Comprehensive Annual Financial Report

for the fiscal year ended
June 30, 2013

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
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MoDOT

Missouri Department of Transportation
an agency of the State of Missouri

Table of Contents

Table of Contents

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Introductory Section

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MoDOT

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September 27, 2013

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, 2013.

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 RubinBrown, LLP to audit the financial statements.

The objective of the independent audit is to provide 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 unmodified opinion and that the Department's financial statements for the fiscal year ended June 30, 2013, 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 33,800 miles of highway and 10,300 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 by divisions and districts. The divisions represent a variety of disciplines and provide oversight of the activities in the districts and support to the Department. These activities include the design and construction of new highways and facilities, transportation planning including the five-year STIP, maintenance and safety of the existing highway system and all other activities related to other modes of transportation, such as aviation, railways, river ports, freight, transit, and bicycle and pedestrian facilities. The districts represent seven geographical regions of the state of Missouri and are responsible for providing projects and services to the citizens of Missouri.

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 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 who takes 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's transportation system has a direct impact on the state's economy. Missouri businesses depend on our roadways, rail, waterways and airports to move their products and services both nationally and globally. An efficient, well-connected transportation system helps attract new businesses to our communities and helps existing businesses maintain a competitive edge with easy customer access, minimal shipping costs and strong links to a diverse workforce. The Department believes investments in transportation should create jobs and provide opportunities for advancement to all Missouri citizens.

Missouri employment is slowly rebounding following the recession. Per the Bureau of Labor Statistics, United States Department of Labor, in fiscal year 2013, the unemployment rate declined to 6.9 percent in June 2013. This compares to an unemployment rate of 7.0 percent in June 2012. Compared to the national trend, the Missouri unemployment rate declined less than the United States rate, but still ended 0.7 percentage points lower in June of 2013 than the national rate of 7.6 percent. Employment gains occurred over the previous year in most areas including construction, manufacturing, financial activities, professional/business services, educational/health services and leisure/hospitality. Personal income in the first quarter of 2013 is continuing to show steady growth at 2.7 percent over the previous year. Consumer confidence increased in fiscal year 2013, but still remains fairly low, which indicates that consumers are still cautious about making purchases.

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 2013-2017 STIP investment of $4,294.0 million, an analysis estimates that on average, each year the plan creates 6,780 additional jobs paying an average wage of $33,084 per job, $307.93 million in new personal income and $523.15 million in new value added to the economy. Comparing the analysis of the 2012-2016 STIP investment of $4,545.0 million, which estimates 8,726 jobs created at an average of $27,773 per job, $366.4 million in new personal income and $550.0 million in new value added to the economy, shows the impact to the economy by the decreased STIP investment as the construction program continues to decline. In addition, some of the reduced economic impact of our STIP can also be attributed to the types of projects completed. Maintaining the system projects have a smaller economic impact than expansion projects, such as new interchanges.

The Department's state fuel tax receipts, the second largest source of transportation revenue, decreased 1.6 percent in 2013 from 2012, and the 2013 state fuel tax receipts are 6.1 percent lower than receipts from 2008, the year with the most receipts in the last six years. Fuel taxes continue to decrease because vehicles continue to become 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 and driver licensing fees also decreased 0.9 percent from 2012. 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. Motor vehicle sales tax receipts had strong growth, increasing 6.7 percent from 2012, and resulted in overall state revenues for the Department increasing 0.8 percent in 2013 compared to 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, on June 29, 2012. General Fund transfers of $18.8 billion and Leaking Underground Storage Tank Trust Fund transfers of $2.4 billion to the Highway Trust Fund will allow level funding over the life of the bill through September 30, 2014. MAP-21 reduced the amount of funding for all state transportation departments, and Missouri will actually receive $71.0 million less per year. The Congressional Budget Office (CBO) estimates that the Highway Trust Fund's Highway and Transit Accounts will not face deficits until fiscal year 2015. Congress will need to take action by September 30, 2014 for federal transportation funding to continue in the future.

Construction

Missouri's 2014-2018 STIP is primarily maintenance-focused with little room for anything else, but that hasn't always been the case. In 2004, Missouri voters approved Amendment 3, which redirected motor vehicle sales taxes formerly deposited into the State's General Revenue Fund to the newly created State Road Bond Fund and directed MoDOT to sell bonds and use the proceeds to improve roads and bridges. With that, Missouri's major roads went from 47.0 percent in good condition to 88.5 percent as of December 2012. Minor, less traveled roads have been maintained at 69.3 percent in good condition as of December 2012. The condition of Missouri's bridges has steadily improved over the last five years, due to the Safe and Sound Bridge Improvement Program, a combined design-build and modified design-bid-build program to replace or rehabilitate 802 bridges throughout the state, and dedicated funding through the STIP. Access to bond proceeds has put Missouri's roads and bridges in a good place, and allowed for additional four lane highways and new interchanges to bring businesses to Missouri.

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, 2013, the Department has expended $633.7 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 $53.2 million for other transportation modes, such as rail and transit.

But these opportunities are over. ARRA funds are gone and the bond proceeds have been used to make improvements Missourians wanted. Now the redirected vehicle sales taxes that made it possible are being used to pay off that debt, just like the mortgage on your home.

During 2013, the Department completed the Safe & Sound Bridge Improvement Program over one year ahead of schedule. Construction started in April 2010 and continued through fiscal year 2013 on the Mississippi River Bridge project, a joint project with Illinois to build a new bridge over the Mississippi River at St. Louis. The Stan Musial Veterans Memorial Bridge is expected to open to traffic in early 2014. 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. In addition, the $64 million rehabilitation of the Blanchette Bridge connecting St. Charles and St. Louis Counties was completed in August.

In January of 2014, construction will begin on the Manchester Bridge Project, located in Jackson County, to replace the I-70 bridges over Manchester Trafficway, the Blue River and an adjacent rail yard. Built in the late 1950s, the current I-70 bridges are among the earliest pieces of interstate construction in western Missouri and need frequent maintenance and extensive repairs. The project is scheduled to conclude in December 2015.

In addition, the Department, St. Charles County and the local municipalities have teamed together to allocate $118.2 million towards building Route 364. The project includes building an improved connection from Page Avenue and Mid Rivers Mall Drive to I-64/US Route 40/61 at Route N. The design-build contracting process was approved in February 2013 and the project is expected to be completed by late November 2014.

Long-term Financial Planning

The Department's 2014 budget, $2.06 billion, approved by the Commission in June, is approximately $288.2 million less than the Department's 2013 budget, with amendments. In fact, the fiscal year 2014 budget is the smallest since fiscal year 2005. With the completion of projects built with Amendment 3 bond proceeds and ARRA 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.

Looking forward, the percentage of funds needed to simply maintain the existing system will continue to grow, with virtually nothing available to enhance or improve it. Projected funding levels will not keep pace with the money necessary to maintain our roads and bridges. In fact, MoDOT estimates the cost of maintaining roads and bridges to nearly double over the next 20 years. If no change occurs to funding levels, the transportation system will deteriorate.

