facilities and information systems	37	45	55	(17.8)
Maintenance	390	412	434	(5.3)
Construction	321	319	268	0.6
Multimodal operations	68	65	110	4.6)
Interest on debt	144	148	138	(2.7)
Other state agencies	215	199	178	8.0
Self-insurance (workers' compensation and liability)	14	29	32	(51.7)
Medical and life insurance	97	94	91	3.2
Other post-employment benefits	76	79	83	(3.8)
Depreciation on assets	323	748	876	(56.8)
Total expenses	1,715	2,171	2,299	(21.0)
Changes in net assets	580	612	242	(5.2)
Net assets, beginning of year	25,994	25,382	25,140	2.4
Net assets, end of year	$26,574	$25,994	$25,382	2.2 %

Governmental Activities

The following chart depicts revenues of the governmental activities, as a percent, for the fiscal years ended June 30, 2012 and 2011:



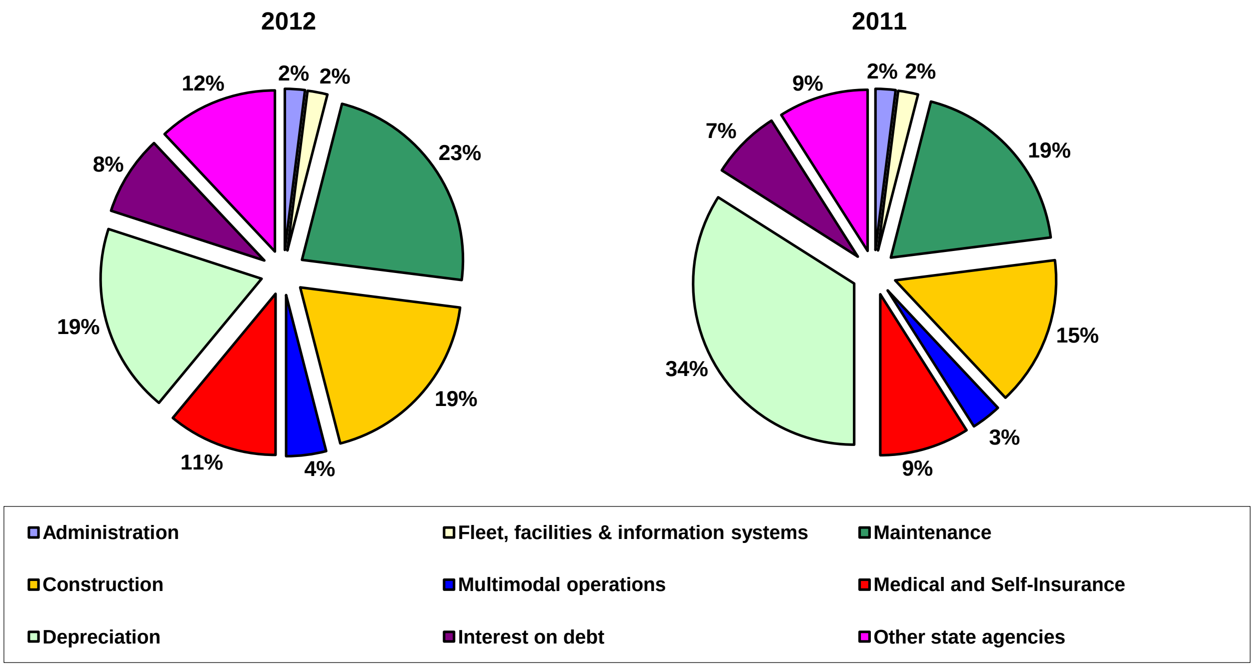
Revenues for the year decreased $488.0 million compared to an increase of $242.0 million in 2011 from 2010. Federal grants revenue, including American Recovery and Reinvestment Act (ARRA), operating grants and contributions, and capital grants and contributions, decreased $501.0 million from 2011. Federal reimbursement has varied from year to year as a result of continuing resolutions passed by Congress since the September 30, 2009 expiration of SAFETEA-LU. In addition, although some ARRA projects are still in progress, most are completed resulting in decreased reimbursement. The following three revenue sources provided $2.1 billion, or 91.5 percent, of the Department's revenues:

- Charges for services, including licenses, fees, permits and cost reimbursements: $452.0 million
- Sales, use and fuel taxes: $788.0 million
- Federal Highway Administration capital grants: $861.0 million

In 2011, these same revenue sources provided $2.5 billion, or 88.2 percent, of the Department's revenues.

While motor fuel taxes declined, motor vehicle and drivers' licenses, fees and permits, and motor vehicle sales and use taxes have grown in 2012. Overall, state transportation funding remains relatively flat because of the weakened housing and credit markets, fluctuating fuel prices and slower employment.

The following chart depicts expenses of the governmental activities for the fiscal years ended June 30, 2012 and 2011.



Expenses for the year decreased $456.0 million, or 21.0 percent. Depreciation on assets, primarily infrastructure, has decreased $425.0 million. As the aging infrastructure becomes fully depreciated, the depreciation decreases resulting in reduced depreciation expense. The amount of fully depreciated assets compared to the additions of infrastructure assets also contributed to the decrease. With the implementation of the Department's Bolder Five-Year Direction, a decrease in the fleet, facilities and information systems program, $8.0 million, and in the maintenance program, $22.0 million provided funds to be redistributed to construction. Construction activities remained level with the redistribution, $321.0 million in fiscal year 2012 compared to $319.0 million in fiscal year 2011.

The Department's expenses for construction and maintenance of the state's highway system totaled $711.0 million and $731.0 million in 2012 and 2011, respectively. This represents 41.5 percent and 33.7 percent of the total expenses for 2012 and 2011, respectively.

FUND FINANCIAL ANALYSIS

As previously mentioned, the Department uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of highlights from the fund financial statements. The purpose of the Department's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources.

Governmental Funds

At the end of the fiscal year, the fund balances of the governmental funds totaled $1.3 billion, a decrease of $321.9 million from the previous year. This compares to an increase of $1.0 million in 2011 from 2010. Revenues from the federal government decreased $355.1 million from 2011 because continuing resolutions caused the reimbursement pattern to vary from year to year. The Department spent $152.0 million less in 2012. This change is a combination of decreases in capital outlays, $137.0 million; debt service, $30.7 million; maintenance, $9.7 million; administration and fleet, facilities and information systems, $10.2 million; and a combination of increases from construction, $15.8 million; other state agencies, $16.4 million; and multimodal, $3.4 million. These changes reflect the implementation of the Bolder Five-Year Direction and the completion of ARRA projects. Other financing sources decreased $5.5 million primarily because no capital leases were issued and many were paid in full in 2012.

State Highways and Transportation Department Fund: The Highway Fund was established by statute to receive revenues derived from the use of state highways. The fund pays the costs incurred to collect revenues received and to administer and enforce state motor vehicle laws and traffic regulations. As shown on the Balance Sheets, the fund ended the fiscal year with assets of $122.0 million, liabilities of $11.8 million and a restricted fund balance of $110.1 million. Amendment 3 included not only a change in revenue allocation, but also changed the Department's expenditure funding. As a result of Amendment 3, the Department's expenditures, with the exception of Motor Carrier Services refunds, are paid from the Road Fund. The Constitution requires the balance of funds remaining after other state agency expenditures be transferred to the Road Fund.

As shown on the Statements of Revenues, Expenditures and Changes in Fund Balances of the governmental funds, the Highway Fund had $739.3 million in revenues, an increase of $4.4 million from 2011. In 2011, revenues were $3.8 million less than 2010. As can be seen by the slight increase, the effects of the recession still linger.

State Road Fund: The Road Fund was constitutionally established to receive monies from the motor vehicle sales tax, the federal government and other revenues. This is the primary operating fund of the Department and pays to construct, improve and maintain the state highway system and to administer the Commission and the Department. The fund ended the year with assets of $1.3 billion, a decrease of $336.3 million from 2011. This compares to a decrease in 2011 of $0.8 million from 2010. Liabilities totaled $171.8 million, a decrease of $4.9 million from 2011; and fund balances totaled $1.1 billion, a decrease of $331.5 million from 2011 compared to a decrease of $4.8 million in 2011 from 2010.

State Road Bond Fund: The Bond Fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used to fund the repayment of bonds issued by the Commission. The fund was established in fiscal year 2006 as a debt service fund. At the end of this fiscal year, total assets were $42.4 million, compared to $35.1 million in 2011. The Bond Fund reflects the increase in motor vehicle sales tax revenue. The ARRA revenue represents the federal government subsidy received for the Build America Bonds issued in 2010. Expenditures of the Bond Fund were $107.3 million in 2012 compared to $97.9 million in 2011, as revenues were used to repay bonds.

Proprietary Funds

The Department's internal service funds consist of the MHTC Self-Insurance Fund (workers' compensation, fleet liability and general liability) and the MoDOT and MSHP Medical and Life Insurance Plan. The self-insurance fund receives premiums from the Department for fleet and general liability claims, and from the Department, MSHP and MoDOT and Patrol Employees' Retirement System (MPERS) for workers' compensation claims. The Department, MSHP, MPERS and employees of those agencies pay premiums to the medical and life insurance fund.

As shown on the Statements of Net Assets – Proprietary Funds, the total assets increased $8.6 million in 2012 compared to an increase of $9.7 million in 2011. Total current liabilities of the proprietary funds at 2012 were $45.4 million, a decrease of $1.2 million from 2011. In 2011, total current liabilities of the proprietary funds increased $5.3 million from 2010. Total pending self-insurance claims and incurred but not reported claims decreased $2.1 million compared to an $8.0 million increase in 2011 from 2010.

Total net assets of the internal service funds increased $12.2 million at the end of the current fiscal year to $23.7 million compared to an increase of $0.6 million in 2011 from 2010. Highway general liability expenses decreased $13.5 million. Fiscal year 2011 included vehicle accidents including a fatality and four serious injuries as well as two motorcycle accidents with serious injuries.

The largest operating expenses of the proprietary funds, medical and prescription drug benefits, totaled $105.7 million compared to $103.3 million in 2011. This accounts for 79.6 percent of the total operating expenses, compared to 70.6 percent in 2011. This $2.4 million increase compares to a $3.4 million increase in 2011 from 2010. The medical benefits plan actuaries projected the growth rate at approximately 7.6 percent; however, the actual was approximately 3.0 percent.

Fiduciary Funds

The Department's agency funds are used to account for monies held on behalf of various political subdivisions and other interested parties. These funds act as clearing accounts and thus do not have net assets.

SIGNIFICANT EVENTS FOR THE YEAR ENDED JUNE 30, 2012

Faced with a possible severe decline in funding for transportation and the inability to match federal funds in the future, the Commission in June 2011 adopted a plan that expands on the original Five-Year Direction outlined in March 2010. This new bolder plan includes reducing the size of the Department's staff by 1,200, closing 131 facilities, including three district offices and reducing the equipment it owns by more than 740 pieces. By 2015, the plan will save $512.0 million that will be used for vital road and bridge projects.

As of June 30, 2012, significant progress has been made in the implementation of the Bolder Five-Year Direction. The Department's total number of salaried employees as of June 30, 2012 was 5,104, a total reduction of 1,198 employees since February 28, 2010. As of June 30, 2012, the commission has conveyed 26 facilities, terminated five leases and vacated 120 facilities and has 265 fewer pieces of equipment. The plan projected savings of $169.0 million as of June 30, 2012 and the Department has realized $218.0 million savings as of this date. The savings have been invested in minor road improvements and in the STIP. In addition to monetary savings, the Department continues to explore ways to do things differently to maximize the limited resources the Department has available.

The Safe & Sound Bridge Improvement Program is a two-pronged program to improve 802 of the state's lowest rated bridges. Of the 802 total, 248 bridges were identified for rehabilitation and the remaining 554 for full replacement through a design-build contract. As of June 30 2012, 755 bridges have been replaced or rehabilitated. The project is scheduled for completion by October 2012, over one year ahead of schedule.

On February 28, 2008 the Department entered into an Agreement with the state of Illinois, through the Illinois Department of Transportation, to design and construct a new 4-lane Mississippi River bridge and approaches in Illinois and Missouri. The project, identified as the New Mississippi River Bridge, includes the main span, as well as Missouri and Illinois approaches, interchanges in both Missouri and Illinois, relocation of Illinois Route 3 and a tri-level in Illinois. The total estimated cost of the project at June 30, 2012 is $694.8 million, with Missouri and Illinois participating in the main span and approaches at 32.5 percent and 67.5 percent, respectively. The main span and approaches are under contract. All projects, except Illinois Route 3, are planned for completion by early calendar year 2014.

Additional federal revenues became available to all states when the President signed ARRA into law. As of June 30, 2012, on a cash basis, the Department has expended $611.6 million of the $639.2 million allocated for Missouri's highway infrastructure, on the job training, ferry boat and forest highway projects. In addition, the Department has also expended $38.1 million for other transportation modes, such as aviation and transit.

The Department, like other entities, has been impacted by increased costs of petroleum products utilized in daily maintenance operations. However, construction project bid amounts and subsequent awards have been at less than programmed amounts. The Department has successfully used a variety of innovations, which focus on getting the most value for each tax dollar, better, faster and cheaper than ever before. Innovations include:

- practical design, governed by three ground rules – safety, communication and quality – delivers "good" projects everywhere, instead of "perfect" projects somewhere;
- value engineering, a systematic process to review and provide recommendations to improve value while addressing the project's purpose and need;
- alternate bidding of materials on specific projects;
- alternate technical concepts allowing the bidder to propose designs with bid submittal; and
- packaging of bids to increase competition among bidders.

As a result of approaching projects using innovative concepts, projects totaling $977.9 million were completed in 2012 at 10.43 percent under the programmed cost. The Department is recognized nationally by other departments of transportation for the Department's performance management system and practical design efforts.

For the sixth year in a row, Missouri reduced its highway fatalities. The calendar year 2011 number, 785, is the lowest since the late 1940s. This is a huge accomplishment considering the dramatic differences between now and the late 1940s; increased population, number of miles traveled and number of registered vehicles. These lives have been saved because the agencies trying to save lives are working together. The Department has made significant safety improvements through its construction program and also administers the State's federal highway safety grant program, working closely with other safety advocates to make roads and work zones safer and change driver behavior.

.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2012, totals $51.8 billion, with accumulated depreciation of $23.1 billion and a net value of $28.7 billion. The net value represents an increase of $775.7 million from fiscal year 2011, compared to an increase of $488.3 million in 2011 from 2010. Depreciation charges totaled $323.2 million in fiscal year 2012, compared to $747.7 million in 2011. As the aging infrastructure becomes fully depreciated, the depreciation decreases resulting in reduced depreciation expense. The amount of fully depreciated assets compared to the additions of infrastructure assets also contributed to the decrease. These assets are summarized in the table below. Additional information about the Department's capital assets is presented in the Notes to the Financial Statements.

(Amounts in millions)	2012	2011	2010	Percent Change 2012-2011
Land and permanent easements	$ 2,477	$ 2,477	$ 2,448	--- %
Software in progress	1	1	1	---
Construction in progress	152	126	164	20.6
Infrastructure in progress	3,006	3,157	2,726	4.8
Land improvements	15	15	7	---
Buildings	164	168	152	(2.4)
Software	5	4	4	25.0
Vehicles and equipment	173	188	190	(8.0)
Temporary easements	2	3	5	(33.3)
Infrastructure	22,717	21,798	21,752	4.2
Total	$28,712	$27,937	$27,449	2.8 %

As provided by generally accepted accounting principles (GAAP), the Department records its infrastructure assets at actual or estimated historical cost. Included in infrastructure are more than 33,500 miles of highways and 10,000 bridges that the Department is responsible for maintaining.

The STIP sets the specific construction projects the Department will undertake in the next five years. It covers highways and bridges, transit, aviation, rail, waterways, enhancements and other projects. The program, updated annually, is dynamic with adjustments made to project plans during the life of the STIP based on needs and goals of the Department. The Commission approves amendments during the fiscal year as circumstances require.

Debt Administration

The following table presents a summary of the Department's long-term obligations for governmental activities. Additional information about the Department's long-term obligations is presented in the Notes to the Financial Statements.

(Amounts in Millions)

	2012	2011	2010	Percent Change 2012-2011
State road bonds	$3,072	$3,205	$3,353	(4.1)%
Premium on bonds and deferred refunding	82	96	98	(14.6)
Advances from other entities and State of Missouri component units	28	24	33	16.7
Capital lease obligations	2	8	14	(75.0)
Compensated absences	33	37	38	(10.8)
Other liabilities	3	10	4	(70.0)
Total obligations	3,220	3,380	3,540	(4.7)
Current portion of obligations	187	168	179	(11.3)
Total noncurrent obligations	$3,033	$3,212	$3,361	(5.6)%

The Department's total obligations, excluding pending self-insurance claims and incurred but unreported claims, decreased $160.0 million from 2011, compared to a decrease of $160.0 million in 2011 from 2010. At the end of the current fiscal year, state road bonds total $3.1 billion, or 95.4 percent, of the total obligations. Revenues collected under Article IV, Section 30(a) and (b) of the Missouri Constitution and revenues collected from federal highway reimbursements secure the bonds. These revenues are state highway user fees, including fuel taxes, sales and use taxes, licenses and fees and federal highway reimbursements.

The advances from other entities and state of Missouri component units are related to construction projects accelerated to meet the needs of the users. Principal payments are due on various dates through fiscal year 2033.

The Department has entered into various capital lease obligations. The lease-purchase agreements provide a means of financing office and heavy equipment. In addition to equipment lease-purchase agreements, the Department entered into an agreement for an office facility to accommodate the consolidation of motor carrier services in fiscal year 2005. Capital lease payments mature on various dates through fiscal year 2020.

RECENT EVENTS AND FUTURE BUDGETS

The Department's fiscal year 2013 budget for all funds was approved by the Legislature in May 2012 and signed into law by the Governor in June 2012. The fund level is the legal level of control for the Road Fund, with approval of the Road Fund budget by the Commission. The Commission approved the budget for all funds in June 2012, with a total spending plan of $2.22 billion. The fiscal year 2013 budget is the smallest since fiscal year 2006. With the completion of projects built with Amendment 3 bond proceeds and federal stimulus funds, the construction program continues to decline. Program funds will focus on taking care of the existing transportation system as revenues are insufficient to do more.

After more than two and a half years of extensions, ten in total, to the federal highway act, Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), Congress reached an agreement for a new transportation bill on June 29, 2012. Congress passed Moving Ahead for Progress in the 21st Century (MAP-21), a two-year, $105.0 billion transportation bill for the nation's transportation projects. The president signed the bill into law on July 6, 2012. While states now have federal transportation funding for a full 27-months, federal gas tax receipts are insufficient to fund the bill. General Fund transfers of $18.8 billion to the Highway Trust Fund are necessary to fund the bill through September 30, 2014. The Congressional Budget Office (CBO) estimates the Highway Trust Fund's Highway and Transit Accounts will face deficits in federal fiscal year 2015. The impact to Missouri's transportation funding remains uncertain; however, we estimate at least a $70.0 million reduction annually.

The I-64 Daniel Boone Bridge Design-Build project costing $125.0 million was awarded in early July 2012. The project is needed to maintain the existing system by constructing a new westbound bridge over the Missouri River between St. Louis and St. Charles counties to replace an aging structure. The current westbound bridge was built in the mid-1930s and was not designed for interstate level traffic. The project is expected to be completed by December 31, 2015.

The STIP identifies transportation projects planned for 2013 through 2017. Due to stagnant state revenues, uncertain federal funding at the time of STIP preparation and no more bond proceeds from the Amendment 3 bonds, the new five-year transportation construction program approved by the Commission in July 2012 reflects a continued smaller investment in highway and bridge construction. For the 2013-2017 STIP, the awards average will be $699.9 million a year compared to a $1.2 billion program just a few years ago. The reduced amount of funding in MAP-21 results in less highway and bridge construction.