The Commission approved the Bolder Five-Year Direction, a cost savings initiative within MoDOT, in June 2011. As of June 30, 2013, significant progress has been made in the implementation of this direction. The staffing plan has been fully implemented and the Department started rehiring maintenance employees in November 2012 and other positions in January 2013. The Department has reduced its equipment by 752 units. As of June 30, 2013, of the targeted 131 facility reductions, the Department has conveyed 87 facilities. The projected savings as of June 30, 2013 was $284.0 million and the Department has realized $386.0 million in savings as of that 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, 2013.

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 2013 report.

Respectfully submitted,

David B. Nichols, PE
Director

Roberta Broeker, CPA
Chief Financial Officer

Principal Officials
as of June 30, 2013

Commission	
Lloyd J. Carmichael	Chairman
Stephen R. Miller	Vice Chairman
Kelley Martin*	Member
Gregg Smith*	Member
Kenneth H. Suelthaus	Member
Pam Harlan	Secretary

MoDOT	
David Nichols	Director
Ed Hassinger	Chief Engineer
Roberta Broeker	Chief Financial Officer
Vacant**	Assistant Chief Engineer
Rich Tiemeyer	Chief Counsel
Bill Rogers	Audits and Investigations Director
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

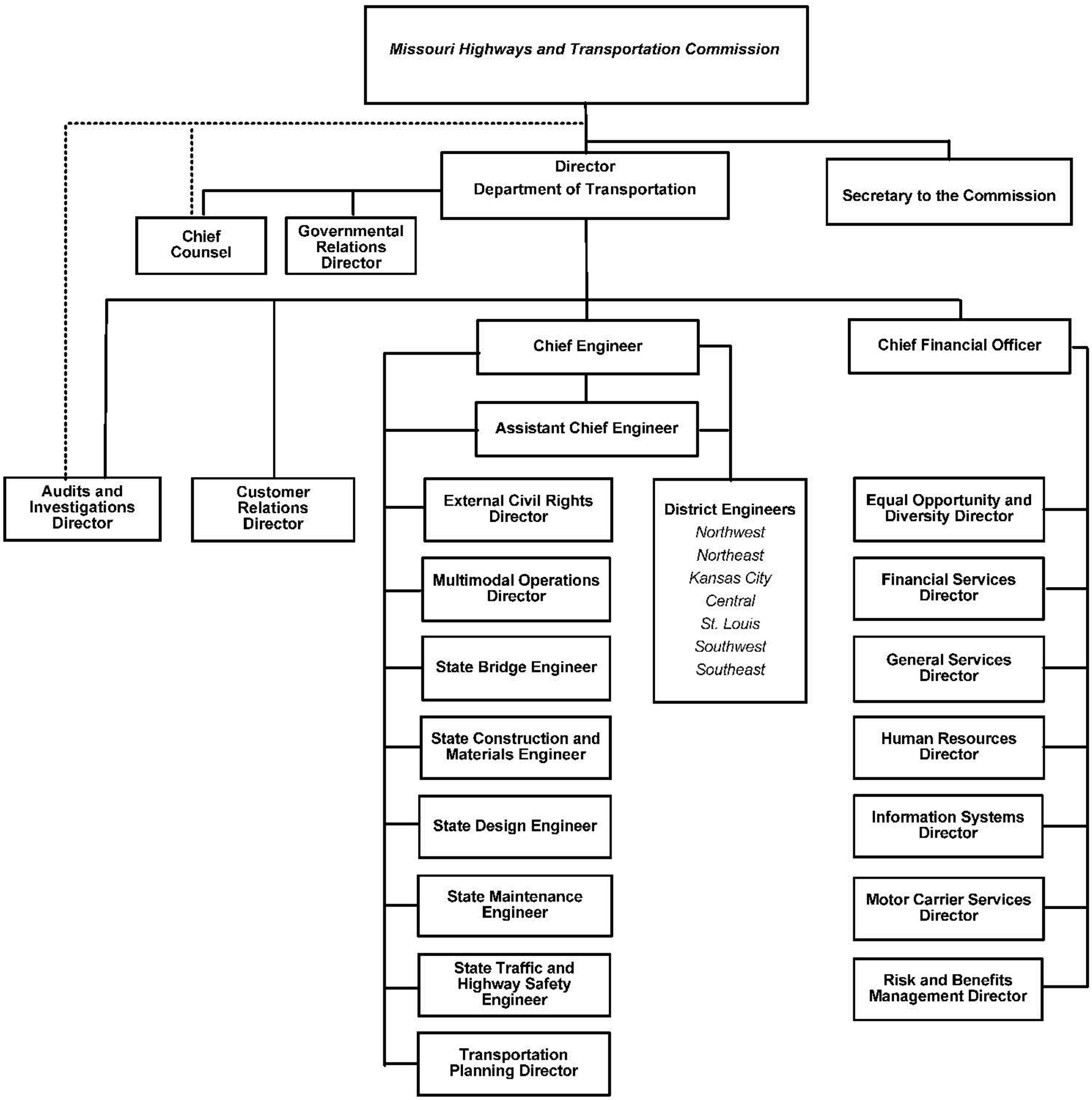
Districts	
Don Wichern	Northwest District Engineer
Paula Gough	Northeast District Engineer
Dan Niec	Kansas City District Engineer
Dave Silvester	Central District Engineer
Greg Horn	Interim St. Louis District Engineer
Rebecca Baltz	Southwest District Engineer
Mark Shelton	Southeast District Engineer

* Awaiting confirmation by the State Senate.

**Kathy Harvey was appointed as Assistant Chief Engineer on August 15, 2013. Eric Schroeter was appointed Interim State Design Engineer on August 16, 2013.

Organizational Chart

June 30, 2013



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Financial Section

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Independent Auditors' Report

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

Report On The Financial Statements

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 (the Department) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Reporting Entity

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, 2013 and 2012, 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.

Other Matters

The financial statements of the Department as of and for the year ended June 30, 2012 were audited by other auditors whose report dated September 28, 2012, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 22 through 33, the Budgetary Comparison Schedules on pages 82 through 84 and the Schedule of Funding Progress – Other Post-Employment Benefits on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. 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.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2013 on our consideration of the Department's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

RubinBrown LLP

September 27, 2013

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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 position of the Department at the close of the fiscal year was $27.1 billion, compared to $26.6 billion at 2012. Of this amount, $0.9 billion represents the amount available for highways and transportation uses, compared to $1.0 billion in 2012. This represents a 14.7 percent decrease in the amount available for highways and transportation uses from 2012 compared to a 24.7 percent decrease in 2012 from 2011.

- The majority of the Department's assets, capital assets totaled $29.2 billion and $28.7 billion for fiscal years 2013 and 2012, respectively. This represents a 1.8 percent increase compared to a 2.8 percent increase in 2012 from 2011. The Department's investment in capital assets, net of related debt, is $26.2 billion compared to $25.5 billion in 2012.

- Non-current liabilities of the Department total $3.2 billion at June 30, 2013, compared to $3.4 billion at 2012, a $0.2 billion decrease compared to a $0.1 billion decrease in 2012 from 2011.