The measures taken with the Bolder Five-Year Direction will not fix Missouri's transportation funding problem. The Department cannot cut its way to an improved transportation system. Missourians need to decide what kind of transportation system they want and how they will pay for it.

ECONOMIC CONDITIONS

The current economic environment presents government entities, including state transportation departments, with unusual circumstances and challenges. The past year has been marked by only a slight improvement in the Missouri economy. Consumer sentiment indices have shown some improvement in consumer confidence, but consumers are expected to remain cautious with spending, as the economic recovery continues to be slow. This may negatively impact the various sources that fund the Department and other government entities, resulting in delays in collection of receivables and availability of future funding. Such changes affecting funding sources could have a significant impact on the operations, including future highway projects, of the Department. For the past five fiscal years, the Department has experienced a favorable bidding environment for construction projects. During this time, 2,107 highway and bridge construction projects estimated at $5.6 billion were awarded for $5.0 billion, an 11.2 percent difference.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Missouri Department of Transportation's interested parties, including citizens, taxpayers, customers, investors and creditors, with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to the Missouri Department of Transportation, Financial Services Division, P.O. Box 270, Jefferson City, MO 65102. This report is also included in the Report to the Joint Committee on Transportation Oversight and is available on the Department's web site at www.modot.mo.gov.

This page intentionally left blank

Government-wide Financial Statements

Statements of Net Assets
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 1,137,812,467	$ 1,471,248,467
Investments	9,491,838	19,416,026
Restricted cash and investments	70,021,550	58,757,725
State taxes and fees receivables	137,250,331	131,775,001
Federal government receivables	64,134,654	67,608,974
Miscellaneous receivables, net	40,725,246	39,114,897
Loans receivable	430,082	443,022
Inventories	45,789,400	46,730,728
Total current assets	1,505,655,568	1,835,094,840
Noncurrent assets		
Investments	101,892,379	84,586,362
Restricted cash and investments	---	200,000
Miscellaneous receivables, net	13,805,122	12,722,258
Loans receivable	2,086,883	2,505,792
Bond issue costs, net	12,811,685	14,453,428
Bond issue costs, swap termination payment	6,750,606	7,681,616
Capital assets		
Assets not being depreciated	5,635,721,457	5,761,209,936
Assets being depreciated, net	23,076,569,926	22,175,364,927
Total noncurrent assets	28,849,638,058	28,058,724,319
Total assets	30,355,293,626	29,893,819,159
Liabilities		
Current liabilities		
Accounts payable	126,757,099	132,323,630
Accrued payroll	22,446,745	24,070,168
Accrued interest payable	31,579,184	32,750,632
Unearned revenue	12,054,072	15,296,500
Pending self-insurance claims	18,490,000	17,817,000
Incurred but not reported claims	16,791,000	17,064,000
Financing and other obligations	186,588,696	168,110,335
Total current liabilities	414,706,796	407,432,265
Noncurrent liabilities		
Pending self-insurance claims	49,796,049	50,460,640
Incurred but not reported claims	14,248,000	16,042,000
Other post-employment benefit obligations	268,544,583	214,407,085
Financing and other obligations	3,033,762,958	3,211,394,146
Total noncurrent liabilities	3,366,351,590	3,492,303,871
Total liabilities	3,781,058,386	3,899,736,136
Net Assets		
Invested in capital assets, net of related debt	25,527,562,407	24,603,719,930
Restricted for:		
Internal service fund requirements	300,000	300,000
Highways and transportation	1,046,372,833	1,390,063,093
Total net assets	$26,574,235,240	$25,994,083,023

The notes to the financial statements are an integral part of these statements

Statements of Activities

Years Ended June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Transportation Program Expenses		
Administration	$ 30,039,600	$ 33,168,388
Fleet, facilities and information systems	37,267,601	44,866,107
Maintenance	389,803,160	412,469,420
Construction	321,047,659	318,551,060
Multimodal operations	68,282,094	64,872,796
Interest	143,283,093	147,720,202
Other state agencies	214,696,433	198,813,934
Self-insurance	13,894,305	29,222,219
Medical and life insurance	97,136,669	94,471,954
Other post-employment benefits	75,896,217	79,024,650
Depreciation	323,238,383	747,673,561
Total transportation program expenses	1,714,585,214	2,170,854,291
Transportation Program Revenues		
Charges for services		
Licenses, fees and permits	284,676,676	274,673,348
Intergovernmental/cost reimbursements/miscellaneous	131,226,893	150,660,974
Interest	144,478	210,399
Employee insurance premiums	35,635,943	32,591,031
Total charges for services	451,683,990	458,135,752
Federal government		
American Recovery and Reinvestment Act	99,266,014	248,893,755
Operating	73,929,574	57,952,727
Capital	860,754,276	1,228,181,119
Total federal government	1,033,949,864	1,535,027,601
Total transportation program revenues	1,485,633,854	1,993,163,353
Net expense of transportation program	(228,951,360)	(177,690,938)
General Revenues		
Fuel taxes	496,608,092	499,416,187
Sales and use taxes	291,279,169	269,336,453
Unrestricted investment earnings	13,308,467	13,950,170
State appropriations	11,130,409	11,131,957
Gain (loss) on sale of capital assets	(3,222,560)	(4,460,281)
Total general revenues	809,103,577	789,374,486
Changes in Net Assets	580,152,217	611,683,548
Net Assets, beginning of year	25,994,083,023	25,382,399,475
Net Assets, end of year	$ 26,574,235,240	$ 25,994,083,023

The notes to the financial statements are an integral part of these statements

This page intentionally left blank

Fund Financial Statements

Balance Sheets
Governmental Funds
June 30, 2012 and 2011

	2012				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 10,304,282	$1,053,181,877	$31,683,152	$23,029,706	$1,118,199,017
State taxes and fees receivable	108,448,095	17,426,227	10,624,173	751,836	137,250,331
Federal government receivable	---	49,687,809	---	14,446,845	64,134,654
Miscellaneous receivables, net	3,230,488	47,337,826	47,613	2,085,359	52,701,286
Loans receivable	---	---	---	2,516,965	2,516,965
Due from other funds	---	6,638,409	---	---	6,638,409
Inventories	---	45,789,400	---	---	45,789,400
Restricted cash and investments	---	69,721,550	---	---	69,721,550
Total assets	$121,982,865	$1,289,783,098	$42,354,938	$42,830,711	$1,496,951,612
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,723,979	$ 112,196,533	$ 21,710	$10,490,122	$ 124,432,344
Accrued payroll	6,951,422	15,400,023	---	95,300	22,446,745
Deferred revenue	3,170,852	44,217,888	---	4,191,360	51,580,100
Due to other funds	---	---	---	6,638,409	6,638,409
Total liabilities	11,846,253	171,814,444	21,710	21,415,191	205,097,598
Fund balances					
Nonspendable – inventories	---	45,789,400	---	---	45,789,400
Unassigned	---	---	---	(2,898,764)	(2,898,764)
Restricted – highways and transportation	110,136,612	1,072,179,254	42,333,228	24,314,284	1,248,963,378
Total fund balances	110,136,612	1,117,968,654	42,333,228	21,415,520	1,291,854,014
Total liabilities and fund balances	$121,982,865	$1,289,783,098	$42,354,938	$42,830,711	$1,496,951,612

The notes to the financial statements are an integral part of these statements

2011				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 8,999,512	$1,400,259,346	$26,887,422	$18,269,783	$1,454,416,063
107,920,285	14,946,758	8,145,413	762,545	131,775,001
---	61,067,644	---	6,541,071	67,608,715
3,165,731	43,749,293	32,448	1,479,826	48,427,298
---	---	---	2,948,814	2,948,814
---	708,810	---	---	708,810
---	46,730,728	---	---	46,730,728
---	58,657,725	---	---	58,657,725
$120,085,528	$1,626,120,304	$35,065,283	$30,002,039	$1,811,273,154
$ 2,566,054	$ 118,487,102	$ 25,120	$ 7,497,145	$ 128,575,421
6,595,603	17,377,086	---	97,479	24,070,168
3,104,907	40,827,754	---	250,191	44,182,852
---	---	---	708,810	708,810
12,266,564	176,691,942	25,120	8,553,625	197,537,251
---	46,730,728	---	---	46,730,728
---	---	---	---	---
107,818,964	1,402,697,634	35,040,163	21,448,414	1,567,005,175
107,818,964	1,449,428,362	35,040,163	21,448,414	1,613,735,903
$120,085,528	$1,626,120,304	$35,065,283	$30,002,039	$1,811,273,154

This page intentionally left blank

Reconciliation of the Governmental Funds Balance Sheets to the Statements of Net Assets

Governmental Funds

June 30, 2012 and 2011

	Total	
	2012	2011
Fund balances – total governmental funds	$ 1,291,854,014	$ 1,613,735,903
Amounts reported for governmental activities in the statements of net assets are different because:		
Capital assets, net of accumulated depreciation of $23,116,420,369 and $22,883,162,710 in 2012 and 2011, respectively, used in governmental activities are not financial resources and therefore are not reported in the funds.	28,712,291,383	27,936,574,863
Deferred assets are not available to pay for current period expenditures and therefore are not reported in the funds.	47,320,384	36,834,494
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included only in the statements of net assets.		
Medical and life insurance plan	32,125,059	29,763,431
Self-insurance plan	(8,442,470)	(18,298,514)
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Financing and other obligations	(3,220,351,654)	(3,379,504,481)
Other post-employment benefits obligations	(268,544,583)	(214,407,085)
Accrued interest payable	(31,579,184)	(32,750,632)
Bond issue costs	19,562,291	22,135,044
Total net assets – governmental activities	$26,574,235,240	$25,994,083,023

The notes to the financial statements are an integral part of these statements

Statements of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Years Ended June 30, 2012 and 2011

	2012				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Fuel taxes	$ 496,148,454	$ 148,356	$ ---	$ 311,282	$ 496,608,092
Sales and use taxes	54,574,874	119,376,944	108,929,749	8,397,602	291,279,169
Licenses, fees and permits	183,119,951	99,060,982	---	2,433,313	284,614,246
Intergovernmental/cost reimbursements/miscellaneous	5,094,989	131,822,490	---	1,711,202	138,628,681
Investment earnings	319,794	10,169,400	333,942	188,218	11,011,354
American Recovery and Reinvestment Act	---	90,545,508	5,337,921	3,381,548	99,264,977
State government	---	---	---	11,130,409	11,130,409
Federal government	---	858,009,602	---	70,708,058	928,717,660
Total revenues	739,258,062	1,309,133,282	114,601,612	98,261,632	2,261,254,588
Expenditures					
Current					
Administration	---	46,636,384	---	---	46,636,384
Fleet, facilities and information systems	---	41,132,987	---	---	41,132,987
Maintenance	---	409,562,668	---	30,794,049	440,356,717
Construction	---	354,258,611	---	---	354,258,611
Multimodal operations	---	980,139	---	67,500,477	68,480,616
Capital outlay	---	1,112,768,600	---	---	1,112,768,600
Debt service	---	191,807,948	107,308,547	---	299,116,495
Other state agencies	240,085,954	---	---	---	240,085,954
Total expenditures	240,085,954	2,157,147,337	107,308,547	98,294,526	2,602,836,364
Excess of revenues over (under) expenditures	499,172,108	(848,014,055)	7,293,065	(32,894)	(341,581,776)
Other Financing Sources (Uses)					
Notes issued	---	9,097,003	---	---	9,097,003
Refunding bonds issued	---	---	---	---	---
Refunding bonds escrow payment	---	---	---	---	---
Premium on bonds	---	---	---	---	---
Capital leases issued	---	11,747	---	---	11,747
Capital asset sales	---	10,591,137	---	---	10,591,137
Transfers in	---	496,854,460	---	---	496,854,460
Transfers out	(496,854,460)	---	---	---	(496,854,460)
Total other financing sources (uses)	(496,854,460)	516,554,347	---	---	19,699,887
Net Changes in Fund Balances	2,317,648	(331,459,708)	7,293,065	(32,894)	(321,881,889)
Fund Balances, beginning of year	107,818,964	1,449,428,362	35,040,163	21,448,414	1,613,735,903
Fund Balances, end of year	$ 110,136,612	$ 1,117,968,654	$ 42,333,228	$ 21,415,520	$ 1,291,854,014

The notes to the financial statements are an integral part of these statements

2011				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 499,033,246	$ 133,520	$ ---	$ 249,421	$ 499,416,187
51,011,271	110,286,871	100,534,982	7,503,329	269,336,453
179,253,147	93,232,466	---	2,223,118	274,708,731
5,227,900	125,028,282	---	1,552,488	131,808,670
366,990	10,775,458	265,138	140,609	11,548,195
---	241,148,358	5,337,921	2,347,962	248,834,241
---	---	---	11,131,957	11,131,957
---	1,225,856,164	---	57,981,322	1,283,837,486
734,892,554	1,806,461,119	106,138,041	83,130,206	2,730,621,920
---	48,832,938	---	---	48,832,938
---	49,109,522	---	---	49,109,522
---	432,731,056	---	17,372,134	450,103,190
---	338,482,090	---	---	338,482,090
---	851,624	---	64,260,822	65,112,446
---	1,249,787,015	---	---	1,249,787,015
---	231,847,091	97,917,581	---	329,764,672
223,667,287	---	---	---	223,667,287
223,667,287	2,351,641,336	97,917,581	81,632,956	2,754,859,160
511,225,267	(545,180,217)	8,220,460	1,497,250	(24,237,240)
---	10,095,569	---	---	10,095,569
---	130,390,000	---	---	130,390,000
---	(150,476,975)	---	---	(150,476,975)
---	20,972,009	---	---	20,972,009
---	4,868,805	---	---	4,868,805
---	9,352,136	---	5,958	9,358,094
---	515,180,883	---	---	515,180,883
(515,180,883)	---	---	---	(515,180,883)
(515,180,883)	540,382,427	---	5,958	25,207,502
(3,955,616)	(4,797,790)	8,220,460	1,503,208	970,262
111,774,580	1,454,226,152	26,819,703	19,945,206	1,612,765,641
$ 107,818,964	$ 1,449,428,362	$ 35,040,163	$ 21,448,414	$ 1,613,735,903

This page intentionally left blank

Reconciliation of the Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities

Years Ended June 30, 2012 and 2011

	2012	2011
Net changes in fund balances – total governmental funds	$(321,881,889)	$ 970,262
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. These are the amounts by which capital outlays and donated assets ($1,112,768,600 and $1,249,787,015 for 2012 and 2011, respectively) exceeded depreciation ($323,238,383 and $747,673,561 for 2012 and 2011, respectively).	789,530,217	502,113,454
In the statements of activities, only the gains on the sale of the capital assets are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the changes in net assets differ from the changes in fund balances by the book value of the assets sold.	(13,813,697)	(13,818,375)
Deferred revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	10,485,890	16,682,572
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statements of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net assets. These are the net effects of the differences in the treatment of long-term debt obligations and related items.	134,473,608	151,003,989
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	3,783,249	978,039
Interest expense recognition	12,251,044	15,191,072
Claims and judgments	7,157,551	(5,514,374)
Other post-employment benefits	(54,137,498)	(56,421,698)
Pollution remediation obligations	86,070	(122,380)
Internal service funds are used by management for the medical and life insurance plan and the self-insurance plan. The net revenues of internal service funds are reported with governmental activities.		
Medical and life insurance plan	2,361,628	7,529,137
Self-insurance plan	9,856,044	(6,908,150)
Changes in net assets – governmental activities	$580,152,217	$611,683,548

The notes to the financial statements are an integral part of these statements

Statements of Net Assets

Proprietary Funds

June 30, 2012 and 2011

	Internal Service Funds	
	2012	**2011**
Assets		
Current assets		
Cash and cash equivalents	$ 19,613,450	$ 16,832,404
Investments	9,491,838	19,416,026
Restricted investments	300,000	100,000
Federal government receivable	---	259
Miscellaneous receivables	1,829,082	3,409,857
Total current assets	31,234,370	39,758,546
Noncurrent assets		
Investments	101,892,379	84,586,362
Restricted investments	---	200,000
Total noncurrent assets	101,892,379	84,786,362
Total assets	133,126,749	124,544,908
Liabilities		
Current liabilities		
Accounts payable	2,324,755	3,748,209
Deferred revenue	7,794,356	7,948,142
Pending self-insurance claims	18,490,000	17,817,000
Incurred but not reported claims	16,791,000	17,064,000
Total current liabilities	45,400,111	46,577,351
Noncurrent liabilities		
Pending self-insurance claims	49,796,049	50,460,640
Incurred but not reported claims	14,248,000	16,042,000
Total noncurrent liabilities	64,044,049	66,502,640
Total liabilities	109,444,160	113,079,991
Net Assets		
Restricted net assets	300,000	300,000
Unrestricted net assets	23,382,589	11,164,917
Total net assets	$ 23,682,589	$ 11,464,917

The notes to the financial statements are an integral part of these statements

Statements of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

Years Ended June 30, 2012 and 2011

	Internal Service Funds	
	2012	2011
Operating Revenues		
Self-insurance premiums		
Highway workers' compensation	$ 6,500,000	$ 6,150,000
Highway patrol workers' compensation	3,000,000	3,000,000
Highway fleet vehicle liability	1,400,000	1,500,000
Highway general liability	11,100,000	9,800,000
Medical insurance premiums		
State	78,752,433	82,864,054
Member	35,635,943	32,591,031
American Recovery and Reinvestment Act	1,037	59,514
Other	6,233,201	8,469,557
Total operating revenues	142,622,614	144,434,156
Operating Expenses		
Self-insurance programs		
Highway workers' compensation	3,213,994	6,102,178
Highway patrol workers' compensation	2,982,772	1,631,056
Highway fleet vehicle liability	2,062,085	2,336,882
Highway general liability	5,033,268	18,492,742
Other	602,186	659,361
Medical and life insurance program		
Insurance premiums	6,250,162	6,145,923
Medical benefits	85,789,093	83,257,461
Prescription drug benefits	19,886,667	19,976,807
Professional fees	616,634	1,281,859
Administrative services	6,352,832	6,392,444
Other	---	20,412
Total operating expenses	132,789,693	146,297,125
Operating income (loss)	9,832,921	(1,862,969)
Nonoperating Revenues		
Net appreciation and investment income	2,384,751	2,483,956
Total nonoperating revenues	2,384,751	2,483,956
Changes in Net Assets	12,217,672	620,987
Net Assets, beginning of year	11,464,917	10,843,930
Net Assets, end of year	$ 23,682,589	$ 11,464,917

The notes to the financial statements are an integral part of these statements

Statements of Cash Flows

Proprietary Funds

Years Ended June 30, 2012 and 2011

	Internal Service Funds	
	2012	2011
Cash Flows From Operating Activities		
Receipts from interfund services provided	$ 144,063,753	$ 143,323,961
Payments for interfund services used	(127,430,417)	(129,676,737)
Payments to suppliers	(8,995,106)	(7,508,891)
Net cash provided by (used in) operating activities	7,638,230	6,138,333
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	88,268,701	101,012,696
Purchases of investments	(96,171,418)	(108,198,262)
Interest received	3,164,702	3,042,625
Investment fees	(119,169)	(104,905)
Net cash provided by (used in) investing activities	(4,857,184)	(4,247,846)
Net increase (decrease) in cash and cash equivalents	2,781,046	1,890,487
Cash and Cash Equivalents, beginning of year	16,832,404	14,941,917
Cash and Cash Equivalents, end of year	$ 19,613,450	$ 16,832,404
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$ 9,832,921	$ (1,862,969)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Receivables	1,441,140	(1,110,195)
Accounts and claims payable	(3,482,045)	8,867,554
Deferred revenue	(153,786)	243,943
Net cash provided by (used in) operating activities	$ 7,638,230	$ 6,138,333
Noncash Items Impacting Recorded Assets		
Increase in fair value of investments	$ 45,357	$ (297,224)

The notes to the financial statements are an integral part of these statements

Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2012 and 2011

	Agency Funds	
	2012	**2011**
Assets		
Restricted cash and cash equivalents	$ 12,210,466	$ 7,588,439
Restricted investments	75,134,753	56,115,152
Other	261,238	281,419
Total assets	$ 87,606,457	$ 63,985,010
Liabilities		
Due to other governments	$ 4,262,605	$ 5,420,982
Advances from other governments	83,343,852	58,564,028
Total liabilities	$ 87,606,457	$ 63,985,010

The notes to the financial statements are an integral part of these statements

This page intentionally left blank

Notes to the Financial Statements

This page intentionally left blank

INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

Note 1: Summary of Significant Accounting Policies

The State Highway Department was created in 1913 to act as the agent of the state of Missouri (the State) for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction and maintenance.