Fund Highlights

- As of the close of the fiscal year, the Department's *governmental funds* reported combined ending fund balances of $1.2 billion, compared to $1.3 billion in 2012. The decrease of $0.1 billion is compared to a decrease of $0.3 billion from 2012 to 2011.

  Approximately 97.1 percent of the Department's governmental fund balances, or $1.17 billion, are available for spending at the Department's discretion in accordance with the purpose of the funds, compared to 96.7 percent, or $1.25 billion, in 2012. The remaining nonspendable fund balance is $34.8 million of inventory, compared to $45.8 million in 2012. At June 30, 2013, there was $0.2 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 position of $33.0 million at the close of the fiscal year, compared to $23.7 million in 2012. The net income of the Self Insurance fund was $9.8 million in fiscal year 2013 compared to $9.9 million in fiscal year 2012. The net income in fiscal years 2013 and 2012 is the result of a decrease in liability claims compared to fiscal year 2011. In addition, the Self Insurance fund received $2.1 million for a settlement. Restricted investments at the close of both years totaled $0.3 million, resulting in unrestricted net position of $32.7 million and $23.4 million for fiscal years 2013 and 2012, 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 Position 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 Position* combine and consolidate all of the Department's assets and liabilities, except fiduciary funds, with the difference between the two reported as "net position". This includes current financial resources, capital assets and long-term obligations. Over time, increases or decreases in net position 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 position 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 Position

As noted earlier, net position 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, 2013, 2012 and 2011. The Department's combined net position increased $544.0 million over the course of this fiscal year's operations, an increase of 2.1 percent. This compares to an increase of $580.0 million in 2012 from 2011.

The following table reflects the condensed financial information derived from the Statements of Net Position as of June 30, 2013, 2012 and 2011:

(Amounts in millions)	2013	2012	2011	Percent Change 2013-2012
Assets				
Current and other assets	$ 1,531	$ 1,643	$ 1,957	(6.8)%
Capital assets, net	29,241	28,712	27,937	1.8
Total assets	30,772	30,355	29,894	1.4
Liabilities				
Current liabilities	414	415	408	(0.2)
Noncurrent liabilities	3,240	3,366	3,492	(3.7)
Total liabilities	3,654	3,781	3,900	(3.4)
Net Position				
Net Investment in capital assets	26,225	25,528	24,604	2.7
Restricted (internal service fund requirements and highways and transportation uses)	893	1,046	1,390	(14.7)
Total net position	$27,118	$26,574	$25,994	2.0 %

The total assets of the Department were $30.8 billion, while total liabilities were $3.7 billion, resulting in a net position of $27.1 billion. By far, the largest portion of the Department's net position, $26.2 billion, 96.7 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 $0.4 billion in 2013, compared to a $0.5 billion increase in 2012 from 2011. Total liabilities decreased $0.1 billion in 2013, the same decrease as in 2012 from 2011. The Department did not issue new long-term debt, while making debt payments, thus decreasing liabilities and current and other assets.

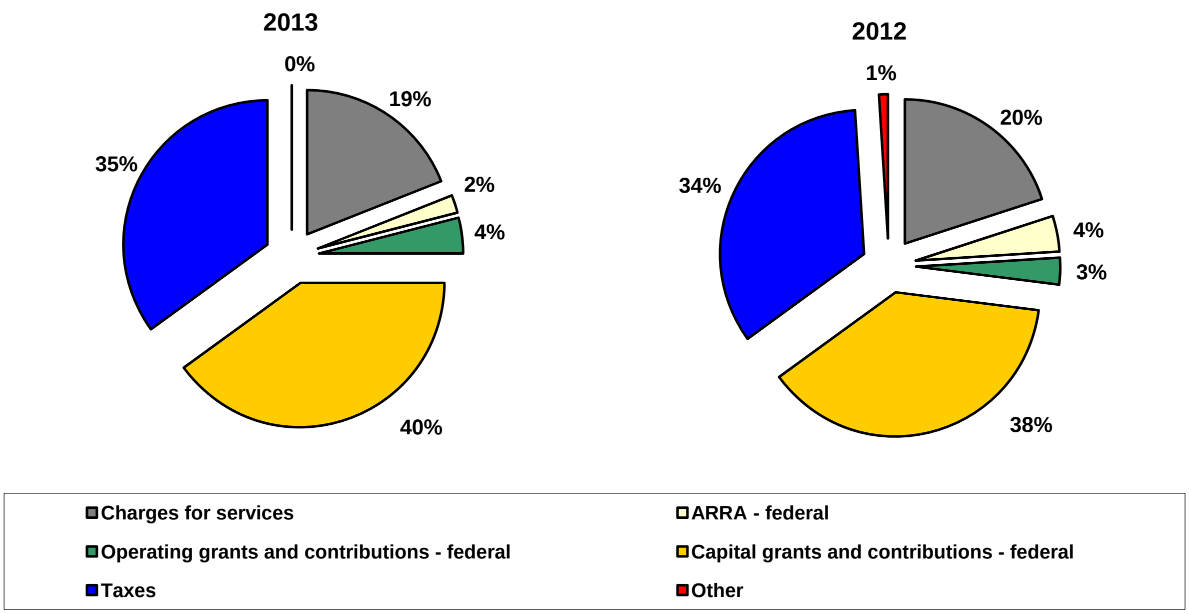
Statements of Activities

The following condensed financial information was derived from the government-wide Statements of Activities and reflects how the Department's net position changed during the year, compared to the prior years. The information is for the fiscal years ended June 30, 2013, 2012 and 2011.

(Amounts in millions)	2013	2012	2011	Percent Change 2013-2012
Revenues				
Program revenues				
Charges for services	$ 428	$ 452	$ 458	(5.3)%
American Recovery and Reinvestment Act	50	99	249	(49.5)
Operating grants and contributions – federal government	87	74	58	17.6
Capital grants and contributions – federal government	892	861	1,228	3.6
General revenues				
Taxes	791	788	769	0.4
Investment earnings (loss)	(1)	13	14	(107.7)
Miscellaneous	7	8	7	(12.5)
Total revenues	2,254	2,295	2,783	(1.8)
Expenses				
Program expenses				
Administration	32	30	33	6.7
Fleet, facilities and information systems	35	37	45	(5.4)
Maintenance	398	390	412	2.1
Construction	218	321	319	(32.1)
Multimodal operations	89	68	65	30.9
Interest on debt	139	144	148	(3.5)
Other state agencies	200	215	199	(7.0)
Self-insurance (workers' compensation and liability)	15	14	29	7.1
Medical and life insurance	95	97	94	(2.1)
Other post-employment benefits	75	76	79	(1.3)
Depreciation on assets	414	323	748	28.2
Total expenses	1,710	1,715	2,171	(0.3)
Changes in net position	544	580	612	(6.2)
Net position, beginning of year	26,574	25,994	25,382	2.2
Net position, end of year	$27,118	$26,574	$25,994	2.0 %

Governmental Activities

The following chart depicts revenues of the governmental activities, as a percent, for the fiscal years ended June 30, 2013 and 2012.



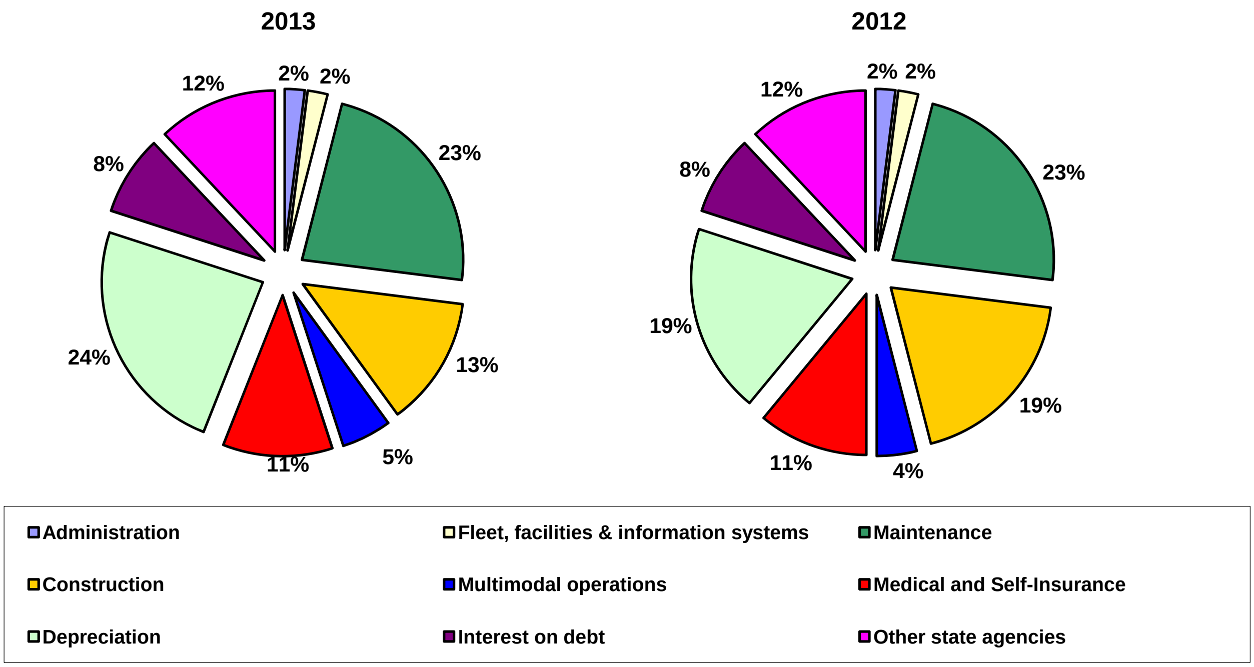
Revenues for the year decreased $41.0 million compared to a decrease of $488.0 million in 2012 from 2011. American Recovery and Reinvestment Act (ARRA) decreased $49.4 million as most projects related to this program are completed. Federal grants revenue, including operating grants and contribution and capital grants and contributions, increased $44.0 million from 2012 related to reimbursement for hazard elimination projects. The following three revenue sources provided $2.1 billion, or 93.6 percent, of the Department's revenues:

- Charges for services, including licenses, fees, permits and cost reimbursements: $428.0 million
- Sales, use and fuel taxes: $791.0 million
- Federal Highway Administration capital grants: $892.0 million

In 2012, these same revenue sources provided $2.1 billion, or 91.5 percent, of the Department's revenues.

While motor fuel taxes and motor vehicle driver's license fees declined, motor vehicle sales and use taxes have grown in 2013. Overall, state transportation funding, after taking into consideration the reduction of ARRA revenues, remains relatively flat. Any increase in sales and use tax has been offset by declines in other revenue sources.

The following chart depicts expenses of the governmental activities for the fiscal years ended June 30, 2013 and 2012.



Expenses for the year decreased $5.0 million, or 0.3 percent. Depreciation on assets, primarily infrastructure, has increased $91.0 million. The amount of depreciable assets increased and the method for calculating infrastructure depreciation was revised to use a straight line method rather than a weighted average life method, both attributing to the increased depreciation expense. Maintenance program increased as a result of more hazard elimination projects while the Construction program decreased due to reduced funding.

The Department's expenses for construction and maintenance of the state's highway system totaled $616.0 million and $711.0 million in 2013 and 2012, respectively. This represents 36.0 percent and 41.5 percent of the total expenses for 2013 and 2012, 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 $1.2 billion, a decrease of $89.5 million from the previous year. This compares to a decrease of $321.9 million in 2012 from 2011. Revenues from the federal government increased $56.4 million from 2012 primarily related to reimbursements for hazard elimination projects. The Department spent $232.5 million less in 2013. This change is a combination of decreases in capital outlays, $152.0 million; construction; $117.0 million; other state agencies, $13.0 million; and fleet, facilities and information systems, $3.0 million; and a combination of increases from debt service, $17.0 million; maintenance, $14.0 million; and multimodal operations, $21.0 million. Other financing sources increased $3.2 million as a result of the sale of capital assets due to the Department's reorganization which included the reduction of equipment.

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 $118.4 million, liabilities of $10.6 million and a restricted fund balance of $107.8 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 $733.5 million in revenues, a decrease of $5.8 million from 2012. In 2012, revenues were $4.4 million more than 2011. The decrease in revenues reflects the declining motor fuel tax receipts.

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 $1.2 billion, a decrease of $109.7 million from 2012. This compares to a decrease in 2012 of $336.3 million from 2011. Liabilities totaled $145.8 million, a decrease of $26.0 million from 2012; and fund balances totaled $1.0 billion, a decrease of $83.7 million from 2012 compared to a decrease of $331.5 million in 2012 from 2011.

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 $37.0 million, compared to $42.4 million in 2012. The ARRA revenue represents the federal government subsidy received for the Build America Bonds issued in 2010. Expenditures of the Bond Fund were $125.1 million in 2013 compared to $107.3 million in 2012, 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 Position – Proprietary Funds, the total assets increased $5.6 million in 2013 compared to an increase of $8.6 million in 2012. Total current liabilities of the proprietary funds at 2013 were $43.0 million, a decrease of $2.4 million from 2012. In 2012, total current liabilities of the proprietary funds decreased $1.2 million from 2011. Total pending self-insurance claims and incurred but not reported claims decreased $4.0 million compared to a $2.1 million decrease in 2012 from 2011.

Total net position of the internal service funds increased $9.3 million at the end of the current fiscal year to $33.0 million, compared to an increase of $12.2 million in 2012 from 2011. Highway general liability expenses increased $2.9 million while Other operating revenue increased $1.9 million due to the receipt of money from a settlement.

The largest operating expenses of the proprietary funds, medical and prescription drug benefits, totaled $102.9 million compared to $105.7 million in 2012. This accounts for 78.1 percent of the total operating expenses, compared to 79.6 percent in 2012. This $2.8 million decrease compares to a $2.4 million increase in 2012 from 2011. The actual is driven by a decrease in enrollment over the fiscal year.