In 1979, the voters of the State passed a constitutional amendment merging the State Highway Department with the Department of Transportation. By statute, the resulting department was named the Missouri Highways and Transportation Department. The constitutional amendment gave the Highways and Transportation Commission (the MHTC or Commission) the authority over all state transportation programs and facilities. The Commission is a bipartisan body of six members appointed by the Governor, with the consent of the Senate, for a term of six years. In 1996, by legislative action, the Missouri Highways and Transportation Department became the Missouri Department of Transportation (MoDOT or Department).

In 2002, several functions from other state agencies were combined with MoDOT. This was the result of legislative action and the Governor's Executive Order, which created the "One-Stop Shop" for motor carrier services (MCS), railroad operators and overdimension and overweight permitting. In 2003, by Governor's Executive Order, the Division of Highway Safety was transferred from the Department of Public Safety to MoDOT. This change was part of the Governor's Reorganization Plan of 2003, to merge both the Division of Highway Safety and MoDOT activities related to the state highway system and its safe operation. In 2006, the unit that audits motor carrier operators was transferred to MoDOT from the Department of Revenue. This unit is responsible for auditing International Fuel Tax Agreement tax returns and International Registration Plan applications.

(A) Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, establishes the criteria to be used for defining primary governments, component units and related organizations. The Department does not meet the GASB's criteria to be reported as its own primary government or other stand-alone government. It is part of the primary government of the State and, like other state agencies, is included in the financial statements of the State. These financial statements report the funds from which MoDOT spends. The nonmajor Multimodal Fund includes only MoDOT appropriations reported for the State's General and Federal Stabilization funds. The nonmajor MCS Federal Fund is the Motor Carrier Safety Assistance Program.

Certain legally separate organizations are involved in transportation-related projects, such as the Missouri Transportation Finance Corporation (MTFC) and other transportation corporations. Although these organizations cooperate with the Department to meet their objectives and are included in the financial statements of the State as blended or discretely presented component units, they are not part of the Department's defined reporting entity.

The State's Comprehensive Annual Financial Report may be obtained by writing to the state of Missouri, Office of Administration, Division of Accounting, P. O. Box 809, Jefferson City, MO 65102, or may be accessed online at www.oa.mo.gov/acct.

(B) Government-wide and Fund Financial Statements

1. Government-wide Statements

The government-wide statements of net assets and statements of activities report the overall financial activities of the Department, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The financial activities of the Department consist only of governmental activities, which are primarily supported by state taxes and intergovernmental revenues.

The Department administers a single program – Transportation. The statements of activities demonstrate the degree to which the direct expenses of that function are offset by program revenues. Direct expenses are those that are clearly identifiable with the function. Program revenues include (a) charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Department's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department reports the following major governmental funds:

State Highways and Transportation Department Fund (Highway Fund) – This fund was established by Section 226.200, Revised Statutes of Missouri (RSMo.) to receive revenues derived from the use of state highways. This fund pays the costs incurred to collect that revenue, to administer and enforce any state motor vehicle laws or traffic regulations and to provide other related functions.

State Road Fund (Road Fund) – This fund was constitutionally established to receive monies from the state's motor vehicle sales tax, the federal government, transfers from the Highway Fund and other related revenues. Disbursements consist of costs incurred to construct, improve and maintain the state highway system and for debt service payments.

State Road Bond Fund – This debt service fund was constitutionally established to receive monies from the state's motor vehicle sales tax. Monies are used for the repayment of bonds issued by the Commission to fund the construction and reconstruction of the state highway system or for refunding bonds.

The Department reports the following additional fund types:

Internal Service Funds – These proprietary funds account for the financing of services provided to other funds within the Department and other participating agencies on a cost-reimbursement basis. These funds are used to account for medical and life insurance coverage and self-insurance activities. Department activity comprises the majority of these funds. These funds are included in the government-wide statements by eliminating off-setting revenues and expenses.

Agency Funds – These fiduciary funds account for monies held on behalf of various political subdivisions and other interested parties and will be used to reimburse the Department for expenditures incurred by the Department on behalf of the previously mentioned parties and to collect and administer registration, license fees and fuel taxes payable to contiguous states and Canadian provinces. These funds are not included in the government-wide statements, because they are held on behalf of various political subdivisions and other interested parties and they are not available for Department use.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

1. Government-wide Financial Statements

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange include fuel taxes, sales and use taxes, Medicare Part D gap coverage and Early Retirement Reinsurance Program federal subsidies, grants, entitlements and donations. On an accrual basis, revenues from fuel taxes and sales and use taxes are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenues from Medicare Part D gap coverage and Early Retirement Reinsurance Program, based on the current funding levels from the federal government, are recognized in the fiscal year in which the revenue-generating transactions occur. Because potential retroactive adjustments to the federal subsidies are not measurable, revenue impacts are recognized in the fiscal period in which adjustments are made by the federal government. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

2. Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, all revenue sources are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department, consistent with the state of Missouri, considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are recorded as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The Department's operating revenues and expenses generally result from providing services in connection with the internal service funds' principal ongoing operations. The principal operating revenues are charges for insurance premiums. Operating expenses include self-insurance claims, benefits claims, insurance premiums and administrative expenses. Investment income is reported as nonoperating revenue.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then unrestricted resources as needed.

(D) Assets, Liabilities and Net Assets

1. Cash and Cash Equivalents and Investments

Cash and cash equivalents include:

- Cash
- Repurchase agreements, which are investments with original maturities of three months or less
- Pooled monies, including pooled investments, with the State Treasurer's office

Investments are valued at fair value.

2. Inventories

Inventories, primarily consisting of maintenance and sign shop materials, are valued at cost using the weighted average method. Inventories are recorded in the governmental funds as expenditures when consumed rather than when purchased.

3. Interfund Transactions

The Department reports the following types of interfund transactions:

Interfund services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and as expenditures or expenses in purchaser funds. This internal activity is included in the government-wide statements by eliminating off-setting revenues and expenses.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

4. Capital Assets

Capital assets, such as land, buildings, equipment and infrastructure assets, are reported at cost (or estimated historical cost) as governmental activities in the government-wide financial statements. Infrastructure assets are those assets that are normally immovable and of value to the citizens of the state of Missouri, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The Department capitalizes assets with an expected useful life of more than one year with a cost greater than $1,000 for equipment, $5,000 for software and $15,000 for buildings and land improvements. No dollar threshold is set for land, easements and infrastructure. Donated capital assets are recorded at their fair market value at the date of the donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense, including amortization of leased capital and intangible assets, is recorded in the government-wide financial statements.

Capital assets, excluding infrastructure, are depreciated or amortized on the straight-line method over the asset's estimated useful life. Infrastructure is depreciated using a method in which a depreciation rate is calculated annually using a weighted average of the current age of the depreciable infrastructure. There is no depreciation recorded for land, permanent easements, software in progress, construction in progress and infrastructure in progress. Generally, estimated useful lives are as follows:

Vehicles, machinery and equipment	1 to 20 years
Buildings and other improvements	10 to 50 years
Infrastructure	7 to 50 years
Software	5 years
Temporary Easements	3 years

5. Deferred Revenue

The Department has recorded deferred revenue in the Road Fund and Highway Fund relating to long-term cost reimbursement receivables and in nonmajor funds relating to local matches for pass-through funds and cost reimbursements. Deferred revenue in the internal service funds is employee and employer medical insurance premiums received and held for the subsequent month's coverage. These amounts are reported as deferred because they are unearned as of year-end.

6. Compensated Absences

Under the terms of the Department's personnel policy, Department employees are granted 10 to 14 hours of annual leave per month. Additionally, certain employees can accrue a maximum of 240 hours of compensatory time for unpaid overtime. Employees have accrued annual leave and compensatory time available amounting to $33,147,572 and $36,930,821 as of June 30, 2012 and 2011, respectively, recorded in the government-wide financial statements. Because employees are not paid for accumulated sick leave upon retirement or termination, no liability has been recorded for this leave.

7. Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements, bond premiums and discounts, including the deferred amount on refunding as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pollution Remediation Obligations

MoDOT estimates the components of expected pollution remediation activities and determines whether expected outlays for those components should be accrued as a liability and expensed or, if appropriate, capitalized. Pollution remediation obligations are measured at the current cost of future activities and are valued using the expected cash flow method, which measures the liability based on probability-weighted amounts. The determined liabilities could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations governing the remediation efforts.

9. Fund Balances

In the fund financial statements, fund balances are displayed as follows:

Nonspendable – This consists of State Road Fund balances of $45,789,400 and $46,730,728 at June 30, 2012 and 2011, respectively, representing inventories held.

Unassigned – This consists of a deficit fund balance. The Highway Safety Fund, a nonmajor fund, had a deficit fund balance at June 30, 2012 of $2,898,764. The National Highway Traffic Safety Administration provides financing for the Highway Safety Fund. The Highway Safety Fund expenditures are recorded as incurred and, under the modified accrual basis, the corresponding revenue has been deferred due to the timing of receipts.

Restricted – This consists of fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Total restricted fund balances of $1,248,963,378 and $1,567,005,175 at June 30, 2012 and 2011, respectively, were restricted by enabling legislation.

10. Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. This also includes unexpended bond or lease proceeds less the related outstanding liability. Total restricted net assets at June 30, 2012 and 2011, $1,046,672,833 and $1,390,363,093, respectively, were restricted by enabling legislation or by outside parties.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses or expenditures and other changes in net assets or fund balances during the reporting period. Actual results could differ from those estimates.

12. Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. This had no effect on net assets.

Note 2: Deposits and Investments

Cash and investments include amounts held by the State Treasurer's Office as required by the state constitution for all state funds of the primary government. Interest income earned on cash and investments in the State Treasury is allocated to the funds based on the respective investment and cash balances. In addition, cash and investments also include funds held in depository banks, as allowed by state statute.

By policy, investments may include linked deposits, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements and reverse repurchase agreements, U.S. Treasury obligations and federal agency securities. The Department's investments are reported at fair value. While the majority of the Department's investments are pooled in the State Treasury or with the Department of Revenue, a portion is held at banks outside those state agencies. At June 30, 2012 and 2011, the Department's portfolio of non-pooled funds had $186,718,970 and $160,317,540, respectively, of uninsured, unregistered investments held in the Commission's or State's name. Also at June 30, 2012 and 2011, the Department had book balances of $27,553,247 and $18,687,891, respectively, of repurchase agreements. Of the total repurchase agreements' bank balances of $29,262,439 and $19,084,172 at June 30, 2012 and 2011, respectively, securities were held by a financial institution's trust department in the Commission's or State's name.

Interest Rate Risk – The State Treasurer's Office policy states it will minimize the risk the market value of investments will fall due to changes in general interest rates by maintaining an effective duration of less than 2.5 years and holding at least 25.0 percent of the portfolio's total market value in securities with a maturity of 12 months or less. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be structured so securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Of the total non-pooled investments, $186,502,577 is highly sensitive to interest rate changes, because the investments are callable or subject to prepayment. The effective maturities are disclosed based on assumptions provided by the Department's investment advisor.

Credit Risk – The State Treasurer's Office policy states it will minimize the risk of loss due to the failure of a security issuer or backer by pre-approving financial institutions, companies, brokers and dealers and conducting regular credit monitoring and due diligence. MoDOT's policy for the investment portfolios of non-pooled funds states they are to be limited to the safest types of securities, as described above. The policies for both portfolios require diversification so potential losses on individual securities will be minimized.

Concentration of Credit Risk – The policies of both the State Treasurer's Office and MoDOT state investments are to be diversified and limits are set to minimize the risk of loss resulting from excess concentration in a specific maturity, issuer or class of security. The asset allocation is periodically reviewed by the State Treasurer and the Department's investment advisor. At June 30, 2012 and 2011, no investments in any one organization (other than those issued or sponsored by the U.S. Government and those in pooled investments) represented 5.0 percent of total investments.

At June 30, 2012, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$10,304,282	$1,053,181,877	$31,683,152	$23,029,706	$ ---	$ ---
Cash deposited with banks	---	---	---	---	8,376	---
U.S. agency obligations	---	---	---	---	111,367,824	---
U.S. Treasury obligations	---	---	---	---	16,393	---
Repurchase agreements	---	---	---	---	19,605,074	---
Total	$10,304,282	$1,053,181,877	$31,683,152	$23,029,706	$130,997,667	$ ---
Restricted assets:						
Cash and investments pooled in the State Treasury	$ ---	$ 69,721,550	$ ---	$ ---	$ ---	$ ---
Cash and investments pooled with the Mo. Dept. of Revenue	---	---	---	---	---	4,262,200
Cash deposited with banks	---	---	---	---	---	93
U.S. agency obligations	---	---	---	---	---	75,134,753
U.S. Treasury obligations	---	---	---	---	200,000	---
Certificate of deposit	---	---	---	---	100,000	---
Repurchase agreements	---	---	---	---	---	7,948,173
Total	$ ---	$ 69,721,550	$ ---	$ ---	$ 300,000	$87,345,219

At June 30, 2011, the Department's cash and investments consisted of the following:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Internal Service Funds	Agency Funds
Cash and investments:						
Cash and investments pooled in the State Treasury	$8,999,512	$1,400,259,346	$26,887,422	$18,269,783	$ ---	$ ---
Cash deposited with banks	---	---	---	---	312,982	---
U.S. agency obligations	---	---	---	---	103,984,114	---
U.S. Treasury obligations	---	---	---	---	18,274	---
Repurchase agreements	---	---	---	---	16,519,422	---
Total	$8,999,512	$1,400,259,346	$26,887,422	$18,269,783	$120,834,792	$ ---
Restricted assets:						
Cash and investments pooled in the State Treasury	$ ---	$ 58,657,725	$ ---	$ ---	$ ---	$ ---
Cash and investments pooled with the Mo. Dept. of Revenue	---	---	---	---	---	5,419,961
Cash deposited with banks	---	---	---	---	---	9
U.S. agency obligations	---	---	---	---	---	55,115,182
U.S. Treasury obligations	---	---	---	---	200,000	999,970
Certificate of deposit	---	---	---	---	100,000	---
Repurchase agreements	---	---	---	---	---	2,168,469
Total	$ ---	$ 58,657,725	$ ---	$ ---	$ 300,000	$63,703,591

The maturities of mortgage-backed investments have been estimated based on the weighted average life of the investment type. Estimated maturities will differ from actual maturities because issuers may have the right to call or prepay obligations.

At June 30, 2012, the Department's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 27,553,247	$ 27,553,247	$ ---	$ ---
Certificate of deposit	100,000	100,000	---	---
U.S. Treasury obligations	216,393	216,393	---	---
U.S. agency obligations	186,502,577	44,921,904	140,480,464	1,100,209
	$214,372,217	$ 72,791,544	$140,480,464	$1,100,209

At June 30, 2011, the Department's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1 to 5	6 to 10
Repurchase agreements	$ 18,687,891	$18,687,891	$ ---	$ ---
Certificate of deposit	100,000	100,000	---	---
U.S. Treasury obligations	1,218,244	999,970	218,274	---
U.S. agency obligations	159,099,296	51,329,815	107,769,481	---
	$179,105,431	$71,117,676	$107,987,755	$ ---

At June 30, 2012, the Department's non-pooled investments were rated as shown below:

Investment Type	Moody's	Standard and Poor's	Fair Value
U.S. agency obligations	Aaa	AA+	$186,502,577
U.S. Treasury obligations	Aaa	AA+	216,393
			$186,718,970

At June 30, 2011, the Department's non-pooled investments were rated as shown below:

Investment Type	Moody's	Standard and Poor's	Fair Value
U.S. agency obligations	Aaa	---	$110,067,090
U.S. agency obligations	---	AAA	49,032,206
U.S. Treasury obligations	Aaa	---	1,218,244
			$160,317,540

This page intentionally left blank

Note 3: Receivables

Reimbursement receivables consist of billings to outside entities for repayment of expenditures incurred by MoDOT. Also included are miscellaneous receivables from contractors and others. Reimbursement receivables are shown net of an allowance for doubtful accounts of $4,342,368 and $5,377,602 at June 30, 2012 and 2011, respectively. The Department provides an allowance based upon a review of the outstanding receivables, historical collection information and existing economic conditions.

Contributions receivable consists of amounts due from participating employers and members in the Department's insurance and risk management plans. The federal government receivable represents funds to be received on federally-participating projects. Loans receivables represent loans to cities and counties for nonhighway-related projects, such as airport improvements.