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 a net position.

SIGNIFICANT EVENTS FOR THE YEAR ENDED JUNE 30, 2013

The Safe & Sound Bridge Improvement Program was 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. This project was completed in October 2012, over one year ahead of schedule. Projects like the Safe & Sound Bridge Improvement Program will be unlikely to continue in upcoming years due to MoDOT's smaller construction budget.

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 Stan Musial Veterans Memorial 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, 2013 is $692.6 million, with Missouri and Illinois participating in the main span and approaches at 41.0 percent and 59.0 percent, respectively. All projects, except Illinois Route 3, are planned for completion by early calendar year 2014.

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 Department, St. Charles County and the local municipalities have partnered together to build Route 364 in St. Charles County, a $118.2 million project. The project includes building an improved connection from Page Avenue and Mid Rivers Mall Drive to I-64/US Route 40/61 at Route N. The design-build contracting process was approved in February 2013 and is expected to be completed by late November 2014.

Additional federal revenues became available to all states when the President signed ARRA into law. As of June 30, 2013, on a cash basis, the Department has expended $633.7 million of the $639.2 million allocated for Missouri's highway infrastructure, on the job training, ferry boat and forest highway projects. The Department has also expended $53.2 million for other transportation modes, such as rail 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 $1.2 billion were completed in 2013 at 12.5 percent under the programmed cost. The Department is recognized nationally by other departments of transportation for MoDOT's performance management system and practical design efforts. In fact, the Federal Highway Administration has acknowledged the Department's performance management system as a noteworthy practice because it achieves accountability and transparency, aligns performance measures and strategic goals and is an outcome-based performance management tool.

During fiscal year 2013, MoDOT initiated a statewide engagement effort called On the Move to update Missouri's long range transportation plan. MoDOT began seeking direction regarding transportation priorities from stakeholders and members of the public across the state through listening sessions, mobile tours and virtual forums. The information gathered will guide the priorities, projects and solutions for a safe and modern transportation system in the future.

In January 2013, the Missouri Highways and Transportation Commission Chairman introduced a proposal that suggested a temporary 1-cent general sales and use tax for 10 years be imposed and dedicated for transportation. In February 2013, legislation was filed in both the House and Senate of the Missouri General Assembly that would allow the citizens of Missouri to vote to impose such a tax. Although the legislation had bi-partisan support, the legislation did not pass.

CAPITAL ASSETS AND LONG-TERM OBLIGATION ADMINISTRATION

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2013, totals $52.7 billion, with accumulated depreciation of $23.4 billion and a net value of $29.2 billion. The net value represents an increase of $529.2 million from fiscal year 2012, compared to an increase of $775.7 million in 2012 from 2011. Depreciation charges totaled $413.7 million in fiscal year 2013, compared to $323.2 million in 2012. The amount of depreciable assets increased and the method for calculating infrastructure depreciation was revised to use a straight line method rather than a weighted average life method, both attributing to the increased depreciation expense. 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)	2013	2012	2011	Percent Change 2013-2012
Land and permanent easements	$ 2,490	$ 2,477	$ 2,477	0.5 %
Software in progress	1	1	1	---
Construction in progress	167	152	126	9.9
Infrastructure in progress	2,776	3,006	3,157	(7.7)
Land improvements	18	15	15	12.5
Buildings	156	164	168	(4.9)
Software	6	5	4	20.0
Vehicles and equipment	171	173	188	(0.6)
Temporary easements	1	2	3	(50.0)
Infrastructure	23,455	22,717	21,798	3.2
Total	$29,241	$28,712	$27,937	1.8 %

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 33,800 miles of highways and 10,300 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.

Long-Term Obligation 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)

	2013	2012	2011	Percent Change 2013-2012
State road bonds	$2,918	$3,072	$3,205	(5.0)%
Premium on bonds and deferred refunding	70	82	96	(14.6)
Advances from other entities	26	28	24	(7.1)
Capital lease obligations	2	2	8	---
Compensated absences	32	33	37	(3.0)
Other liabilities	5	3	10	66.7
Total obligations	3,053	3,220	3,380	(5.2)
Current portion of obligations	198	187	168	5.9
Total noncurrent obligations	$2,855	$3,033	$3,212	(5.9)%

The Department's total obligations, excluding pending self-insurance claims and incurred but unreported claims, decreased $167.0 million from 2012, compared to a decrease of $160.0 million in 2012 from 2011. At the end of the current fiscal year, state road bonds total $2.9 billion, or 95.6 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. Principal payments are due on various dates through fiscal year 2033.

The advances from other entities are related to construction projects accelerated to meet the needs of the users. Principal payments are due on various dates through fiscal year 2021.

The Department has entered into various capital lease obligations. The lease agreements provide a means of financing office equipment. In addition to equipment lease agreements, the Department entered into an agreement for an office facility to accommodate the consolidation of motor carrier services in fiscal year 2005. Due to emphasis on decreasing leased office space, the Department is currently in the process of terminating this lease in fiscal year 2014. Capital lease payments mature on various dates through fiscal year 2020.

RECENT EVENTS AND FUTURE BUDGETS

The Department's fiscal year 2014 budget for all funds was approved by the Legislature in May 2013 and signed into law by the Governor in June 2013. 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 2013, with a total spending plan of $2.06 billion. The fiscal year 2014 budget is the smallest since fiscal year 2005. 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.

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, on June 29, 2012. General Fund transfers of $18.8 billion and Leaking Underground Storage Tank Trust Fund transfers of $2.4 billion to the Highway Trust Fund will allow level funding over the life of the bill through September 30, 2014. MAP-21 reduced the amount of funding for all state transportation departments, and Missouri will actually receive $71.0 million less per year. The Congressional Budget Office (CBO) estimates that the Highway Trust Fund's Highway and Transit Accounts will not face deficits until fiscal year 2015. Congress will need to take action by September 30, 2014 for federal transportation funding to continue in the future.

In January of 2014, construction will begin on the Manchester Bridge Project, located in Jackson County, to replace the I-70 bridges over Manchester Trafficway, the Blue River and an adjacent rail yard; a maintain the system project. Built in the late 1950s, the current I-70 bridges are among the earliest pieces of interstate construction in western Missouri and need frequent maintenance and extensive repairs. The project is scheduled to conclude in December 2015.

The STIP identifies transportation projects planned for 2014 through 2018. 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 2013 reflects a continued smaller investment in highway and bridge construction. For the 2014-2018 STIP, the awards will average $694.0 million a year compared to a $1.2 billion program just a few years ago. The reduced amount of funding in MAP-21 also results in less highway and bridge construction.

The measures taken with the Bolder Five-Year Direction, a cost savings initiative within MoDOT, 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. The On the Move effort should help articulate that transportation vision.