Receivables at June 30, 2012 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$108,448,095	$ 17,426,227	$10,624,173	$ 751,836
Federal government	---	49,687,809	---	14,446,845
Miscellaneous:				
Reimbursements	3,172,109	45,753,634	---	2,058,482
Interest	58,379	1,584,192	47,613	26,877
Contributions	---	---	---	---
Total miscellaneous	3,230,488	47,337,826	47,613	2,085,359
Loans	---	---	---	2,516,965
Total receivables	$111,678,583	$114,451,862	$10,671,786	$19,801,005

Receivables at June 30, 2011 for the government's individual major funds, nonmajor funds and internal service funds were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds
State taxes and fees	$107,920,285	$ 14,946,758	$ 8,145,413	$ 762,545
Federal government	---	61,067,644	---	6,541,071
Miscellaneous:				
Reimbursements	3,104,907	41,798,674	---	1,464,152
Interest	60,824	1,950,619	32,448	15,674
Contributions	---	---	---	---
Total miscellaneous	3,165,731	43,749,293	32,448	1,479,826
Loans	---	---	---	2,948,814
Total receivables	$111,086,016	$119,763,695	$ 8,177,861	$11,732,256

Internal Service Funds	Total	Due Within One Year
$ ---	$137,250,331	$137,250,331
---	64,134,654	64,134,654
170,786	51,155,011	37,349,889
232,208	1,949,269	1,949,269
1,426,088	1,426,088	1,426,088
1,829,082	54,530,368	40,725,246
---	2,516,965	430,082
$1,829,082	$258,432,318	$242,540,313

Internal Service Funds	Total	Due Within One Year
$ ---	$131,775,001	$131,775,001
259	67,608,974	67,608,974
1,583,837	47,951,570	35,229,312
372,102	2,431,667	2,431,667
1,453,918	1,453,918	1,453,918
3,409,857	51,837,155	39,114,897
---	2,948,814	443,022
$3,410,116	$254,169,944	$238,941,894

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2012 are summarized below:

	Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
Nondepreciable capital assets					
Land and permanent easements	$ 2,476,703,872	$ 678,294	$ 11,371,066	$ 11,410,692	$ 2,477,421,792
Software in progress	1,497,526	480,295	---	(1,119,699)	858,122
Construction in progress	126,003,714	44,749,704	---	(19,071,011)	151,682,407
Infrastructure in progress	3,157,004,824	1,043,607,723	---	(1,194,853,411)	3,005,759,136
Total nondepreciable capital assets	5,761,209,936	1,089,516,016	11,371,066	(1,203,633,429)	5,635,721,457
Depreciable/amortizable capital assets					
Land improvements	24,095,878	---	143,997	1,851,883	25,803,764
Buildings	264,786,204	199,998	5,358,191	5,808,436	265,436,447
Software	14,555,181	1,829,728	---	1,119,699	17,504,608
Equipment and vehicles	494,673,043	20,377,966	11,962,628	---	503,088,381
Temporary easements	5,028,257	844,892	2,868,981	---	3,004,168
Infrastructure	44,255,389,074	---	72,089,558	1,194,853,411	45,378,152,927
Total depreciable/amortizable capital assets	45,058,527,637	23,252,584	92,423,355	1,203,633,429	46,192,990,295
Accumulated depreciation/amortization					
Land improvements	9,089,739	980,476	60,580	---	10,009,635
Buildings	96,422,301	8,761,971	3,765,721	---	101,418,551
Software	10,482,063	1,572,520	---	---	12,054,583
Equipment and vehicles	306,789,542	34,846,237	11,195,884	---	330,439,895
Temporary easements	2,533,842	1,676,002	2,868,981	---	1,340,863
Infrastructure	22,457,845,223	275,401,177	72,089,558	---	22,661,156,842
Total accumulated depreciation/amortization	22,883,162,710	323,238,383	89,980,724	---	23,116,420,369
Total depreciable/amortizable capital assets, net	22,175,364,927	(299,985,799)	2,442,631	1,203,633,429	23,076,569,926
Total net capital assets	$ 27,936,574,863	$ 789,530,217	$ 13,813,697	$ ---	$ 28,712,291,383

Changes in capital assets for the year ended June 30, 2011 are summarized below:

Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
$ 2,448,229,814	$ 611,242	$ 11,612,473	$ 39,475,289	$ 2,476,703,872
741,343	1,912,759	---	(1,156,576)	1,497,526
164,332,712	35,690,437	---	(74,019,435)	126,003,714
2,726,355,921	1,175,588,086	---	(744,939,183)	3,157,004,824
5,339,659,790	1,213,802,524	11,612,473	(780,639,905)	5,761,209,936
15,318,312	---	16,200	8,793,766	24,095,878
240,529,416	---	1,493,592	25,750,380	264,786,204
11,983,790	1,414,815	---	1,156,576	14,555,181
494,672,417	34,274,215	34,273,589	---	494,673,043
6,494,688	295,461	1,761,892	---	5,028,257
43,589,497,956	---	79,048,065	744,939,183	44,255,389,074
44,358,496,579	35,984,491	116,593,338	780,639,905	45,058,527,637
8,538,880	567,059	16,200	---	9,089,739
89,024,292	8,444,471	1,046,462	---	96,422,301
7,699,510	2,782,553	---	---	10,482,063
303,478,586	35,825,773	32,514,817	---	306,789,542
2,130,921	2,164,813	1,761,892	---	2,533,842
21,839,004,396	697,888,892	79,048,065	---	22,457,845,223
22,249,876,585	747,673,561	114,387,436	---	22,883,162,710
22,108,619,994	(711,689,070)	2,205,902	780,639,905	22,175,364,927
$ 27,448,279,784	$ 502,113,454	$ 13,818,375	$ ---	$ 27,936,574,863

Note 5: Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition, various lawsuits against the Department arise incident to the Department's normal operations. These risks have been classified as workers' compensation, vehicle liability, general liability, condemnation and inverse condemnation, contractor suits, employment suits, environmental regulatory liability and levy and drainage district suits. It is the policy of the Department to manage its risks internally, with the exception of purchased earthquake and major building insurance policies. No insurance settlements exceeded coverage in the last three years. In addition, all State employees and officers are covered by the State's Legal Expense Fund.

(A) Workers' Compensation, Vehicle and General Liabilities

The Department sets aside assets for the settlement of workers' compensation, vehicle liability and general liability claims in an internal service fund, the MHTC Self-Insurance Fund. Section 537.610 RSMo. limits the liability of the State and its public entities on claims within the scope of Sections 537.600 to 537.650 RSMo., except for those claims governed by the provisions of the Missouri Workers' Compensation Law, Chapter 287 RSMo. The limits were $2,618,230 and $2,545,062 for all claims arising out of a single accident or occurrence, and $392,734 and $381,759 for any one person in a single accident or occurrence, at June 30, 2012 and 2011, respectively, as set by the Missouri Department of Insurance.

Estimated pending self-insurance claims represent the expected losses to be realized on known claims pending and include minor non-incremental claims adjustment expenses. Estimated unreported claims represent expected losses or claims incurred but not reported. Amounts are reported based on actuarial calculations. Liabilities for incurred losses related to workers' compensation and general and vehicle liability claims are reported at their discounted value, assuming an investment yield of 2.0 percent.

Changes in pending self-insurance claims and incurred but not reported claims for workers' compensation, vehicle and general liability during the past two years are:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2012	$89,983,640	$13,292,119	$15,450,710	$87,825,049
2011	$81,561,271	$28,562,858	$20,140,489	$89,983,640

(B) Other Claims

Claims for condemnation and inverse condemnation, contractor suits, levy and drainage district suits, environmental regulatory liability and employment suits are paid from the State Road Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. As listed in the Financing and Other Obligations note disclosure, the Department has approximately $2,424,143 and $9,581,694 in claims and judgments payable at June 30, 2012 and 2011, respectively. The Department is involved in other such suits for which no liability has been recorded, as a probable loss has not occurred. The aggregate potential liability of all claims deemed probable or possible to result in a loss was estimated to be approximately $8,087,646 and $14,894,695 as of June 30, 2012 and 2011, respectively. These estimates are within a range of $4,901,649 to $18,153,142 and $9,011,397 to $30,128,128 as of June 30, 2012 and 2011, respectively.

Note 6: Medical and Life Insurance Plan

The MoDOT and Missouri State Highway Patrol (MSHP) Insurance Plan (the Medical and Life Insurance Plan) Internal Service Fund accounts for the medical coverage provided on a self-insured basis and life insurance and transplant insurance benefits underwritten by commercial insurance companies. These benefits are available to employees, retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees of the Department, the MSHP and the MoDOT and Patrol Employees' Retirement System (MPERS). Changes to plan benefits and funding are required to be approved by the Commission. Incurred but not reported claims of $11,500,000 and $11,400,000 were reported in the Medical and Life Insurance Plan as of June 30, 2012 and 2011, respectively.

Claims incurred but not reported represent estimated unreported claims. This liability is established from an actuarial report, which is based on data provided by the Department and claims administrators. Changes in the incurred but not reported claims liability during the past two years are:

	Beginning Balance	Current Claims and Estimate Changes	Claim Payments	Ending Balance
2012	$11,400,000	$105,676,000	$105,576,000	$11,500,000
2011	$11,800,000	$103,234,000	$103,634,000	$11,400,000

Note 7: Other Post-Employment Benefits (OPEB)

The Department provides a portion of health care insurance through the Medical and Life Insurance Plan, as discussed in the prior Note, in accordance with Section 104.270 RSMo. For purposes of reporting OPEB costs and obligations in accordance with GASB Statement 45, the Insurance Plan is disclosed within the state of Missouri reporting entity as a single employer plan. However, it is disclosed for the Department's reporting purposes as an agent, multiple-employer plan, as it includes employees of MoDOT, MSHP and MPERS, and is not a separate legal entity. These other post-employment benefit costs are included in the Medical and Life Insurance Plan Internal Service Fund.

Eligible members are employees who retire from the Department participating in the Medical and Life Insurance Plan with a minimum of five years of creditable service if hired before January 1, 2011 or ten years of creditable service if hired on or after January 1, 2011. Premiums vary by coverage categories, which include retirees, certain disabled employees, spouses, certain dependents and survivors of deceased employees and retirees. Members' and the Department's required contribution rates average approximately 52.0 percent and 48.0 percent, respectively, of total premiums. Plan member contributions range from $33 to $714 per month. The medical insurance benefits, and employer and member contribution amounts, are recommended by the Medical and Life Insurance Plan's Board of Trustees and are approved by the Commission. The Insurance Plan is financed on a pay-as-you-go basis.

	Plan Total			Department Portion		
	2012	2011	2010	2012	2011	2010
Annual OPEB Cost	$105,844,626	$109,284,533	$110,385,424	$ 75,896,217	$ 79,024,650	$ 83,132,045
Net OPEB obligations at year end	377,530,018	300,262,255	221,323,950	268,544,583	214,407,085	157,985,387
Percentage of annual OPEB cost contributed	n/a	n/a	n/a	29 %	29 %	27 %

The Department contributed $21.8 and $22.6 million, including implicit rate subsidies, during fiscal years 2012 and 2011, respectively. Payments for OPEB liabilities are made from the Road Fund. Although funding is not related to payroll amounts, an equivalent Annual Required Contribution (ARC) rate would be 33.8 percent and 31.5 percent of annual covered payroll of $224,455,344 and $251,164,672 for fiscal years 2012 and 2011, respectively. MoDOT's share of the changes in the Plan's net OPEB obligation at June 30, 2012 is as follows:

Normal cost	$ 29,392,615
Amortization payment	46,057,394
Interest on net OPEB obligation	13,043,569
Adjustment to ARC	(12,597,361)
Annual OPEB cost	75,896,217
Contributions	(21,758,719)
Increase in net OPEB obligation	54,137,498
Net OPEB Obligation – beginning of year	214,407,085
Net OPEB Obligation – end of year	$268,544,583

Based on an actuarial valuation report as of July 1, 2011, the Plan's total actuarial accrued liability is $1,082.7 million. Because the Plan is an internal service fund of the Department, the Plan's assets have not been set aside; therefore, there is no actuarial value of assets. The Department's portion of the actuarial accrued liability at year-end was as follows:

Actuarial accrued liability (AAL)	$783,896,843
Actuarial value of assets	---
Unfunded actuarial accrued liability (UAAL)	$783,896,843
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll	$224,455,344
UAAL as a percentage of covered payroll	349 %

Actuarial valuations reflect a long-term perspective and involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These calculations are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A Schedule of Funding Progress, presented as Required Supplementary Information, follows the Notes to the Financial Statements. As allowed by the GASB, this reporting requirement is being implemented prospectively, as data is not available for prior years. Over time, a Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits. The actuarial calculations have been based on the substantive plan in place at the time of valuation and on the pattern of cost sharing between the employers and members at that point.

The actuarial methods and assumptions utilized in the valuation were as follows:

Actuarial cost method	projected unit credit
UAAL amortization method	level dollar amount
UAAL amortization period, closed/open	30 years, open
Investment return (discount) rate	4.5 %
Healthcare cost trend rate	8%, decreasing to 5% in 2017

Note 8: Financing and Other Obligations

Changes in long-term obligations for the year ended June 30, 2012 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$ 3,204,715,000	$ ---	$ 133,190,000	$ 3,071,525,000	$ 153,525,000
Notes issued	23,678,011	9,097,003	4,370,429	28,404,585	9,227,039
Capital leases	8,476,373	11,747	6,021,931	2,466,189	306,499
Claims and judgments	9,581,694	1,181,253	8,338,804	2,424,143	1,684,143
Compensated absences	36,930,821	18,011,803	21,795,052	33,147,572	21,795,052
Pollution remediation	137,033	6,014	92,084	50,963	50,963
	$ 3,283,518,932	$ 28,307,820	$ 173,808,300	$ 3,138,018,452	$ 186,588,696
Amortization of financing activity:					
Deferred refunding difference				(17,195,647)	
Discount				(102,939)	
Premium				99,631,788	
				$ 3,220,351,654	

Changes in long-term obligations for the year ended June 30, 2011 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$ 3,352,640,000	$ 130,390,000	$ 278,315,000	$ 3,204,715,000	$ 133,190,000
Notes issued	20,537,068	10,095,569	6,954,626	23,678,011	4,370,430
Federal Highway Administration loan	12,169,793	---	12,169,793	---	---
Capital leases	14,321,546	4,868,805	10,713,978	8,476,373	2,994,321
Claims and judgments	4,067,320	8,914,849	3,400,475	9,581,694	4,321,693
Compensated absences	37,908,860	22,118,819	23,096,858	36,930,821	23,096,858
Pollution remediation	14,653	197,919	75,539	137,033	137,033
	$ 3,441,659,240	$ 176,585,961	$ 334,726,269	$ 3,283,518,932	$ 168,110,335
Amortization of financing activity:					
Deferred refunding difference				(20,429,813)	
Discount				(117,136)	
Premium				116,532,498	
				$ 3,379,504,481	

Information related to claims and judgments and compensated absences can be found in the Summary of Significant Accounting Policies Note and the Risk Management Note.

Payments on state road bonds are made from the Road Fund and the Road Bond Fund. Compensated absences are made by the governmental funds from which the related salaries are paid. All other long-term obligation payments are liquidated from the Road Fund.

House Bill 1742, signed by the Governor on May 30, 2000, authorized the Department to issue bonds of $2.25 billion through 2006, with no more than $500.0 million issued in any one year. Under Constitutional Amendment 3, approved by Missouri voters on November 2, 2004, the authority of the Commission to issue State Road bonds is not subject to statutory provisions.

In December 2003, the Commission entered into a line-of-credit with the MTFC. The maximum amount available in the line-of-credit is the total uncommitted balance of the MTFC accounts. The primary purpose of the loan is to finance federally funded construction projects in the event of federal reimbursement delays for Road Fund projects. The Commission will make a lump-sum payment of principal and interest three months after the loan is advanced. At June 30, 2012 and 2011, no advances had been made to MoDOT on the line-of-credit agreement.

(A) State Road Bonds

1. Bonded Debt Detail:

	2012	2011
Series A 2001 State Road bonds, originally issued for $200,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $7,110,000 to $10,535,000 beginning February 1, 2003 through 2015; interest varying from 2.25 percent to 5.125 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	$ ---	$ 10,125,000
Series A 2002 State Road bonds originally issued for $203,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $7,435,000 to $10,075,000 beginning February 1, 2004 through 2015; interest varying from 3.00 percent to 5.25 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	---	9,675,000
Series A 2003 State Road bonds, originally issued for $254,000,000, to finance projects in conformity with the priorities established in the 1992 plan developed by the Department due in annual installments of $8,125,000 to $18,910,000 beginning February 1, 2005 through 2023; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	---	11,990,000
Series A 2005 State Road bonds, originally issued for $278,660,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, due in annual installments of $23,835,000 to $33,940,000 beginning May 1, 2006 through 2015; interest varying from 2.50 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	97,075,000	126,460,000
Series B 2005 State Road bonds, originally issued for $72,000,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program, demand bonds due in 2015; variable interest rate determined weekly, not to exceed 10 percent or the maximum rate permitted by law; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution. See Variable Rate Demand Bonds subsection.	45,095,000	58,920,000
Series A 2006 State Road bonds, originally issued for $296,670,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program; due in annual installments of $10,000,000 to $49,085,000; beginning in 2009 through 2021; interest varying from 3.75 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	231,670,000	251,670,000
Series B 2006 State Road bonds, originally issued for $503,330,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program due in annual installments of $67,735,000 to $121,210,000 beginning in 2022 through 2026; interest varying from 4.50 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	503,330,000	503,330,000
Series 2006 Refunding State Road bonds, originally issued for $394,870,000, to advance refund certain portions of Series A 2000 through 2003 State Road bonds; due in annual installments of $13,110,000 to $61,200,000 beginning February 1, 2013 through 2022; interest varying from 4.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	394,870,000	394,870,000

Series A 2007 State Road bonds, originally issued for $526,800,000, to finance projects pursuant to the Smoother, Safer, Sooner road and bridge program due in annual installments of $1,600,000 to $69,765,000 beginning in 2009 through 2027; interest varying from 4.00 percent to 5.25 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	504,680,000	510,145,000
Series A 2008 Federal Reimbursement State Road Bonds, originally issued for $142,735,000, to finance federally-eligible projects, including the new I-64 project in St. Louis, due in annual installments of $7,140,000 to $12,870,000 beginning in 2011 through 2025; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	128,240,000	135,595,000
Series A 2009 Federal Reimbursement State Road Bonds, originally issued for $195,625,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $14,505,000 to $21,870,000 beginning in 2011 through 2021; interest varying from 2.00 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	165,935,000	181,120,000
Series B 2009 Federal Reimbursement State Road Bonds, originally issued for $404,375,000, to finance federally-eligible projects, including the Safe and Sound bridge program, due in annual installments of $23,175,000 to $43,250,000 beginning in 2022 through 2033; interest varying from 4.80 percent to 5.45 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	404,375,000	404,375,000
Series C 2009 State Road bonds, originally issued for $300,000,000, to finance projects pursuant to Amendment 3 due in annual installments of $19,070,000 to $28,015,000 beginning in 2017 through 2029; interest varying from 4.31 percent to 5.63 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	300,000,000	300,000,000
Series A 2010 Federal Reimbursement State Road Bonds, originally issued for $128,865,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $2,745,000 to $13,610,000 beginning in 2011 through 2022; interest varying from 1.50 percent to 5.00 percent; secured by revenues collected from federal highway reimbursements.	109,730,000	119,915,000
Series B 2010 Federal Reimbursement State Road Bonds, originally issued for $56,135,000, to finance federally-eligible projects, including the new Mississippi River Bridge in St. Louis and the Safe and Sound bridge program, due in annual installments of $11,290,000 to $15,425,000 beginning in 2022 through 2025; interest varying from 4.72 percent to 5.02 percent, exclusive of expected U.S. Treasury subsidy; secured by revenues collected from federal highway reimbursements.	56,135,000	56,135,000
Series C 2010 Refunding State Road bonds, originally issued for $130,390,000, to advance refund certain portions of Series A 2001 through 2003 State Road bonds; due in annual installments of $1,205,000 to $31,145,000 beginning February 1, 2013 through 2023; interest varying from 3.00 percent to 5.00 percent; secured by revenues collected under Article IV, Section 30(b) of the Missouri Constitution.	130,390,000	130,390,000
	$3,071,525,000	$3,204,715,000

2. Tax Status of Bonds

Tax-Exempt issuances: The Series Refunding Series 2006 and 2010 bonds are Senior Bonds and would take priority in payment over other bonds. The Series A 2005 and Series A and B 2006 bonds are First Lien bonds. The Series A 2007 bonds are Second Lien bonds. The Series B 2005 bonds are Third Lien bonds. The Series A 2008, A 2009 and A 2010 bonds are liens on federal highway reimbursement revenues. As tax-exempt issuances, these bonds are subject to federal arbitrage regulations.

Taxable issuances: The Series B 2009 and B 2010 bonds are liens on federal highway reimbursement revenues. The Series C 2009 bonds are Third Lien bonds. These bonds are taxable Build America Bonds as established under the American Recovery and Reinvestment Act.

3. Variable Rate Demand Bonds

The Series B 2005 State Road bonds were issued as variable rate instruments with weekly rate changes. The remarketing agents determine the interest rate as the lowest rate that will permit the bonds to be sold at par. During the year, interest rates ranged from 0.04 percent to 0.25 percent. Accrued interest is paid on a monthly basis. These bonds are demand obligations and are subject to tender. If the tendered bonds cannot be remarketed, the remarketing agents have agreed to purchase the bonds and hold them for a maximum of 180 days. The remarketing agents receive quarterly fees to provide the service. The fees are 7.5 basis points of amounts outstanding.

Under an irrevocable letter of credit issued by State Street Bank and Trust Company, the bank is obligated to pay the bond trustee the purchase price of bonds not remarketed. The original letter of credit expires July 21, 2012. The letter of credit was extended to match the final maturity of the bonds, May 1, 2015.

If monies are drawn on the letter of credit, the Commission may pay the purchase price of the bonds or obtain a liquidity advance, payable 60 days following the advance, with interest at the federal funds rate plus 0.5 percent. The Commission may enter into a term loan of up to three years bearing interest at a rate equal to the federal funds rate plus 1.5 percent. If the term loan were to be utilized because the outstanding amount of $45,095,000 was not resold, the Commission would be required to pay approximately $7,748,000 semi-annually for 3 years, assuming a 1.75 percent interest rate. The Department pays quarterly fees of 17 basis points to the bank. Under the extended letter of credit, the quarterly fees are 60 basis points.

4. Bond Debt Maturity

Annual debt service requirements to maturity are indicated in the following schedule. The interest amounts for the demand obligation bonds reflect the year-end rate of 0.18 percent and are based upon the current debt service schedule. The interest payments for the Build America Bonds are shown excluding the expected receipt of interest subsidy payments from the U.S. Treasury.

Fiscal Year	Principal Due	Interest Due	Total Due
2013	$ 153,525,000	$ 149,349,458	$ 302,874,458
2014	162,050,000	143,401,648	305,451,648
2015	169,550,000	136,782,527	306,332,527
2016	168,470,000	129,749,440	298,219,440
2017	195,410,000	121,907,806	317,317,806
2018-2022	1,066,625,000	458,050,547	1,524,675,547
2023-2027	862,630,000	199,713,102	1,062,343,102
2028-2032	250,015,000	49,044,338	299,059,338
2033-2037	43,250,000	2,354,962	45,604,962
	$ 3,071,525,000	$ 1,390,353,828	$ 4,461,878,828

(B) Notes Issued

1. Notes Issued Detail:

	2012	2011
City of Fulton; to make improvements at Business Route 54 and Second Street; principal due August 5, 2012; no interest will accrue.	981,014	981,014
Joplin Special Road District; to make improvements at Route 43 and Douglas Fir Road; principal due August 1, 2011; no interest will accrue.	---	175,332
City of Kansas City; to make improvements at Route 150 and Botts Road; principal due August 1, 2012 and August 1, 2013; no interest will accrue.	6,060,647	5,037,576
Kansas City Southern Railway; replace an at-grade intersection at Route 150 and Thunderbird Road; principal due August 15, 2012 and August 15, 2014; no interest will accrue.	390,481	---
City of Kirksville; to improve access along Route 63; principal due August 1, 2012; no interest will accrue.	67,121	---
City of Moberly; to make improvements to Routes 24 and DD; principal due August 1, 2011; no interest will accrue.	---	428,000
City of Oak Grove; to widen Route F; principal due August 1, 2012; no interest will accrue.	22,475	---
City of O'Fallon; to accelerate a portion of the Route 364 (Page Avenue Extension) project, which consists of constructing a south outer road; principal due July 1, 2015; no interest will accrue.	8,835,335	8,835,335
City of Pacific; to make improvements to Route I-44; principal due August 1, 2011; no interest will accrue.	---	459,643
City of Poplar Bluff; to improve intersections at Route 67, Business Route 67, and Oak Grove Road; principal due August 1, 2014; no interest will accrue.	1,296,312	---
City of Rogersville; to make improvements to Route 60; principal due August 1, 2012; no interest will accrue.	355,733	355,733
Show Me Ethanol; to make improvements to Route 24; principal due July 29, 2011; no interest will accrue.	---	112,496
City of Springfield; to make improvements on Route 60 (James River Freeway) and National Avenue; principal due August 1, 2011 and August 1, 2012; no interest will accrue.	2,028,216	3,256,077
County of St. Charles; to provide a location, needs and cost study of a river crossing on Highway 40 between St. Louis County and St. Charles County; principal due July 1, 2020; no interest will accrue.	644,498	644,498
County of St. Charles; to make improvements to Route 364; principal due August 1, 2012 and August 1, 2013; no interest will accrue.	7,340,753	1,992,867
City of Trenton; to make improvements to Route 65; principal due August 1, 2012; no interest will accrue.	382,000	382,000
City of Waynesville; to make improvements parallel to I-44; principal due August 1, 2011; no interest will accrue.	---	1,017,440
	$28,404,585	$23,678,011

2. Notes Issued Debt Maturity

Annual debt service requirements to maturity are indicated in the following schedule. The Commission is responsible for loan interest payments to make improvements to Highway 36, due in annual installments beginning in fiscal year 2011 through 2020, at an interest rate of 3.99 percent. The U.S. Highway 36 – Interstate 72 Corridor Transportation Development District is responsible for principal payments.

Fiscal Year	Principal Due	Interest Due	Total Due
2013	$ 9,227,039	$ 990,371	$10,217,410
2014	7,340,754	868,876	8,209,630
2015	2,356,959	749,575	3,106,534
2016	8,835,335	627,680	9,463,015
2017	---	506,783	506,783
2018-2022	644,498	797,362	1,441,860
	$28,404,585	$4,540,647	$32,945,232

(C) Capital Lease Obligations

The Department is committed under several capital leases to finance the acquisition of various vehicles and equipment, as well as a building. Lease-purchase agreements for equipment, vehicles and the building grant a security interest in the related capital assets. The assets acquired through these capital leases are included in capital assets as follows:

	2012	2011
Building	$4,106,522	$ 4,106,522
Equipment	269,248	415,791
Vehicles	---	8,079,361
Total capital leased assets	4,375,770	12,601,674
Accumulated depreciation	1,069,322	1,663,841
Capital leased assets, net	$3,306,448	$10,937,833

The following schedule presents the future minimum lease payments under the capital leases and the present value of the future minimum lease payments as of June 30, 2012:

2013	$ 426,368
2014	422,912
2015	403,564
2016	396,000
2017	396,000
2018-2022	957,000
Total minimum lease payments	3,001,844
Less: amount representing interest	535,655
Present value of minimum lease payments	$2,466,189

(D) Pollution Remediation Obligations

During 2012, MoDOT performed work related to Missouri Department of Natural Resources' requirements for lagoons and a fuel leak. MoDOT is currently involved in remediation activities in two instances related to buildings and grounds caused by chemical contamination as well as an additional lagoon issue. The potential for pollution remediation exists; however, any future remediation obligations are not yet estimable.

Note 9: Tax Revenues

Tax revenues for the fiscal years 2012 and 2011 were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2012
Fuel taxes	$496,148,454	$ 148,356	$ ---	$ 311,282	$496,608,092
Sales and use taxes	54,574,874	119,376,944	108,929,749	8,397,602	291,279,169
Total tax revenue	$550,723,328	$119,525,300	$108,929,749	$8,708,884	$787,887,261

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2011
Fuel taxes	$499,033,246	$ 133,520	$ ---	$ 249,421	$499,416,187
Sales and use taxes	51,011,271	110,286,871	100,534,982	7,503,329	269,336,453
Total tax revenue	$550,044,517	$110,420,391	$100,534,982	$7,752,750	$768,752,640

Taxes are remitted by the Missouri Department of Revenue to the Department subsequent to collection. The Department receives the following taxes:

- **Fuel taxes** are paid on the sale of gasoline, aviation fuel used in propelling aircraft with reciprocating engines and diesel fuel. The taxes are authorized by Sections 142.010 – 142.350, 155.080 and 155.090, and 142.362 – 142.621 RSMo., respectively. The tax rate on gasoline and diesel fuels is $0.17 per gallon. The Department receives 75.0 percent of the first $0.11 and 70.0 percent of the next $0.06. The remaining tax is distributed to cities and counties. In addition, the Department receives the entire tax on aviation fuel of $0.09 per gallon.
- **Sales and use taxes** are paid on the purchase of any new or used motor vehicle or trailer, on vehicles purchased out of state and titled in Missouri and on the sale of a vehicle between individuals within Missouri. The taxes are authorized by Sections 144.070 and 144.440 RSMo. The general sales tax rate is 3.0 percent and Proposition C tax (Section 144.701 RSMo.) is 1.0 percent, for a total of 4.0 percent. The Department receives 75.0 percent of the motor vehicle sales voter-approved Constitutional Amendment 3 tax. The remainder is distributed to cities, counties and school districts. The Department receives 100 percent of the 3.0 percent general use tax and 75.0 percent of the Proposition C use tax. The other 25.0 percent of the Proposition C use tax is distributed to cities and counties. In addition, the Department receives sales and use tax on aviation jet fuel, limited to a maximum of $10.0 million in each calendar year.

Note 10: Interfund Transactions

State statute (226.200 RSMo.) requires the transfer of unspent monies in the Highway Fund to the State Road Fund on a monthly basis. Transfers for the years ended June 30, 2012 and 2011 were as follows:

	2012		2011	
	Transfers In	**Transfers Out**	**Transfers In**	**Transfers Out**
State Highways and Transportation Department Fund	$ ---	$496,854,460	$ ---	$515,180,883
State Road Fund	496,854,460	---	515,180,883	---
Total transfers	$496,854,460	$496,854,460	$515,180,883	$515,180,883

The due to/from amounts in the Road Fund and non-major funds represent interfund services provided and used. Amounts receivable/payable as of June 30, 2012 and 2011 were as follows:

	2012		2011	
	Receivable	**Payable**	**Receivable**	**Payable**
State Road Fund	$6,638,409	$ ---	$708,810	$ ---
Nonmajor Funds	---	6,638,409	---	708,810
Total due to/from	$6,638,409	$6,638,409	$708,810	$708,810

Note 11: Pension Plan

The MoDOT and Patrol Employees' Retirement System (MPERS) provides retirement, death, and disability benefits. MPERS was established in accordance with Section 104.020 RSMo., and is administered by an 11-member Board of Trustees. Employees eligible to be members of MPERS are those working in a position that normally requires the performance of duties for at least 1,040 hours annually. Employees accrue benefits (become vested in the system) after five years of creditable service for those hired before January 1, 2011, and after ten years for those hired on or after January 1, 2011.

Contributions paid to the system are determined by an actuary and are set by the Board. Contribution rates are calculated as a percentage of payroll. Employees hired prior to January 1, 2011 do not contribute to MPERS. New employees hired for the first time on or after January 1, 2011 contribute 4.0 percent. The annual contribution amount is designed to provide amounts to fund benefits designated by State statute to be funded in advance. Any amendments to the plan require changes in State statute. Contributions to MPERS for fiscal years 2012 and 2011 were 45.45 percent and 39.46 percent, respectively, of eligible (covered) payroll. The Department made 100 percent of its required contributions of $102,014,954 in 2012, $99,109,317 in 2011, and $83,667,034 in 2010. The MPERS' funded status ratio was 46.0 percent and 43.3 percent as of June 30, 2012 and 2011, respectively.

For reporting purposes, MoDOT discloses the MPERS as a multiple-employer cost-sharing plan, because it includes employees of MoDOT, MSHP, and MPERS. However, the state of Missouri discloses MPERS as a single employer plan, since all employers are agencies within the state. As a separate legal entity, MPERS issues its own stand-alone financial report, which provides detailed information regarding actuarial assumptions and funding progress. Copies may be requested from the MoDOT and Patrol Employees' Retirement System, P.O. Box 1930, Jefferson City, Missouri 65102, or can be found online at www.mpers.org.

The following are disclosures related to actuary-specific criteria involved in determining the contribution rate:

The Plan's funding policy provides for actuarially-determined and board-approved employer contributions, using the entry-age normal cost method on a closed group basis. The fiscal year 2012 contribution rate was based on a 14-year closed amortization period for unfunded retiree liabilities and a 29-year closed amortization period for other unfunded liabilities.

Note 12: Commitments and Contingencies

(A) Unemployment Benefits

The Department is subject to the Missouri Employment Security Law. Department employees who qualify are entitled to benefit payments during periods of unemployment. The Department is required to reimburse the Division of Employment Security for benefit payments made to its former employees. The Department has identified no practical method of estimating the amount of future benefit payments that may be made to former employees for wage credits earned prior to June 30, 2012 and 2011. Consequently, this potential obligation is not included in the accompanying basic financial statements. Total reimbursements made by the Department were $457,003 and $639,398 for fiscal years 2012 and 2011, respectively.

(B) Construction Commitments

Construction awards outstanding for both state and federal participating projects at June 30, 2012 and 2011 amounted to approximately $1,325,264,332 and $1,113,953,632, respectively. The federal portion of this total was $992,482,283 and $795,777,356, or approximately 74.89 percent and 71.44 percent, for 2012 and 2011, respectively.

(C) Operating Leases

The Department is committed under operating leases for buildings, as well as various office and maintenance equipment. Lease expenditures for the years ended June 30, 2012 and 2011 amounted to $2,300,102 and $2,597,512, respectively. Future minimum lease payments for these leases are as follows:

	2012	2011
Year ending:		
2012	$ ---	$852,888
2013	457,123	38,456
2014	157,418	1,106
2015	150,804	300
2016	150,754	---
2017	95,866	---
	$1,011,965	$892,750

(D) Federal Funding

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

Note 13: Net Asset and Fund Balance Deficits

The MHTC Self-Insurance Plan fund, an internal service fund, had a net asset deficit of $8,442,470 at June 30, 2012. Funding is based on annual actuarial studies and budget availability. Increases in appropriations and claims management should eliminate the deficit over time.

The Highway Safety Fund, a nonmajor fund, had a deficit fund balance at June 30, 2012 of $2,898,764. The National Highway Traffic Safety Administration provides financing for the Highway Safety Fund. The Highway Safety Fund expenditures are recorded as incurred and, under the modified accrual basis, the corresponding revenue has been deferred due to the timing of receipts.

Note 14: Accounting Pronouncements

(A) Deferrals and Net Position

MoDOT will implement GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in fiscal years 2013 and 2014, respectively. As it relates to MoDOT, Statement 63 will change the Statement of Net Assets to the Statement of Net Position. Statement 65 will require deferred outflows and inflows be reclassified from assets and liabilities, with the residual amount being net position.

(B) Pension Plan Benefits Obligation

MoDOT will implement GASB Statement 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015. Statement 68 will require the inclusion of long-term obligations for pension benefits as a liability and will expand required disclosures. The amount to be recorded as a liability will be based on an actuarial valuation.

Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedules – State Highways and Transportation Department Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2012	2011
Budgetary fund balance, beginning of year	$ 8,995,693	$ 8,995,693	$ 8,995,693	$ ---	$ ---
Resources (inflows)					
Fuel taxes	495,031,000	495,031,000	496,252,733	1,221,733	13,136,724
License, fees and permits	185,477,718	185,477,718	183,747,589	(1,730,129)	827,566
Vehicle sales and use taxes	45,709,718	45,709,718	53,322,523	7,612,805	7,349,640
Interest	334,000	334,000	310,522	(23,478)	(348,539)
Intergovernmental/cost reimbursements/miscellaneous	4,850,000	4,850,000	5,089,662	239,662	2,310,900
Amount available for appropriation	740,398,129	740,398,129	747,718,722	7,320,593	23,276,291
Charges to appropriations (outflows)					
Appropriations spent by other state agencies	260,178,996	260,280,355	240,576,038	19,704,317	24,037,733
Total charges to appropriations	260,178,996	260,280,355	240,576,038	19,704,317	24,037,733
Transfers to State Road Fund	(525,000,000)	(525,000,000)	(496,854,460)	28,145,540	9,819,117
Budgetary fund balance, end of year	$ (44,780,867)	$ (44,882,226)	$ 10,288,224	$ 55,170,450	$ 57,133,141

Required Supplementary Information

Budgetary Comparison Schedules – State Road Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2012	2011
Budgetary fund balance, beginning of year	$1,458,848,996	$1,458,848,996	$1,458,848,996	$ ---	$ ---
Resources (inflows)					
Fuel taxes	107,000	107,000	148,356	41,356	27,520
License, fees and permits	86,823,000	86,823,000	99,271,707	12,448,707	9,530,179
Vehicle sales and use taxes	108,290,000	108,290,000	116,649,154	8,359,154	11,177,332
Interest	10,190,000	10,190,000	8,695,167	(1,494,833)	108,409
Intergovernmental/cost reimbursements/miscellaneous	140,800,000	140,800,000	143,813,702	3,013,702	(11,187,684)
Federal government	886,464,000	830,052,000	864,691,768	34,639,768	546,009,894
American Recovery and Reinvestment Act	70,000,000	70,000,000	89,507,387	19,507,387	78,932,942
Amount available for appropriation	2,761,522,996	2,705,110,996	2,781,626,237	76,515,241	634,598,592
Charges to appropriations (outflows)					
Administration					
Personal service	19,876,395	18,541,060	18,173,617	367,443	587,144
Fringe benefits	27,578,700	26,585,189	25,500,299	1,084,890	1,157,957
Expense and equipment	4,422,664	3,914,996	3,184,051	730,945	1,454,463
Maintenance					
Personal service	148,090,101	134,293,722	128,761,432	5,532,290	3,449,353
Fringe benefits	110,591,062	100,838,487	95,950,490	4,887,997	7,428,870
Expense and equipment	199,851,402	207,163,793	205,349,578	1,814,215	14,926,139
Construction					
Personal service	77,030,070	78,143,526	72,594,998	5,548,528	1,766,522
Fringe benefits	55,344,607	55,728,844	50,693,494	5,035,350	2,949,846
Expense and equipment	12,468,557	14,672,004	12,283,384	2,388,620	3,434,415
Contracts	1,188,493,000	1,316,545,887	1,265,212,425	51,333,462	378,290,835
Right of way purchase	15,000,000	40,000,000	36,600,614	3,399,386	(134,360)
Program-bonds	---	---	---	---	(52,778,547)
Fleet, facilities and information systems					
Personal service	14,561,301	13,161,498	12,859,524	301,974	375,252
Fringe benefits	10,446,716	9,433,696	8,833,140	600,556	1,004,443
Expense and equipment	59,859,520	60,370,085	48,417,486	11,952,599	5,252,799
Multimodal operations					
Personal service	422,746	422,746	480,849	(58,103)	2,143
Fringe benefits	314,813	314,813	273,791	41,022	65,853
Expense and equipment	36,995	36,995	52,840	(15,845)	20,464
Program	176,000	176,000	176,000	---	---
Bond principal and interest payments	171,602,939	171,602,939	171,601,617	1,322	907,081
Total charges to appropriations	2,116,167,588	2,251,946,280	2,156,999,629	94,946,651	370,160,672
Transfers from Highway Fund	525,000,000	525,000,000	496,854,460	(28,145,540)	(9,819,117)
Budgetary fund balance, end of year	$1,170,355,408	$ 978,164,716	$1,121,481,068	$143,316,352	$994,940,147

Required Supplementary Information

Budget Basis to GAAP Reconciliations and Disclosure

Years Ended June 30, 2012 and 2011

The following are reconciliations of the differences between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis for 2012:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 10,288,224	$ 1,121,481,068
Receivables	111,678,583	114,451,862
Due from other funds	---	6,638,409
Inventories	---	45,789,400
Payables	(8,675,401)	(127,596,556)
Deferred revenues	(3,170,852)	(44,217,888)
Change in fair value of investments	16,058	1,422,359
Fund balance, GAAP basis	$ 110,136,612	$ 1,117,968,654

The following are reconciliations of the differences between the State's budgetary basis and accounting principles GAAP basis for 2011:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 8,995,693	$ 1,458,848,996
Receivables	111,086,016	119,763,695
Due from other funds	---	708,810
Inventories	---	46,730,728
Payables	(9,161,657)	(135,864,188)
Deferred revenues	(3,104,907)	(40,827,754)
Change in fair value of investments	3,819	68,075
Fund balance, GAAP basis	$ 107,818,964	$ 1,449,428,362

Budgetary Principles and Presentation

The budgetary comparison schedules are presented on the State's budgetary basis of accounting. Under this basis, revenues are recognized when cash is received. Expenditures are recognized for cash disbursements made during the fiscal year and for adjustments made in the lapse period, as defined by the Office of Administration.

All governmental funds reported by MoDOT have legally adopted annual budgets. The legal authority for approval of the Department's budget and amendments for the State Highways and Transportation Department Fund rests with the State Legislature. The Commission approves the State Road Fund budget and amendments. The fund level is the legal level of control for the State Road Fund. However, at any time, the Commission may approve the Department to spend more or less than the State Legislature or the fund level of the State Road Fund, which will drive the Department's budget to be higher or lower than the other legal limits.