Even with the drastic resizing associated with implementation of the Bolder Five-Year Direction, the Department has to overcome the challenges of reduced motor fuel tax revenue due to more fuel efficient vehicles on the road as well as fewer miles traveled by consumers. Since 1992, concrete and asphalt costs have outpaced fuel tax revenue two-to-one. As discussed previously, during the 2013 legislative session, legislation was considered that would have allowed a temporary, 10-year, 1-cent general sales tax to be voted on by the citizens of Missouri. While the legislation had bi-partisan support, the legislation failed to pass. Without creating new revenue sources, the State's transportation program will only be able to maintain its current system and not meet the demands of expanding transportation needs.

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions in June of 2012 for fiscal years beginning after June 15, 2014. This Statement replaces the requirements of previously published Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. By publishing this Statement, GASB expands the transparency requirements of governments by requiring expanded disclosures of assessments, explanations of how and why net pension liability changed, and contribution schedules. The Department will be implementing this Statement with its fiscal year 2015 Comprehensive Annual Financial Report.

ECONOMIC CONDITIONS

The current economic environment presents government entities, including state transportation departments, with unusual circumstances and challenges. The past year has seen only 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, 2,081 highway and bridge construction projects estimated at $5.0 billion were awarded for $4.6 billion, a 9.14 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 website at www.modot.mo.gov.

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Government-wide Financial Statements

Statements of Net Position

June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 1,035,555,070	$ 1,137,812,467
Investments	2,377,978	9,491,838
Restricted cash and investments	71,791,700	70,021,550
State taxes and fees receivables	137,391,420	137,250,331
Federal government receivables	62,959,841	64,134,654
Miscellaneous receivables, net	39,199,566	40,725,246
Loans receivable	395,694	430,082
Inventories	34,840,942	45,789,400
Total current assets	1,384,512,211	1,505,655,568
Noncurrent assets		
Investments	115,412,204	101,892,379
Restricted cash and investments	200,000	---
Miscellaneous receivables, net	12,294,588	13,805,122
Loans receivable	1,700,879	2,086,883
Bond issue costs, net	11,281,247	12,811,685
Bond issue costs, swap termination payment	5,827,682	6,750,606
Capital assets		
Assets not being depreciated	5,434,125,789	5,635,721,457
Assets being depreciated, net	23,807,388,964	23,076,569,926
Total noncurrent assets	29,388,231,353	28,849,638,058
Total assets	30,772,743,564	30,355,293,626
Liabilities		
Current liabilities		
Accounts payable	112,944,056	126,757,099
Accrued payroll	22,687,988	22,446,745
Accrued interest payable	30,128,100	31,579,184
Unearned revenue	18,286,109	12,054,072
Pending self-insurance claims	17,715,000	18,490,000
Incurred but not reported claims	14,841,000	16,791,000
Financing and other obligations	197,882,062	186,588,696
Total current liabilities	414,484,315	414,706,796
Noncurrent liabilities		
Pending self-insurance claims	49,547,962	49,796,049
Incurred but not reported claims	13,258,000	14,248,000
Other post-employment benefit obligations	321,937,451	268,544,583
Financing and other obligations	2,855,218,581	3,033,762,958
Total noncurrent liabilities	3,239,961,994	3,366,351,590
Total liabilities	3,654,446,309	3,781,058,386
Net Position		
Net Investment in capital assets	26,225,284,447	25,527,562,407
Restricted for:		
Internal service fund requirements	300,000	300,000
Highways and transportation	892,712,808	1,046,372,833
Total net position	$27,118,297,255	$26,574,235,240

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

Statements of Activities

Years Ended June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
Transportation Program Expenses		
Administration	$ 32,244,395	$ 30,039,600
Fleet, facilities and information systems	34,904,795	37,267,601
Maintenance	398,274,230	389,803,160
Construction	218,466,203	321,047,659
Multimodal operations	89,183,960	68,282,094
Interest	138,946,829	143,283,093
Other state agencies	199,659,461	214,696,433
Self-insurance	15,336,349	13,894,305
Medical and life insurance	94,694,864	97,136,669
Other post-employment benefits	75,151,587	75,896,217
Depreciation	413,705,116	323,238,383
Total transportation program expenses	1,710,567,789	1,714,585,214
Transportation Program Revenues		
Charges for services		
Licenses, fees and permits	283,021,795	284,676,676
Intergovernmental/cost reimbursements/miscellaneous	107,936,890	131,226,893
Interest	105,950	144,478
Member insurance premiums	37,327,828	35,635,943
Total charges for services	428,392,463	451,683,990
Federal government		
American Recovery and Reinvestment Act	49,911,874	99,266,014
Operating	87,688,971	73,929,574
Capital	892,031,320	860,754,276
Total federal government	1,029,632,165	1,033,949,864
Total transportation program revenues	1,458,024,628	1,485,633,854
Net expense of transportation program	(252,543,161)	(228,951,360)
General Revenues		
Fuel taxes	486,528,830	496,608,092
Sales and use taxes	304,162,919	291,279,169
Unrestricted investment earnings (loss)	(1,156,653)	13,308,467
State appropriations	11,630,299	11,130,409
Gain (loss) on sale of capital assets	(4,560,219)	(3,222,560)
Total general revenues	796,605,176	809,103,577
Changes in Net Position	544,062,015	580,152,217
Net Position, beginning of year	26,574,235,240	25,994,083,023
Net Position, end of year	$ 27,118,297,255	$ 26,574,235,240

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

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Fund
Financial Statements

Balance Sheets
Governmental Funds
June 30, 2013 and 2012

	2013				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 8,268,052	$ 960,620,934	$25,414,796	$22,621,814	$1,016,925,596
State taxes and fees receivable	106,803,058	18,640,528	11,511,475	436,359	137,391,420
Federal government receivable	---	48,028,506	---	14,931,335	62,959,841
Miscellaneous receivables, net	3,367,628	43,633,355	40,574	2,413,983	49,455,540
Loans receivable	---	---	---	2,096,573	2,096,573
Due from other funds	---	2,626,005	---	---	2,626,005
Inventories	---	34,840,942	---	---	34,840,942
Restricted cash and investments	---	71,691,700	---	---	71,691,700
Total assets	$118,438,738	$1,180,081,970	$36,966,845	$42,500,064	$1,377,987,617
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,539,198	$ 92,679,368	$ 3,846	$15,685,256	$ 109,907,668
Accrued payroll	6,972,389	15,624,477	---	91,122	22,687,988
Deferred revenue	2,120,929	37,486,884	---	778,462	40,386,275
Due to other funds	---	---	---	2,626,005	2,626,005
Total liabilities	10,632,516	145,790,729	3,846	19,180,845	175,607,936
Fund balances					
Nonspendable – inventories	---	34,840,942	---	---	34,840,942
Unassigned	---	---	---	(234,005)	(234,005)
Restricted – highways and transportation	107,806,222	999,450,299	36,962,999	23,553,224	1,167,772,744
Total fund balances	107,806,222	1,034,291,241	36,962,999	23,319,219	1,202,379,681
Total liabilities and fund balances	$118,438,738	$1,180,081,970	$36,966,845	$42,500,064	$1,377,987,617