The Department develops its budget through processes involving the districts and the central office divisions. Upon Commission approval, the legislative budget request is sent to the Office of Administration on October 1, and is forwarded to the Governor's Office. The Governor develops a recommendation regarding the budget and forwards both the budget request and the recommendation to the Legislature. The Legislature generally acts on budget matters between January and May. The Governor has veto authority and generally acts on those matters in June. Upon Commission approval in June, the Department then internally distributes available funds based on input and feedback from the districts and the central office divisions.

Required Supplementary Information

Schedule of Funding Progress
Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2007	---	$686,992,459	$686,992,459	0 %	$262,657,307	262 %
7/1/2009	---	798,601,629	798,601,629	0	266,455,521	300
7/1/2011	---	783,896,843	783,896,843	0	224,455,344	349

Actuarial valuations are performed biennially. The Department is the majority employer participating in the MoDOT and MSHP Medical and Life Insurance Plan. The Insurance Plan's total actuarial accrued liability is $1,082.7 million.

Because the Insurance Plan is an internal service fund of the Department, the net assets have not been set aside; therefore, there is no actuarial value of assets. This results in a calculated funded ratio of zero percent. The Insurance Plan is financed on a pay-as-you-go basis. The Plan's funding is not based on covered payroll; the required information is displayed for information purposes. Refer to the Medical and Life Insurance Plan and Other Post-Employee Benefits disclosures in the Notes to the Financial Statements for further information on the Insurance Plan.

This page intentionally left blank

Combining
Financial Statements
Nonmajor Governmental Funds

Combining Balance Sheets
Nonmajor Governmental Funds – Special Revenue
June 30, 2012
With Summarized Financial Information for 2011

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Assets					
Cash and cash equivalents	$1,954,289	$ 825,207	$12,613,814	$1,269,824	$189,697
State taxes and fees receivable	---	283,269	358,404	---	---
Federal government receivable	5,985,719	---	---	---	365,163
Miscellaneous receivables, net	1,974,337	---	24,378	24,214	---
Loans receivable	---	---	---	2,516,965	---
Total assets	$9,914,345	$1,108,476	$12,996,596	$3,811,003	$554,860
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$8,093,039	$ 146	$ 232,689	$ ---	$445,609
Accrued payroll	17,249	6,515	34,865	---	---
Deferred revenue	907,414	---	---	---	60,782
Due to other funds	9,410	2,291	16,775	---	---
Total liabilities	9,027,112	8,952	284,329	---	506,391
Fund Balances					
Unassigned	---	---	---	---	---
Restricted – highways and transportation	887,233	1,099,524	12,712,267	3,811,003	48,469
Total fund balances	887,233	1,099,524	12,712,267	3,811,003	48,469
Total liabilities and fund balances	$9,914,345	$1,108,476	$12,996,596	$3,811,003	$554,860

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2012	Total 2011
$5,233,717	$622,194	$ 230,156	$ 90,808	$23,029,706	$18,269,783
110,163	---	---	---	751,836	762,545
---	---	8,095,963	---	14,446,845	6,541,071
62,430	---	---	---	2,085,359	1,479,826
---	---	---	---	2,516,965	2,948,814
$5,406,310	$622,194	$ 8,326,119	$ 90,808	$42,830,711	$30,002,039
$ 262,833	$ 3,765	$ 1,452,041	$ ---	$10,490,122	$ 7,497,145
---	23,726	12,945	---	95,300	97,479
62,430	---	3,160,734	---	4,191,360	250,191
---	10,770	6,599,163	---	6,638,409	708,810
325,263	38,261	11,224,883	---	21,415,191	8,553,625
---	---	(2,898,764)	---	(2,898,764)	---
5,081,047	583,933	---	90,808	24,314,284	21,448,414
5,081,047	583,933	(2,898,764)	90,808	21,415,520	21,448,414
$5,406,310	$622,194	$ 8,326,119	$ 90,808	$42,830,711	$30,002,039

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Revenues					
Fuel taxes	$ ---	$ ---	$ 311,282	$ ---	$ ---
Sales and use taxes	---	2,904,226	5,493,376	---	---
Licenses, fees and permits	---	---	---	---	---
Intergovernmental/cost reimbursements/miscellaneous	1,643,055	---	---	---	80
Investment earnings	---	---	93,118	95,100	---
American Recovery and Reinvestment Act	3,381,548	---	---	---	---
State government	11,130,409	---	---	---	---
Federal government	43,630,980	---	---	---	1,303,375
Total revenues	59,785,992	2,904,226	5,897,776	95,100	1,303,455
Expenditures					
Current					
Maintenance	---	---	---	---	1,364,418
Multimodal operations	59,929,529	2,418,011	2,413,295	373	---
Capital outlay	---	---	---	---	---
Other state agencies	---	---	---	---	---
Total expenditures	59,929,529	2,418,011	2,413,295	373	1,364,418
Excess of revenues over (under) expenditures	(143,537)	486,215	3,484,481	94,727	(60,963)
Other Financing Sources (Uses)					
Capital asset sales	---	---	---	---	---
Transfers out	---	---	---	---	---
Total other financing sources (uses)	---	---	---	---	---
Net Changes in Fund Balances	(143,537)	486,215	3,484,481	94,727	(60,963)
Fund Balances, beginning of year	1,030,770	613,309	9,227,786	3,716,276	109,432
Fund Balances, end of year	$ 887,233	$ 1,099,524	$ 12,712,267	$ 3,811,003	$ 48,469

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2012	Total 2011
$ ---	$ ---	$ ---	$ ---	$ 311,282	$ 249,421
---	---	---	---	8,397,602	7,503,329
1,231,394	820,331	---	381,588	2,433,313	2,223,118
45,337	---	22,730	---	1,711,202	1,552,488
---	---	---	---	188,218	140,609
---	---	---	---	3,381,548	2,347,962
---	---	---	---	11,130,409	11,131,957
---	---	25,773,703	---	70,708,058	57,981,322
1,276,731	820,331	25,796,433	381,588	98,261,632	83,130,206
---	---	29,002,645	426,986	30,794,049	17,372,134
2,003,478	735,791	---	---	67,500,477	64,260,822
---	---	---	---	---	---
---	---	---	---	---	---
2,003,478	735,791	29,002,645	426,986	98,294,526	81,632,956
(726,747)	84,540	(3,206,212)	(45,398)	(32,894)	1,497,250
---	---	---	---	---	5,958
---	---	---	---	---	---
---	---	---	---	---	5,958
(726,747)	84,540	(3,206,212)	(45,398)	(32,894)	1,503,208
5,807,794	499,393	307,448	136,206	21,448,414	19,945,206
$ 5,081,047	$ 583,933	$ (2,898,764)	$ 90,808	$ 21,415,520	$ 21,448,414

This page intentionally left blank

Combining Financial Statements Proprietary Funds

Combining Statements of Net Assets
Proprietary Funds – Internal Service
June 30, 2012
With Summarized Financial Information for 2011

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2012	Total 2011
Assets				
Current assets				
Cash and cash equivalents	$ 9,575,688	$10,037,762	$ 19,613,450	$ 16,832,404
Investments	2,090,056	7,401,782	9,491,838	19,416,026
Restricted investments	100,000	200,000	300,000	100,000
Federal government receivable	---	---	---	259
Miscellaneous receivables	1,678,593	150,489	1,829,082	3,409,857
Total current assets	13,444,337	17,790,033	31,234,370	39,758,546
Noncurrent assets				
Investments	40,288,858	61,603,521	101,892,379	84,586,362
Restricted investments	---	---	---	200,000
Total noncurrent assets	40,288,858	61,603,521	101,892,379	84,786,362
Total assets	53,733,195	79,393,554	133,126,749	124,544,908
Liabilities				
Current liabilities				
Accounts payable	2,313,780	10,975	2,324,755	3,748,209
Deferred revenue	7,794,356	---	7,794,356	7,948,142
Pending self-insurance claims	---	18,490,000	18,490,000	17,817,000
Incurred but not reported claims	11,500,000	5,291,000	16,791,000	17,064,000
Total current liabilities	21,608,136	23,791,975	45,400,111	46,577,351
Noncurrent liabilities				
Pending self-insurance claims	---	49,796,049	49,796,049	50,460,640
Incurred but not reported claims	---	14,248,000	14,248,000	16,042,000
Total noncurrent liabilities	---	64,044,049	64,044,049	66,502,640
Total liabilities	---	87,836,024	109,444,160	113,079,991
Net Assets				
Restricted net assets	100,000	200,000	300,000	300,000
Unrestricted net assets	32,025,059	(8,642,470)	23,382,589	11,164,917
Total net assets	$32,125,059	$ (8,442,470)	$ 23,682,589	$ 11,464,917

Combining Statements of Revenues, Expenses and Changes in Net Assets

Proprietary Funds – Internal Service

Year Ended June 30, 2012
With Summarized Financial Information for 2011

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2012	Total 2011
Operating Revenues				
Self-insurance premiums				
Highway workers' compensation	$ ---	$ 6,500,000	$ 6,500,000	$ 6,150,000
Highway patrol workers' compensation	---	3,000,000	3,000,000	3,000,000
Highway fleet vehicle liability	---	1,400,000	1,400,000	1,500,000
Highway general liability	---	11,100,000	11,100,000	9,800,000
Medical insurance premiums				
State	78,752,433	---	78,752,433	82,864,054
Member	35,635,943	---	35,635,943	32,591,031
American Recovery and Reinvestment Act	1,037	---	1,037	59,514
Other	6,003,926	229,275	6,233,201	8,469,557
Total operating revenues	120,393,339	22,229,275	142,622,614	144,434,156
Operating Expenses				
Self-insurance programs				
Highway workers' compensation	---	3,213,994	3,213,994	6,102,178
Highway patrol workers' compensation	---	2,982,772	2,982,772	1,631,056
Highway fleet vehicle liability	---	2,062,085	2,062,085	2,336,882
Highway general liability	---	5,033,268	5,033,268	18,492,742
Other	---	602,186	602,186	659,361
Medical and life insurance program				
Insurance premiums	6,250,162	---	6,250,162	6,145,923
Medical benefits	85,789,093	---	85,789,093	83,257,461
Prescription drug benefits	19,886,667	---	19,886,667	19,976,807
Professional fees	616,634	---	616,634	1,281,859
Administrative services	6,352,832	---	6,352,832	6,392,444
Other	---	---	---	20,412
Total operating expenses	118,895,388	13,894,305	132,789,693	146,297,125
Operating income (loss)	1,497,951	8,334,970	9,832,921	(1,862,969)
Nonoperating Revenues				
Net appreciation and investment income	863,677	1,521,074	2,384,751	2,483,956
Total nonoperating revenues	863,677	1,521,074	2,384,751	2,483,956
Changes in Net Assets	2,361,628	9,856,044	12,217,672	620,987
Net Assets, beginning of year	29,763,431	(18,298,514)	11,464,917	10,843,930
Net Assets, end of year	$ 32,125,059	$ (8,442,470)	$ 23,682,589	$ 11,464,917

Combining Statements of Cash Flows

Proprietary Funds – Internal Service

Year Ended June 30, 2012
With Summarized Financial Information for 2011

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2012	Total 2011
Cash Flows From Operating Activities				
Receipts from interfund services provided	$ 121,834,478	$ 22,229,275	$144,063,753	$143,323,961
Payments for interfund services used	(111,979,707)	(15,450,710)	(127,430,417)	(129,676,737)
Payments to suppliers	(8,393,420)	(601,686)	(8,995,106)	(7,508,891)
Net cash provided by (used in) operating activities	1,461,351	6,176,879	7,638,230	6,138,333
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments	37,163,657	51,105,044	88,268,701	101,012,696
Purchases of investments	(37,220,019)	(58,951,399)	(96,171,418)	(108,198,262)
Interest received	1,222,682	1,942,020	3,164,702	3,042,625
Investment fees	(44,823)	(74,346)	(119,169)	(104,905)
Net cash provided by (used in) investing activities	1,121,497	(5,978,681)	(4,857,184)	(4,247,846)
Net increase (decrease) in cash and cash equivalents	2,582,848	198,198	2,781,046	1,890,487
Cash and Cash Equivalents, beginning of year	6,992,840	9,839,564	16,832,404	14,941,917
Cash and Cash Equivalents, end of year	$ 9,575,688	$ 10,037,762	$ 19,613,450	$ 16,832,404
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 1,497,951	$ 8,334,970	$ 9,832,921	$ (1,862,969)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Receivables	1,441,140	---	1,441,140	(1,110,195)
Accounts and claims payable	(1,323,954)	(2,158,091)	(3,482,045)	8,867,554
Deferred revenue	(153,786)	---	(153,786)	243,943
Net cash provided by (used in) operating activities	$ 1,461,351	$ 6,176,879	$ 7,638,230	$ 6,138,333
Noncash Items Impacting Recorded Assets				
Increase in fair value of investments	$ (237,766)	$ 283,123	$ 45,357	$ (297,224)

Combining
Financial Statements
Fiduciary Funds

This page intentionally left blank

Combining Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2012

With Summarized Financial Information for 2011

	Local Fund	MCS Agency Fund	Total 2012	Total 2011
Assets				
Restricted cash and cash equivalents	$ 7,948,266	$4,262,200	$12,210,466	$ 7,588,439
Restricted investments	75,134,753	---	75,134,753	56,115,152
Other	260,833	405	261,238	281,419
Total assets	$83,343,852	$4,262,605	$87,606,457	$63,985,010
Liabilities				
Due to other governments	$ ---	$4,262,605	$ 4,262,605	$ 5,420,982
Advances from other governments	83,343,852	---	83,343,852	58,564,028
Total liabilities	$83,343,852	$4,262,605	$87,606,457	$63,985,010

Combining Statements of Changes in Assets and Liabilities
Fiduciary Funds – Agency
Years ended June 30, 2012 and 2011

	2012			
	Beginning Balance	Additions	Deductions	Ending Balance
Local Fund				
Assets				
Restricted cash and cash equivalents	$ 2,168,478	$187,672,924	$181,893,136	$ 7,948,266
Restricted investments	56,115,152	131,353,994	112,334,393	75,134,753
Other	280,398	1,170,939	1,190,504	260,833
Total assets	$58,564,028	$320,197,857	$295,418,033	$83,343,852
Liabilities				
Advances from other governments	$58,564,028	$ 74,148,027	$ 49,368,203	$83,343,852
Total liabilities	$58,564,028	$ 74,148,027	$ 49,368,203	$83,343,852
MCS Agency Fund				
Assets				
Restricted cash and cash equivalents	$ 5,419,961	$191,698,948	$192,856,709	$ 4,262,200
Other	1,021	7,061	7,677	405
Total assets	$ 5,420,982	$191,706,009	$192,864,386	$ 4,262,605
Liabilities				
Due to other governments	$ 5,420,982	$191,706,009	$192,864,386	$ 4,262,605
Total liabilities	$ 5,420,982	$191,706,009	$192,864,386	$ 4,262,605
Totals				
Assets				
Restricted cash and cash equivalents	$ 7,588,439	$379,371,872	$374,749,845	$12,210,466
Restricted investments	56,115,152	131,353,994	112,334,393	75,134,753
Other	281,419	1,178,000	1,198,181	261,238
Total assets	$63,985,010	$511,903,866	$488,282,419	$87,606,457
Liabilities				
Due to other governments	$ 5,420,982	$191,706,009	$192,864,386	$ 4,262,605
Advances from other governments	58,564,028	74,148,027	49,368,203	83,343,852
Total liabilities	$63,985,010	$265,854,036	$242,232,589	$87,606,457

	2011		
Beginning Balance	Additions	Deductions	Ending Balance
$ 3,690,183	$195,214,812	$196,736,517	$ 2,168,478
67,052,296	158,520,258	169,457,402	56,115,152
277,063	1,268,249	1,264,914	280,398
$71,019,542	$355,003,319	$367,458,833	$58,564,028
$71,019,542	$ 24,492,496	$ 36,948,010	$58,564,028
$71,019,542	$ 24,492,496	$ 36,948,010	$58,564,028
$ 3,714,268	$187,713,470	$186,007,777	$ 5,419,961
802	11,835	11,616	1,021
$ 3,715,070	$187,725,305	$186,019,393	$ 5,420,982
$ 3,715,070	$187,725,305	$186,019,393	$ 5,420,982
$ 3,715,070	$187,725,305	$186,019,393	$ 5,420,982
$ 7,404,451	$382,928,282	$382,744,294	$ 7,588,439
67,052,296	158,520,258	169,457,402	56,115,152
277,865	1,280,084	1,276,530	281,419
$74,734,612	$542,728,624	$553,478,226	$63,985,010
$ 3,715,070	$187,725,305	$186,019,393	$ 5,420,982
71,019,542	24,492,496	36,948,010	58,564,028
$74,734,612	$212,217,801	$222,967,403	$63,985,010

This page intentionally left blank

Budgetary Comparison Schedules and Reconciliations Debt Service and Nonmajor Governmental Funds

Budgetary Comparison Schedule and Reconciliation

Debt Service – State Road Bond Fund

Year Ended June 30, 2012
With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 26,884,103	$ 26,884,103	$ ---	$ ---
Resources (inflows)				
Vehicle sales and use tax	99,446,000	106,450,989	7,004,989	9,738,179
Interest	---	282,655	282,655	(114,008)
Amount available for appropriation	126,330,103	133,617,747	7,287,644	9,624,171
Charges to appropriations (outflows)				
Bond principal and interest payments	104,151,034	101,974,036	2,176,998	3,407,835
Total charges to appropriations	104,151,034	101,974,036	2,176,998	3,407,835
Budgetary fund balance, end of year	$ 22,179,069	$ 31,643,711	$9,464,642	$13,032,006

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2012**
Budgetary fund balance, end of year	$31,643,711
Receivables	10,671,786
Payables	(21,710)
Change in fair value of investments	39,441
GAAP basis fund balance, end of year	$42,333,228

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Multimodal Federal Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 1,294,057	$ 1,294,057	$ ---	$ ---
Resources (inflows)				
State government	9,192,000	9,156,072	(35,928)	(6,682,985)
Intergovernmental/cost reimbursement/miscellaneous	---	2,300,278	2,300,278	1,371,040
American Recovery and Reinvestment Act	25,140,000	2,386,445	(22,753,555)	(31,512,946)
Federal government	42,000,000	42,589,491	589,491	273,000
Amount available for appropriation	77,626,057	57,726,343	(19,899,714)	(36,551,891)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	486,452	328,870	157,582	156,837
Fringe benefits	254,801	207,358	47,443	123,689
Expense and equipment	483,500	419,455	64,045	266,404
Program	171,716,141	54,816,371	116,899,770	99,236,135
Total charges to appropriations	172,940,894	55,772,054	117,168,840	99,783,065
Budgetary fund balance, end of year	$ (95,314,837)	$ 1,954,289	$ 97,269,126	$ 63,231,174

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$ 1,954,289
Receivables	7,960,056
Payables	(8,110,288)
Deferred revenues	(907,414)
Due to other funds	(9,410)
GAAP basis fund balance, end of year	$ 887,233

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - State Transportation Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 408,463	$ 408,463	$ ---	$ ---
Resources (inflows)				
Sales and use taxes	2,500,000	2,838,137	338,137	191,273
Amount available for appropriation	2,908,463	3,246,600	338,137	191,273
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	155,184	110,261	44,923	24,574
Fringe benefits	88,190	68,509	19,681	40,196
Expense and equipment	61,346	22,524	38,822	38,488
Program	2,220,100	2,220,099	1	1
Total charges to appropriations	2,524,820	2,421,393	103,427	103,259
Budgetary fund balance, end of year	$ 383,643	$ 825,207	$441,564	$294,532

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$ 825,207
Receivables	283,269
Payables	(6,661)
Due to other funds	(2,291)
GAAP basis fund balance, end of year	$1,099,524

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - Aviation Trust Fund

Year Ended June 30, 2012
With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 8,908,665	$ 8,908,665	$ ---	$ ---
Resources (inflows)				
Fuel taxes	200,000	286,296	86,296	(1,909)
Sales and use taxes	4,300,000	5,600,265	1,300,265	(1,080,697)
Interest	---	57,733	57,733	64,435
Intergovernmental/cost reimbursements/miscellaneous	---	---	---	1,060
Amount available for appropriation	13,408,665	14,852,959	1,444,294	(1,017,111)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	478,560	429,268	49,292	14,143
Fringe benefits	334,951	288,366	46,585	24,205
Expense and equipment	206,543	190,465	16,078	18,550
Program	8,000,000	1,356,506	6,643,494	5,448,381
Total charges to appropriations	9,020,054	2,264,605	6,755,449	5,505,279
Transfers to General Revenue	---	---	---	2,314,363
Budgetary fund balance, end of year	$ 4,388,611	$12,588,354	$8,199,743	$ 6,802,531

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$12,588,354
Receivables	382,782
Payables	(267,554)
Due to other funds	(16,775)
Change in fair value of investments	25,460
GAAP basis fund balance, end of year	$12,712,267

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – State Transportation Assistance Revolving Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 742,943	$ 742,943	$ ---	$ ---
Resources (inflows)				
Interest	54,593	92,842	38,249	22,821
Intergovernmental/cost reimbursements/miscellaneous	913,900	431,849	(482,051)	42,938
Amount available for appropriation	1,711,436	1,267,634	(443,802)	65,759
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	9,423	373	9,050	---
Program	550,000	---	550,000	---
Total charges to appropriations	559,423	373	559,050	---
Budgetary fund balance, end of year	$1,152,013	$1,267,261	$ 115,248	$65,759

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$1,267,261
Receivables	2,541,179
Change in fair value of investments	2,563
GAAP basis fund balance, end of year	$3,811,003

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – MCS Federal Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 106,800	$ 106,800	$ ---	$ ---
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	---	85	85	165
Federal government	2,000,000	1,301,844	(698,156)	(1,092,835)
Amount available for appropriation	2,106,800	1,408,729	(698,071)	(1,092,670)
Charges to appropriations (outflows)				
Maintenance				
Program	2,000,000	1,219,032	780,968	1,090,961
Total charges to appropriations	2,000,000	1,219,032	780,968	1,090,961
Budgetary fund balance, end of year	$ 106,800	$ 189,697	$ 82,897	$ (1,709)

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2012**
Budgetary fund balance, end of year	$ 189,697
Receivables	365,163
Payables	(445,609)
Deferred revenue	(60,782)
GAAP basis fund balance, end of year	$ 48,469

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Grade Crossing Safety Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$5,870,583	$5,870,583	$ ---	$ ---
Resources (inflows)				
License, fees and permits	1,300,000	1,273,362	(26,638)	(14,343)
Intergovernmental/cost reimbursements/miscellaneous	---	5,663	5,663	---
Amount available for appropriation	7,170,583	7,149,608	(20,975)	(14,343)
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	23,587	12,044	11,543	---
Program	5,529,568	1,903,847	3,625,721	3,516,835
Total charges to appropriations	5,553,155	1,915,891	3,637,264	3,516,835
Transfers to Railroad Expense Fund	(100,000)	---	100,000	100,000
Budgetary fund balance, end of year	$1,517,428	$5,233,717	$3,716,289	$3,602,492

The following reconciliation is the difference between the State’s budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$5,233,717
Receivables	172,593
Payables	(262,833)
Deferred Revenue	(62,430)
GAAP basis fund balance, end of year	$5,081,047

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Railroad Expense Fund
Year Ended June 30, 2012
With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 536,861	$ 536,861	$ ---	$ ---
Resources (inflows)				
License, fees and permits	686,288	820,331	134,043	(184,700)
Amount available for appropriation	1,223,149	1,357,192	134,043	(184,700)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	433,616	346,228	87,388	105,182
Fringe benefits	302,321	217,557	84,764	134,516
Expense and equipment	264,085	171,213	92,872	173,175
Total charges to appropriations	1,000,022	734,998	265,024	412,873
Transfers from Grade Crossing Safety Fund	---	---	---	(100,000)
Budgetary fund balance, end of year	$ 223,127	$ 622,194	$399,067	$ 128,173

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2012**
Budgetary fund balance, end of year	$622,194
Payables	(27,491)
Due to other funds	(10,770)
GAAP basis fund balance, end of year	$583,933

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Highway Safety Fund

Year Ended June 30, 2012

With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$ 277,812	$ 277,812	$ ---	$ ---
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	---	22,730	22,730	12,849
Federal government	24,000,000	23,127,566	(872,434)	(14,180,087)
Amount available for appropriation	24,277,812	23,428,108	(849,704)	(14,167,238)
Charges to appropriations (outflows)				
Maintenance				
Personal service	299,948	257,780	42,168	60,289
Fringe benefits	249,841	148,516	101,325	129,076
Expense and equipment	55,000	50,578	4,422	2,769
Program	30,000,000	22,757,191	7,242,809	14,692,407
Total charges to appropriations	30,604,789	23,214,065	7,390,724	14,884,541
Budgetary fund balance, end of year	$ (6,326,977)	$ 214,043	$ 6,541,020	$ 717,303

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	**Actual 2012**
Budgetary fund balance, end of year	$ 214,043
Receivables	8,095,963
Payables	(1,448,873)
Deferred Revenue	(3,160,734)
Due to other funds	(6,599,163)
GAAP basis fund balance, end of year	$ (2,898,764)

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Motorcycle Safety Fund
Year Ended June 30, 2012
With Summarized Financial Information for 2011

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2012	Variances Between Final Budget and Actual 2011
Budgetary fund balance, beginning of year	$136,206	$136,206	$ ---	$ ---
Resources (inflows)				
License, fees and permits	425,000	381,588	(43,412)	(58,317)
Amount available for appropriation	561,206	517,794	(43,412)	(58,317)
Charges to appropriations (outflows)				
Maintenance				
Expense and equipment	5,399	5,399	---	---
Program	425,000	421,587	3,413	7,886
Total charges to appropriations	430,399	426,986	3,413	7,886
Budgetary fund balance, end of year	$130,807	$ 90,808	$(39,999)	$(50,431)

The following reconciliation is the difference between the State's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

Reconciliation to GAAP	Actual 2012
Budgetary fund balance, end of year	$90,808
GAAP basis fund balance, end of year	$90,808

This page intentionally left blank

Statistical Section

This page intentionally left blank

Index and Overview
Statistical Section

Sources:

Unless otherwise stated, information in the following tables is derived from the Missouri Department of Transportation (MoDOT) annual financial reports for the years shown.

Note:

The objective of this statistical section is to provide users with historical perspective by presenting information for multiple years. Schedules originate with the year that the Department began tracking the information, the tracking process or data collection system changed, or it became administratively feasible to report retroactively.

This page intentionally left blank

Financial Trends
Net Assets – Government-wide

Years Ended June 30

(Amounts in Thousands)

Year	Invested in capital assets, net of related debt	Restricted	Total
2012	$25,527,562	$1,046,673	$26,574,235
2011	24,603,720	1,390,363	25,994,083
2010	24,396,695	985,705	25,382,400
2009	24,461,090	678,643	25,139,733
2008	23,945,040	1,061,821	25,006,861
2007	24,016,417	788,665	24,805,082
2006	24,341,909	401,282	24,743,191
2005	24,234,053	387,012	24,621,065
2004	23,952,946	511,414	24,464,360
2003	23,937,412	457,734	24,395,146

Note:

Amounts for 2009 include the restatement of beginning balances due to implementation of GASB 51, *Accounting and Financial Reporting for Intangible Assets.*

Amounts for 2003 and 2004 include the restatement of beginning balances due to transfers of Motor Carriers and Highway Safety functions from other state agencies.

Financial Trends
Changes in Net Assets – Government-wide
Years Ended June 30

(Amounts in Thousands)

	2012	2011	2010	2009
Transportation Program Expenses				
Administration	$ 30,040	$ 33,168	$ 33,648	$ 34,834
Fleet, facilities and information systems	37,268	44,866	55,543	54,464
Maintenance	389,803	412,469	433,729	424,327
Construction	321,048	318,551	268,009	257,943
Multimodal operations	68,282	64,873	110,151	85,999
Interest	143,283	147,720	138,106	106,538
Other state agencies	214,696	198,814	177,646	174,587
Missouri Constitution Article X refunds	---	---	---	---
Self-insurance	13,894	29,222	31,967	19,210
Medical and life insurance	97,137	94,472	90,644	89,774
Other post-employment benefits	75,896	79,025	83,132	65,804
Depreciation	323,238	747,674	876,501	751,246
Total transportation program expenses	1,714,585	2,170,854	2,299,076	2,064,726
Transportation Program Revenues				
Charges for services				
Licenses, fees and permits	284,677	274,673	284,337	290,399
Employee insurance premiums	35,636	32,591	30,868	29,047
Other	131,371	150,871	108,214	160,013
Total charges for services	451,684	458,135	423,419	479,459
Federal government				
American Recovery and Reinvestment Act	99,266	248,894	298,421	28,279
Operating	73,930	57,953	84,212	76,569
Capital	860,754	1,228,181	974,391	833,839
Total federal government	1,033,950	1,535,028	1,357,024	938,687
Total transportation program revenues	1,485,634	1,993,163	1,780,443	1,418,146
Net expense of transportation program	(228,951)	(177,691)	(518,633)	(646,580)
General Revenues				
Fuel taxes	496,608	499,416	503,488	499,506
Sales and use taxes	291,279	269,336	250,432	233,810
Unrestricted investment earnings	13,309	13,950	12,123	27,607
State appropriations	11,130	11,132	12,111	16,634
Donated assets	---	---	---	---
Gain (loss) on sale of capital assets	(3,223)	(4,460)	(16,854)	(1,928)
Total general revenues	809,103	789,374	761,300	775,629
Changes in Net Assets	$ 580,152	$ 611,683	$ 242,667	$ 129,049

Note:

Government-wide financial statements are prepared on a full accrual basis and include transactions related to capital assets and long-term obligations. These statements also include the effects of eliminating off-setting revenues and expenses related to the Department's internal service funds.

2008	2007	2006	2005	2004	2003
$ 33,645	$ 38,887	$ 30,838	$ 29,703	$ 29,318	$ 37,040
56,721	54,400	53,222	55,976	43,603	53,789
406,374	378,902	362,163	375,323	314,965	271,003
240,821	273,086	165,494	210,298	197,761	223,029
74,128	71,268	60,530	52,978	46,880	46,607
102,344	75,228	53,543	43,465	39,276	33,366
178,319	169,906	146,969	178,506	166,271	165,215
---	---	---	---	---	133
32,103	7,854	27,387	21,998	15,916	15,502
87,710	102,642	92,952	82,474	68,194	64,209
69,731	---	---	---	---	---
746,456	849,957	829,556	689,699	771,756	913,227
2,028,352	2,022,130	1,822,654	1,740,420	1,693,940	1,823,120
291,843	259,086	299,892	282,058	268,830	272,755
26,534	25,369	26,216	26,024	23,909	21,504
86,719	67,816	46,165	41,838	74,598	80,109
405,096	352,271	372,273	349,920	367,337	374,368
---	---	---	---	---	---
62,179	78,588	61,630	57,497	43,050	24,569
907,956	797,196	768,173	770,568	660,350	742,415
970,135	875,784	829,803	828,065	703,400	766,984
1,375,231	1,228,055	1,202,076	1,177,985	1,070,737	1,141,352
(653,121)	(794,075)	(620,578)	(562,435)	(623,203)	(681,768)
514,908	517,648	522,896	518,990	515,048	497,781
272,039	275,259	182,465	181,462	180,213	178,057
51,581	49,301	24,450	5,352	(12,846)	16,865
13,257	12,283	11,453	11,769	11,299	10,389
---	441	4	---	162	13,277
3,115	1,034	1,436	1,567	(2,238)	(3,117)
854,900	855,966	742,704	719,140	691,638	713,252
$ 201,779	$ 61,891	$ 122,126	$ 156,705	$ 68,435	$ 31,484

Financial Trends
Changes in Fund Balances – Governmental Funds
Years Ended June 30

(Amounts in Thousands)

	2012	2011	2010	2009
Revenues				
Fuel taxes	$ 496,608	$ 499,416	$ 503,488	$ 499,506
Sales and use taxes	291,279	269,336	251,343	234,599
Licenses, fees and permits	284,614	274,709	284,909	290,925
Intergovernmental/cost reimbursements/miscellaneous	138,629	131,809	128,160	139,105
Investment earnings	11,011	11,548	8,957	23,417
American Recovery and Reinvestment Act	99,265	248,834	298,333	28,279
State government	11,131	11,132	12,111	16,634
Federal government	928,718	1,283,838	1,059,348	909,634
Total revenues	2,261,255	2,730,622	2,546,649	2,142,099
Expenditures				
Administration	46,636	48,833	49,247	49,224
Fleet, facilities and information systems	41,133	49,110	59,586	56,986
Maintenance	440,357	450,103	471,740	466,143
Construction	354,259	338,482	293,021	273,099
Multimodal operations	68,481	65,112	110,412	86,202
Capital outlay	1,112,769	1,249,787	1,405,741	1,307,318
Debt service - principal	143,582	166,854	102,261	103,123
Debt service - interest	155,534	162,911	146,006	115,468
Missouri Constitution Article X refunds	---	---	---	---
Other state agencies	240,086	223,667	201,472	197,248
Total expenditures	2,602,837	2,754,859	2,839,486	2,654,811
Excess of revenues over (under) expenditures	(341,582)	(24,237)	(292,837)	(512,712)
Other Financing Sources (Uses)				
Notes issued	9,097	10,095	10,910	1,856
Bonds issued	---	---	1,085,000	142,735
Refunding bonds issued	---	130,390	---	---
Refunding bonds escrow payment	---	(150,477)	---	---
Bond interest rate swap	---	---	---	---
Premium on bonds	---	20,972	30,631	2,835
Discount on bonds	---	---	---	---
Capital leases issued	12	4,869	3,284	581
Refinancing capital leases issued	---	---	---	---
Capital lease termination payment	---	---	---	---
Capital asset sales	10,591	9,358	7,252	6,830
Transfers in	496,854	515,181	536,864	527,110
Transfers out	(496,854)	(515,181)	(536,864)	(527,110)
Total other financing sources (uses)	19,700	25,207	1,137,077	154,837
Net Changes in Fund Balances	$ (321,882)	$ 970	$ 844,240	$ (357,875)
Debt service as a percentage of noncapital expenditures	20 %	22 %	17 %	16 %
Debt service as a percentage of total revenues	13 %	12 %	10 %	10 %

Notes:

Some amounts have been recategorized for comparability and implementation of GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

Governmental fund financial statements are prepared on a modified accrual basis to report changes in net current financial resources. These statements differ from cash-based budget reports primarily because revenues are recognized if they are collected within 60 days of the end of the fiscal year and expenditures are recorded when the related liability is incurred, except that certain long-term obligations are recognized to the extent they have matured.

2008	2007	2006	2005	2004	2003
$ 514,908	$ 517,648	$ 522,896	$ 518,990	$ 515,048	$ 497,781
270,339	275,259	182,465	181,462	180,213	178,057
290,709	259,086	299,892	282,058	268,830	272,755
80,668	89,997	53,652	53,254	73,892	75,533
46,890	44,388	22,256	3,230	(12,812)	17,204
---	---	---	---	---	---
13,257	12,283	11,453	11,769	11,299	10,389
970,135	877,795	827,791	828,065	703,400	766,984
2,186,906	2,076,456	1,920,405	1,878,828	1,739,870	1,818,703
46,822	45,797	42,843	41,088	40,352	46,428
58,933	58,759	68,753	67,791	56,791	69,386
433,653	436,796	411,847	406,185	339,673	292,536
264,693	300,579	190,713	228,985	219,217	227,374
74,303	71,485	60,676	53,092	46,989	46,689
1,143,496	1,248,304	1,252,825	918,733	1,038,713	1,076,363
88,097	105,630	73,919	56,094	40,330	31,833
109,730	89,997	57,776	45,096	33,214	28,961
---	---	---	---	---	133
199,237	189,409	169,726	194,682	180,851	177,369
2,418,964	2,546,756	2,329,078	2,011,746	1,996,130	1,997,072
(232,058)	(470,300)	(408,673)	(132,918)	(256,260)	(178,369)
4,539	406	1,787	17,122	2,277	23,230
526,800	800,000	350,660	---	254,000	---
---	394,870	---	---	---	---
---	(432,408)	---	---	---	---
(11,118)	---	---	---	---	---
27,808	73,180	21,336	---	9,559	22
(170)	---	---	---	---	---
763	1,355	2,646	44,468	3,312	5,362
22,985	---	---	---	---	---
(22,559)	---	---	---	---	---
8,705	8,679	6,669	5,941	3,341	2,598
574,864	523,744	570,592	136,487	166,206	185,502
(574,864)	(523,744)	(570,592)	(136,487)	(166,206)	(185,502)
557,753	846,082	383,098	67,531	272,489	31,212
$ 325,695	$ 375,782	$ (25,575)	$ (65,387)	$ 16,229	$ (147,157)
16 %	15 %	12 %	9 %	8 %	7 %
9 %	9 %	7 %	5 %	4 %	3 %

Financial Trends
Fund Balances – Governmental Funds

Years Ended June 30

(Amounts in Thousands)

Year	Nonspendable - Inventories	Restricted - Highways and Transportation	Unassigned	Total
2012	$45,790	$1,248,963	$ (2,899)	$1,291,854
2011	46,731	1,567,005	---	1,613,736
2010	43,711	1,569,055	---	1,612,766
2009	47,693	1,210,523	(489,690)	768,526
2008	42,443	1,083,957	---	1,126,400
2007	40,366	760,339	---	800,705
2006	37,673	388,576	(1,326)	424,923
2005	35,119	415,394	(15)	450,498
2004	30,577	485,308	---	515,885
2003	25,869	472,996	---	498,865

Notes:

Amounts were reclassified in fiscal year 2011 due to implementation of GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

Amounts for 2003 and 2004 include restatement of beginning balances due to transfers of Motor Carriers and Highway Safety functions from other state agencies.

Financial Trends
Expenditures of Federal Awards
Years Ended June 30

(Amounts in Thousands)

Year	Roads and Bridges	Multimodal	Motor Carriers	Highway Safety	Total
2011	$1,459,615	$43,409	$1,576	$18,517	$1,523,117
2010	1,244,642	69,158	1,701	21,925	1,337,426
2009	858,715	52,741	1,207	25,377	938,040
2008	909,643	46,440	1,410	17,208	974,701
2007	800,933	47,658	1,327	34,637	884,555
2006	764,803	45,148	1,434	28,596	839,981
2005	764,091	34,203	2,733	20,057	821,084
2004	660,692	28,588	2,458	13,132	704,870
2003	742,640	27,633	1,175	---	771,448
2002	809,262	21,567	---	---	830,829

Source:

MoDOT Schedule of Expenditures of Federal Awards prepared for inclusion in the State Auditor's single audit report for the state of Missouri

Notes:

Expenditures include State Emergency Management Agency amounts.

Fiscal year 2012 data is not yet available.

Motor Carriers and Highway Safety grants for fiscal years 2002 and 2002-2003, respectively, were reported with other state agencies.

Revenue Capacity
Revenue Base – State Motor Fuel Taxes

Years Ended June 30

(Amounts in Thousands)

				Distribution		
Year	Gallons	Net State Receipts	Missouri Constitution Article X Refunds	Cities	Counties	MoDOT
2012	3,976,007	$676,601	$ ---	$100,994	$79,206	$496,401
2011	4,033,033	685,447	---	103,065	80,851	501,531
2010	4,032,237	684,164	---	102,113	80,085	501,966
2009	4,002,068	680,862	---	101,685	79,750	499,427
2008	4,182,599	710,246	---	106,357	83,418	520,471
2007	4,141,906	704,071	---	105,875	83,036	515,160
2006	4,156,348	707,856	---	104,820	82,208	520,828
2005	4,182,914	710,343	---	106,890	83,831	519,622
2004	4,125,374	700,217	---	105,657	82,868	511,692
2003	4,005,507	679,397	437	101,791	79,832	497,337

Source:

MoDOT Financial Services Division

Notes:

Amounts are provided on a cash basis.