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

2012				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 10,304,282	$1,053,181,877	$31,683,152	$23,029,706	$1,118,199,017
108,448,095	17,426,227	10,624,173	751,836	137,250,331
---	49,687,809	---	14,446,845	64,134,654
3,230,488	47,337,826	47,613	2,085,359	52,701,286
---	---	---	2,516,965	2,516,965
---	6,638,409	---	---	6,638,409
---	45,789,400	---	---	45,789,400
---	69,721,550	---	---	69,721,550
$121,982,865	$1,289,783,098	$42,354,938	$42,830,711	$1,496,951,612
$ 1,723,979	$ 112,196,533	$ 21,710	$10,490,122	$ 124,432,344
6,951,422	15,400,023	---	95,300	22,446,745
3,170,852	44,217,888	---	4,191,360	51,580,100
---	---	---	6,638,409	6,638,409
11,846,253	171,814,444	21,710	21,415,191	205,097,598
---	45,789,400	---	---	45,789,400
---	---	---	(2,898,764)	(2,898,764)
110,136,612	1,072,179,254	42,333,228	24,314,284	1,248,963,378
110,136,612	1,117,968,654	42,333,228	21,415,520	1,291,854,014
$121,982,865	$1,289,783,098	$42,354,938	$42,830,711	$1,496,951,612

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

Governmental Funds

June 30, 2013 and 2012

	Total	
	2013	**2012**
Fund balances – total governmental funds	$ 1,202,379,681	$ 1,291,854,014
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets, net of accumulated depreciation of $23,424,216,862 and $23,116,420,369 in 2013 and 2012, respectively, used in governmental activities are not financial resources and therefore are not reported in the funds.	29,241,514,753	28,712,291,383
Bond issue costs, reported as deferred assets, are not available to pay for current period expenditures and therefore are not reported in the funds.	17,108,929	19,562,291
Some of the Department's tax revenue will be collected after the 60-day availability period and is deferred in the fund financial statements. However, revenue from this amount is recognized in the government-wide financial statements, net of allowance for uncollectible amounts.	29,508,310	47,320,384
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 position.		
Medical and life insurance plan	31,621,646	32,125,059
Self-insurance plan	1,330,130	(8,442,470)
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	(3,053,100,643)	(3,220,351,654)
Other post-employment benefits obligations	(321,937,451)	(268,544,583)
Accrued interest payable	(30,128,100)	(31,579,184)
Total net position – governmental activities	$27,118,297,255	$26,574,235,240

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, 2013 and 2012

	2013				
	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Fuel taxes	$ 486,135,509	$ 138,610	$ ---	$ 254,711	$ 486,528,830
Sales and use taxes	56,791,147	125,161,522	114,329,854	7,880,396	304,162,919
Licenses, fees and permits	183,156,641	97,407,997	---	2,457,157	283,021,795
Intergovernmental/cost reimbursements/miscellaneous	7,237,088	129,295,255	---	2,199,138	138,731,481
Investment earnings	176,449	(1,434,901)	69,963	39,529	(1,148,960)
American Recovery and Reinvestment Act	---	28,026,219	5,337,922	16,547,733	49,911,874
State government	---	---	---	11,630,299	11,630,299
Federal government	---	894,664,491	---	90,406,070	985,070,561
Total revenues	733,496,834	1,273,259,193	119,737,739	131,415,033	2,257,908,799
Expenditures					
Current					
Administration	---	46,936,054	---	---	46,936,054
Fleet, facilities and information systems	---	38,057,876	---	---	38,057,876
Maintenance	---	417,868,882	---	36,871,484	454,740,366
Construction	---	237,629,620	---	---	237,629,620
Multimodal operations	---	824,349	---	88,579,674	89,404,023
Capital outlay	---	959,305,565	---	1,484,100	960,789,665
Debt service	---	190,944,733	125,107,968	---	316,052,701
Other state agencies	226,683,268	---	---	---	226,683,268
Total expenditures	226,683,268	1,891,567,079	125,107,968	126,935,258	2,370,293,573
Excess of revenues over (under) expenditures	506,813,566	(618,307,886)	(5,370,229)	4,479,775	(112,384,774)
Other Financing Sources (Uses)					
Notes issued	---	9,493,172	---	---	9,493,172
Capital leases issued	---	116,309	---	---	116,309
Capital asset sales	---	13,288,747	---	12,213	13,300,960
Transfers in	---	511,732,245	---	---	511,732,245
Transfers out	(509,143,956)	---	---	(2,588,289)	(511,732,245)
Total other financing sources (uses)	(509,143,956)	534,630,473	---	(2,576,076)	22,910,441
Net Changes in Fund Balances	(2,330,390)	(83,677,413)	(5,370,229)	1,903,699	(89,474,333)
Fund Balances, beginning of year	110,136,612	1,117,968,654	42,333,228	21,415,520	1,291,854,014
Fund Balances, end of year	$ 107,806,222	$ 1,034,291,241	$ 36,962,999	$ 23,319,219	$ 1,202,379,681

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

2012				
State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 496,148,454	$ 148,356	$ ---	$ 311,282	$ 496,608,092
54,574,874	119,376,944	108,929,749	8,397,602	291,279,169
183,119,951	99,060,982	---	2,433,313	284,614,246
5,094,989	131,822,490	---	1,711,202	138,628,681
319,794	10,169,400	333,942	188,218	11,011,354
---	90,545,508	5,337,921	3,381,548	99,264,977
---	---	---	11,130,409	11,130,409
---	858,009,602	---	70,708,058	928,717,660
739,258,062	1,309,133,282	114,601,612	98,261,632	2,261,254,588
---	46,636,384	---	---	46,636,384
---	41,132,987	---	---	41,132,987
---	409,562,668	---	30,794,049	440,356,717
---	354,258,611	---	---	354,258,611
---	980,139	---	67,500,477	68,480,616
---	1,112,768,600	---	---	1,112,768,600
---	191,807,948	107,308,547	---	299,116,495
240,085,954	---	---	---	240,085,954
240,085,954	2,157,147,337	107,308,547	98,294,526	2,602,836,364
499,172,108	(848,014,055)	7,293,065	(32,894)	(341,581,776)
---	9,097,003	---	---	9,097,003
---	11,747	---	---	11,747
---	10,591,137	---	---	10,591,137
---	496,854,460	---	---	496,854,460
(496,854,460)	---	---	---	(496,854,460)
(496,854,460)	516,554,347	---	---	19,699,887
2,317,648	(331,459,708)	7,293,065	(32,894)	(321,881,889)
107,818,964	1,449,428,362	35,040,163	21,448,414	1,613,735,903
$ 110,136,612	$ 1,117,968,654	$ 42,333,228	$ 21,415,520	$ 1,291,854,014