Dollar amounts are shown net of motor fuel tax refunds.

Revenue Capacity
Revenue Rates – State Motor Fuel Taxes
Years Ended June 30

(Cents per Gallon)

Year	Total Fuel Tax Rate	Local Governments	MoDOT
2012	17.00	4.55	12.45
2011	17.00	4.55	12.45
2010	17.00	4.55	12.45
2009	17.00	4.55	12.45
2008	17.00	4.55	12.45
2007	17.00	4.55	12.45
2006	17.00	4.55	12.45
2005	17.00	4.55	12.45
2004	17.00	4.55	12.45
2003	17.00	4.55	12.45

Source:

MoDOT Financial Services Division

Note:

Motor fuel tax rates are established by Chapter 142 RSMo. Increases in these rates require a statutory change.

Revenue Capacity
Principal Revenue Suppliers – State Motor Fuel Taxes
Year Ended June 30

(Amounts in Thousands)

	2012	2003
Gallons from top ten suppliers	3,403,280	3,136,500
Net revenue from top ten suppliers	$ 578,558	$ 533,205
Net revenue from all suppliers	$ 676,601	$ 713,462
Percentage from top ten suppliers	86 %	75 %

Sources:

Net revenue from top ten suppliers: Missouri Department of Revenue

Net revenue from all suppliers: MoDOT Financial Services Division

Remainder of information is extrapolated

Notes:

Top ten supplier information is released by the Department of Revenue only in the aggregate. Information on individual suppliers is not available. There are 119 total suppliers.

Debt Capacity
Legal Debt Limit
Years Ended June 30

(Amounts in Thousands)

Year	Legal Limitations	Debt Issued Applicable To Limit (cumulative par)	Legal Debt Margin (excess available)	Ratio of Debt To Legal Limit
2012	$ n/a	$ ---	$ ---	--- %
2011	n/a	---	---	---
2010	n/a	---	---	---
2009	n/a	---	---	---
2008	n/a	---	---	---
2007	n/a	---	---	---
2006	n/a	---	---	---
2005	2,250,000	907,000	1,343,000	40
2004	2,250,000	907,000	1,343,000	40
2003	2,250,000	653,000	1,597,000	29

Source:

MoDOT Financial Services Division

Notes:

Legal debt limitations apply only to road revenue bonds.

Sections 226.133 and 226.134 RSMo. authorized the issuance of road revenue bonds between 2001 and 2006, with a legal limit of $2.25 billion.

n/a: Article IV of the Missouri Constitution, amended in 2005, authorized the issuance of road revenue bonds, not subject to any legal limitations.

Debt Capacity
Ratios of Outstanding Debt
Years Ended June 30

(Amounts in Thousands Except Per Capita)

	Debt Outstanding at June 30			
Year	Road Bonds	Notes Issued	Capital Leases	Total
2012	$ 3,071,525	$ 28,405	$ 2,466	$ 3,102,396
2011	3,204,715	23,678	8,476	3,236,869
2010	3,352,640	32,707	14,322	3,399,669
2009	2,355,925	27,164	19,646	2,402,735
2008	2,298,080	34,042	28,443	2,360,565
2007	1,833,795	46,453	35,225	1,915,473
2006	1,119,885	68,376	43,505	1,231,766
2005	828,500	80,830	53,514	962,844
2004	861,000	95,249	17,221	973,470
2003	630,455	101,338	22,982	754,775

Sources:

Personal Income: United States Department of Commerce, Bureau of Economic Analysis

Population: United States Department of Commerce, Census Bureau

Notes:

Personal income and population are reported on a calendar year basis within the applicable fiscal year.

Ratio of Debt to Income		Ratio of Debt to Population	
Personal Income	Percentage of Personal Income	Population	Per Capita
$229,986,000	1.35 %	6,011	$516
217,486,000	1.49	6,012	538
213,238,000	1.59	5,987	568
205,288,000	1.17	5,912	406
198,757,000	1.19	5,878	402
188,399,000	1.02	5,838	328
178,036,000	0.69	5,788	213
170,392,000	0.57	5,745	168
164,163,000	0.59	5,706	171
160,014,000	0.47	5,676	133

Debt Capacity
Pledged Revenue Coverage Related to Revenue Bonds

Years Ended June 30

(Amounts in Thousands Except Coverage)

Year	Senior Bond Revenues (1)	Operating Expenses (2)	Senior Net Pledged Revenues Available	Senior Lien Bonds Principal	Senior Lien Bonds Interest	Senior Lien Bonds Coverage
2012	$ 935,399	$ 342,240	$593,159	$31,790	$26,868	10.11
2011	929,143	324,416	604,727	56,795	28,443	7.09
2010	916,929	281,320	635,609	41,280	32,386	8.63
2009	906,977	279,971	627,006	39,540	34,339	8.49
2008	965,169	279,823	685,346	38,005	36,118	9.25
2007	959,049	269,210	689,839	36,740	38,899	9.12
2006	946,991	245,217	701,774	35,440	40,537	9.25
2005	904,978	545,048	359,930	32,500	43,788	4.72
2004	893,734	501,226	392,508	23,455	31,086	7.20
2003	867,255	476,193	391,062	15,935	28,041	8.90

Year	Federal Reimbursement Revenues (5)	Expenses	Federal Reimbursement Bonds Net Pledged Revenues	Federal Reimbursement Principal	Federal Reimbursement Interest (6)	Federal Reimbursement Coverage
2012	$ 719,532	---	$ 719,532	$32,725	$33,889	10.80
2011	1,226,128	---	1,226,128	30,595	36,026	18.40
2010	749,825	---	749,825	---	19,476	38.50
2009	712,574	---	712,574	---	2,596	274.44
2008	---	---	---	---	---	---
2007	---	---	---	---	---	---
2006	---	---	---	---	---	---
2005	---	---	---	---	---	---
2004	---	---	---	---	---	---
2003	---	---	---	---	---	---

Sources:
MoDOT Financial Services Division

Notes:

Data for 2008 through 2011 was revised to conform to the 2012 presentation.

(1) Senior Bond Revenues consist of various percentages of the state motor fuel tax, sales and use taxes and motor vehicle fees, as set by the State's constitution and statutes. Revenues are reported net of refunds and exclude sales tax revenue deposited into the State Road Bond Fund.

(2) Operating Expenses consist of retirement benefit costs, the cost of enforcement of motor vehicle laws and the cost of collection of sales taxes and fees. The cost of collection reflects actual expenditures and does not reflect any Missouri Department of Revenue refunds associated with spending over the three percent cap during previous years. Prior to fiscal year 2006, additional MoDOT operating expenses, principally personnel expenses and administrative costs, were paid from the Highway Fund.

(3) First, Second, Third Lien Revenues consist of sales taxes deposited into the State Road Bond Fund.

(4) First, Second, Third Lien Net Pledged Revenues consist of excess Senior Net Pledged Revenues and sales tax deposited into the State Road Bond Fund.

(5) Federal Reimbursement Revenues exclude American Recovery and Reinvestment Act revenue and amounts passed through to other political entities. For debt service coverage calculation purposes, excess First, Second, Third Lien Net Revenues are not included.

(6) Federal reimbursement interest is reported net of federal subsidies associated with Build America Bonds.

First, Second, Third Lien Revenues (3)	First, Second, Third Lien Net Pledged Revenues (4)	First Lien			Second Lien			Third Lien		
		Principal	Interest	Coverage	Principal	Interest	Coverage	Principal	Interest	Coverage
$106,451	$640,952	$49,385	$43,432	6.91	$ 5,465	$26,024	5.16	$ 13,825	$ 9,989	4.33
100,945	620,434	48,025	45,721	6.62	1,600	26,088	5.11	---	10,048	4.72
93,744	655,687	41,725	47,609	7.34	5,280	26,299	5.42	---	4,785	5.22
91,013	644,140	35,575	49,140	7.60	9,775	26,690	5.32	---	668	5.29
84,476	695,699	24,510	50,204	9.31	---	16,978	7.59	---	1,654	7.45
65,738	679,938	23,530	40,651	10.60	---	---	---	13,080	2,339	8.55
26,096	651,893	23,835	10,392	19.05	---	---	---	---	2,047	17.98
---	283,642	---	---	---	---	---	---	---	---	---
---	337,967	---	---	---	---	---	---	---	---	---
---	347,086	---	---	---	---	---	---	---	---	---

Demographic and Economic Information
Population, Personal Income and Unemployment Rate

Years Ended December 31

(Amounts in Thousands)

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	6,011	$229,986,000	$38	7.7 %
2010	6,012	217,486,000	36	9.2
2009	5,988	213,238,000	36	9.2
2008	5,912	205,288,000	35	6.0
2007	5,878	198,757,000	34	5.1
2006	5,838	188,399,000	32	5.2
2005	5,788	178,036,000	31	6.3
2004	5,745	170,392,000	30	5.9
2003	5,706	164,163,000	29	5.9
2002	5,676	160,014,000	28	5.7

Sources:

Population: United States Department of Commerce, Census Bureau

Personal Income, Per Capita Personal Income and Unemployment Rate: United States Department of Commerce, Bureau of Economic Analysis

Demographic and Economic Information
Employment Sectors
Years Ended December 31

(Amounts in Thousands)

	2012			2003		
	Employees	**Rank**	**Percentage**	**Employees**	**Rank**	**Percentage**
Trade, transportation and utilities	519	1	20 %	554	1	21 %
Government	455	2	17	444	2	16
Education and health services	410	3	15	354	3	13
Professional and business services	323	4	12	307	5	11
Leisure and hospitality	260	5	10	253	6	9
Manufacturing	253	6	10	323	4	12
Financial activities	161	7	6	162	7	6
Other services	116	8	4	117	9	4
Construction, natural resources and mining	102	9	4	138	8	5
Information	54	10	2	68	10	3
Total	2,653		100 %	2,720		100 %

Source:

United States Department of Labor, Bureau of Labor Statistics

Note:

Information on employers is provided at the more general level of employment sectors, rather than the top ten specific employers of the state of Missouri. This data is more relevant to the mission of a transportation system.

Demographic and Economic Information
Licensed Drivers with Population Data

Years Ended June 30

(Amounts in Thousands)

Year	Licensed Drivers	Change in Licensed Drivers	Population	Change in Population
2011	4,277	31	6,012	24
2010	4,246	28	5,988	76
2009	4,218	21	5,912	34
2008	4,197	35	5,878	40
2007	4,162	22	5,838	50
2006	4,140	5	5,788	43
2005	4,135	87	5,745	39
2004	4,048	82	5,706	30
2003	3,966	35	5,676	34
2002	3,931	69	5,642	36

Sources:

Licensed Drivers: Missouri Department of Revenue for federal reporting

Population: United States Department of Commerce, Census Bureau

Notes:

Fiscal year 2012 licensed drivers data is not yet available.

Population is reported on a calendar year basis within the applicable fiscal year.

Demographic and Economic Information
Vehicle Registrations with Fuel Tax Receipts

Years Ended June 30

(Amounts in Thousands Except Fuel Tax Receipts per Registration)

Fiscal Year	Registrations	Percentage Change in Registrations	Net State Fuel Tax Receipts	Percentage Change in Fuel Tax Receipts	Fuel Tax Receipts per Registration
2011	6,124	(8.5) %	$685,447	0.2 %	112
2010	6,691	10.5	684,164	0.5	102
2009	6,057	1.6	680,862	(4.1)	112
2008	5,961	(0.6)	710,246	0.9	119
2007	5,997	(0.7)	704,071	(0.5)	117
2006	6,040	7.7	707,856	(0.4)	117
2005	5,609	(1.9)	710,343	1.4	127
2004	5,715	14.9	700,217	3.1	123
2003	4,974	(7.2)	679,397	1.4	137
2002	5,362	11.3	669,724	2.5	125

Sources:

Registrations: Missouri Department of Revenue, Missouri State Highway Patrol and MoDOT for federal reporting

Fuel Tax Receipts: MoDOT Financial Services Division, cash basis

Note:

Fiscal year 2012 registrations data is not yet available.

Operating Information
Demand and Level of Service Indicators
Years Ended December 31

	Daily Vehicle Miles Traveled (Amounts in Thousands)				
Year	**State Highways**	**Non-State Highways**	**Total Public Highways**	**Population (Amounts in Thousands)**	**Average Daily Miles Per Capita**
2011	129,512	58,948	188,460	6,011	31.4
2010	130,628	62,879	193,507	6,012	32.2
2009	130,047	59,257	189,304	5,988	31.6
2008	130,703	55,834	186,537	5,912	31.6
2007	134,149	55,303	189,452	5,878	32.2
2006	132,758	55,828	188,586	5,838	32.3
2005	132,604	55,763	188,367	5,788	32.5
2004	132,635	56,390	189,025	5,745	32.9
2003	130,945	55,162	186,107	5,706	32.6
2002	131,130	55,618	186,748	5,676	32.9

Sources:

Daily Vehicle Miles Traveled: MoDOT Transportation Planning Division

Population: United States Department of Commerce, Census Bureau

Note:

Certain data was revised by source.

This page intentionally left blank

Operating Information
Demand and Level of Service Indicators
Years Ended June 30

	Freight Tonnage By Mode (Amounts In Thousands) (1) (2)				Travel Information by Mode		
Year	Port	Motor Carrier	Aviation	Rail	Number of Transit Passengers	Number of River Runner Rail Passengers (3)	Number of Business Capable Airports (2)
2012	n/a-cy	n/a-cy	n/a-cy	n/a-cy	n/a-src	192,000	n/a-cy
2011	25,000	400,000	197	449,000	58,600,000	191,000	34
2010	25,000	398,000	182	441,000	56,300,000	165,000	34
2009	24,000	368,000	190	416,000	68,400,000	153,000	34
2008	26,000	361,000	240	412,000	68,600,000	138,000	32
2007	29,000	470,000	260	410,000	64,800,000	144,312	30
2006	35,000	399,000	267	441,000	71,100,000	174,513	29
2005	28,000	418,000	278	400,000	66,000,000	171,410	29
2004	32,800	419,000	282	405,000	64,600,000	162,446	29
2003	34,100	385,000	290	395,000	65,100,000	167,245	27

Source:

MoDOT Tracker – Measures of Departmental Performance

Notes:

(1) Due to data reporting variability between the various modes and the private and public sectors, this measure represents generalized trends in freight development and movement, and should not be construed as absolute tons moved per year for each of the modes.

(2) Measured on a calendar year basis.

(3) Measurement was changed in 2012. The measurement currently includes only River Runner passengers, but previously included all Amtrak passengers.

(4) Negative numbers mean final project cost was less than the amount budgeted for the project.

(5) Prior years data may be updated for information received in subsequent years.

n/a-cy: not available - calendar year basis.

n/a-src: not available - external source provides data.

Road and Bridge Projects		Safety		
Percent of Programmed Project Cost As Compared To Final Project Cost (4)	Percent of Projects Completed on Time	Number of Fatalities from Traffic Crashes (2) (5)	Number of Disabling Injuries from Traffic Crashes (2) (5)	Percent of Stripes Meeting Expectations (2)
(10.43)%	95%	n/a-cy	n/a-cy	n/a-cy
(15.37)	96	784	5,645	82.0 %
(11.48)	97	821	6,095	81.0
0.31	93	878	6,539	74.2
(2.27)	91	960	6,931	89.6
(2.57)	88	992	7,744	78.3
1.61	76	1,096	8,151	81.5
(2.84)	73	1,257	8,624	n/a
3.98	72	1,130	8,857	n/a
1.73	71	1,232	8,730	n/a

Operating Information
Capital Asset Indicators (1)
Years Ended December 31

Year	Centerline Miles (2)	Percentage of Major Highways In Good Condition (3)	Number of Deficient Bridges
2011	33,845	88.1 %	2,208
2010	33,702	85.8	2,486
2009	33,639	86.5	2,679
2008	33,676	83.4	2,838
2007	33,685	78.0	2,844
2006	33,681	74.0	2,836
2005	32,423	60.8	2,892
2004	32,403	47.4	2,907
2003	32,397	44.5	2,959
2002	32,340	45.0	3,029

Sources:

MoDOT Tracker – Measures of Departmental Performance

Centerline miles provided by Transportation Planning Division

Notes:

(1) Assets of non-highway modes are not owned by the state. MoDOT administers funds to those entities, primarily through federal and state grants.

(2) Beginning in 2006, outer roadways were included in the mileage report.

(3) The Department's emphasis on Smooth Roads Initiative projects in 2005 and 2006 significantly increased the condition of major highways.

(4) In the spring of 2009, the Safe and Sound Bridge Improvement program began rehabilitation of 248 bridges and replacement of 554.

Operating Information
Capital Asset Indicators
Years Ended December 31

	Total Public Centerline Miles									
Functional Classification	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**
Rural										
Interstate	723	722	722	722	722	800	800	801	801	799
Freeway/Expressway	967	953	2	2	---	---	---	15	---	2
Principal Arterial	2,157	2,171	3,115	3,116	3,117	3,246	3,171	3,175	3,196	3,170
Minor Arterial	3,959	3,944	3,948	3,927	3,927	4,076	4,135	4,025	4,015	3,916
Collector	1	1	1	1	3	63	3	6	3	6
Major Collector	16,180	16,184	16,181	16,210	16,213	16,381	16,458	16,723	16,692	16,820
Minor Collector	5,954	5,944	5,948	5,961	5,966	5,995	5,949	5,771	5,775	5,740
Local	963	935	885	875	869	922	21	25	56	55
Urban										
Interstate	482	459	459	459	459	381	381	380	380	382
Freeway/Expressway	455	470	398	397	399	343	344	330	329	285
Principal Arterial	730	730	803	808	811	701	694	702	708	729
Minor Arterial	549	527	526	516	513	352	340	334	335	334
Collector	444	413	410	437	442	234	110	98	90	57
Major Collector	1	1	---	---	---	1	1	1	---	24
Minor Collector	---	---	---	---	---	---	---	---	---	---
Local	280	248	241	245	244	186	16	17	17	21
Total Centerline Miles	33,845	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397	32,340
Statewide Composite										
Interstate	1,206	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181
Freeway/Expressway	1,421	1,423	400	399	399	343	344	345	329	287
Arterial Systems	7,394	7,372	8,392	8,367	8,368	8,375	8,340	8,236	8,254	8,149
Collector Systems	22,580	22,542	22,540	22,609	22,624	22,674	22,521	22,599	22,560	22,647
Local	1,244	1,184	1,126	1,120	1,113	1,108	37	42	73	76
Total Centerline Miles	33,845	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397	32,340

Source:

MoDOT Transportation Planning Division

Note:

Beginning in 2006, outer roadways were included in the mileage report.

Operating Information
Employee Full-Time Equivalents (FTE)
Years Ended June 30

	2012	2011	2010	2009	2008	2007
District Offices	4,685	5,183	5,541	5,512	5,577	5,765
Central Office	886	1,028	1,096	1,124	1,189	1,233
Total	5,571	6,211	6,637	6,636	6,766	6,998

Source:

State of Missouri payroll reporting system

Note:

The decreases in 2011 and 2012 are the result of staffing reductions called for in the department's implementation of its Bolder Five-Year Direction.

Other Information

This page intentionally left blank

BKD LLP
CPAs & Advisors

910 E. St. Louis Street, Suite 200
P.O. Box 1190
Springfield, MO 65801-1190
417.865.8701 Fax 417.865.0682 www.bkd.com

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Missouri Highways and Transportation Commission
Missouri Department of Transportation
Jefferson City, Missouri

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Missouri Department of Transportation (Department) as of and for the year ended June 30, 2012 which collectively comprise its basic financial statements, and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body, management and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

BKD LLP

September 28, 2012