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

Years Ended June 30, 2013 and 2012

	2013	2012
Net changes in fund balances – total governmental funds	$ (89,474,333)	$(321,881,889)
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 ($960,789,665 and $1,112,768,600 for 2013 and 2012, respectively) exceeded depreciation ($413,705,116 and $323,238,383 for 2013 and 2012, respectively).	547,084,549	789,530,217
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 position differ from the changes in fund balances by the book value of the assets sold.	(17,861,179)	(13,813,697)
Deferred revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(17,812,074)	10,485,890
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 position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net position. These are the net effects of the differences in the treatment of long-term debt obligations and related items.	155,722,675	134,473,608
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	727,708	3,783,249
Interest expense recognition	11,773,717	12,251,044
Claims and judgments	(1,996,330)	7,157,551
Other post-employment benefits	(53,392,868)	(54,137,498)
Pollution remediation obligations	20,963	86,070
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	(503,413)	2,361,628
Self-insurance plan	9,772,600	9,856,044
Changes in net position – governmental activities	$544,062,015	$ 580,152,217

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

Statements of Net Position

Proprietary Funds

June 30, 2013 and 2012

	Internal Service Funds	
	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 18,629,474	$ 19,613,450
Investments	2,377,978	9,491,838
Restricted investments	300,000	300,000
Miscellaneous receivables	2,038,614	1,829,082
Total current assets	23,346,066	31,234,370
Noncurrent assets		
Investments	115,412,204	101,892,379
Total noncurrent assets	115,412,204	101,892,379
Total assets	138,758,270	133,126,749
Liabilities		
Current liabilities		
Accounts payable	3,036,388	2,324,755
Unearned revenue	7,408,144	7,794,356
Pending self-insurance claims	17,715,000	18,490,000
Incurred but not reported claims	14,841,000	16,791,000
Total current liabilities	43,000,532	45,400,111
Noncurrent liabilities		
Pending self-insurance claims	49,547,962	49,796,049
Incurred but not reported claims	13,258,000	14,248,000
Total noncurrent liabilities	62,805,962	64,044,049
Total liabilities	105,806,494	109,444,160
Net Position		
Restricted net position	300,000	300,000
Unrestricted net position	32,651,776	23,382,589
Total net position	$ 32,951,776	$ 23,682,589

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

Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Years Ended June 30, 2013 and 2012

	Internal Service Funds	
	2013	2012
Operating Revenues		
Self-insurance premiums		
Highway workers' compensation	$ 6,900,000	$ 6,500,000
Highway patrol workers' compensation	3,000,000	3,000,000
Highway fleet vehicle liability	1,400,000	1,400,000
Highway general liability	11,410,000	11,100,000
Medical insurance premiums		
State	72,855,375	78,752,433
Member	37,327,828	35,635,943
American Recovery and Reinvestment Act	---	1,037
Other	8,098,024	6,233,201
Total operating revenues	140,991,227	142,622,614
Operating Expenses		
Self-insurance programs		
Highway workers' compensation	2,014,792	3,213,994
Highway patrol workers' compensation	2,160,053	2,982,772
Highway fleet vehicle liability	2,705,069	2,062,085
Highway general liability	7,917,555	5,033,268
Other	538,880	602,186
Medical and life insurance program		
Insurance premiums	6,334,536	6,250,162
Medical benefits	83,567,235	85,789,093
Prescription drug benefits	19,347,104	19,886,667
Professional fees	898,425	616,634
Administrative services	6,306,284	6,352,832
Total operating expenses	131,789,933	132,789,693
Operating income (loss)	9,201,294	9,832,921
Nonoperating Revenues		
Net appreciation and investment income	67,893	2,384,751
Total nonoperating revenues	67,893	2,384,751
Changes in Net Position	9,269,187	12,217,672
Net Position, beginning of year	23,682,589	11,464,917
Net Position, end of year	$ 32,951,776	$ 23,682,589

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

Statements of Cash Flows

Proprietary Funds

Years Ended June 30, 2013 and 2012

	Internal Service Funds	
	2013	2012
Cash Flows From Operating Activities		
Receipts from interfund services provided	$ 140,777,800	$ 144,063,753
Payments for interfund services used	(128,395,643)	(127,430,417)
Payments to suppliers	(7,031,955)	(8,995,106)
Net cash provided by (used in) operating activities	5,350,202	7,638,230
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	49,939,568	88,268,701
Purchases of investments	(58,715,851)	(96,171,418)
Interest received	2,574,037	3,164,702
Investment fees	(131,932)	(119,169)
Net cash provided by (used in) investing activities	(6,334,178)	(4,857,184)
Net increase (decrease) in cash and cash equivalents	(983,976)	2,781,046
Cash and Cash Equivalents, beginning of year	19,613,450	16,832,404
Cash and Cash Equivalents, end of year	$ 18,629,474	$ 19,613,450
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$ 9,201,294	$ 9,832,921
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Receivables	(213,426)	1,441,140
Accounts and claims payable	(3,251,454)	(3,482,045)
Deferred revenue	(386,212)	(153,786)
Net cash provided by (used in) operating activities	$ 5,350,202	$ 7,638,230
Noncash Items Impacting Recorded Assets		
Increase (decrease) in fair value of investments	$ (2,370,317)	$ (520,889)

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

Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2013 and 2012

	Agency Funds	
	2013	**2012**
Assets		
Restricted cash and cash equivalents	$ 33,562,141	$ 12,210,466
Restricted investments	58,136,872	75,134,753
Other	178,116	261,238
Total assets	$ 91,877,129	$ 87,606,457
Liabilities		
Due to other governments	$ 5,241,099	$ 4,262,605
Advances from other governments	86,636,030	83,343,852
Total liabilities	$ 91,877,129	$ 87,606,457

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

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Notes to the Financial Statements

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INDEX FOR THE NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2013 and 2012

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, Missouri voters 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*, as amended by GASB Statement 61, 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 position 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 special revenue 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 special revenue 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 refunded 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 Position

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 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 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 are depreciated or amortized on the straight-line method over the asset's estimated useful life. Prior to fiscal year 2013, infrastructure was depreciated using a method in which a depreciation rate was calculated annually using a weighted average of the current age of the depreciable infrastructure. During fiscal year 2013, the Department adopted a straight-line method for infrastructure depreciation. As required by generally accepted accounting principles, this change has been accounted for prospectively. 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 and Unearned 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. Unearned 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 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 $32,419,864 and $33,147,572 as of June 30, 2013 and 2012, 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 $34,840,942 and $45,789,400 at June 30, 2013 and 2012, respectively, representing inventories held.

Unassigned – This consists of a deficit fund balance in the Motor Carrier Safety Federal Fund of $234,005. Under the modified accrual basis of accounting, fund payables are recorded as expenditures when incurred. However, due to the timing of receipts, the corresponding federal revenue was deferred, resulting in a negative fund balance.

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 $1,167,772,744 and $1,248,963,378 at June 30, 2013 and 2012, respectively, were restricted by enabling legislation.

10. Net Position

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

Net Investment in Capital Assets – 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 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 position at June 30, 2013 and 2012, $893,012,808 and $1,046,672,833, 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 position or fund balances during the reporting period. Actual results could differ from those estimates.

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, 2013 and 2012, the Department's portfolio of non-pooled funds had $176,127,054 and $186,718,970, respectively, of uninsured, unregistered investments held in the Commission's or State's name. Also at June 30, 2013 and 2012, the Department had book balances of $46,950,166 and $27,553,247, respectively, of repurchase agreements. Of the total repurchase agreements' bank balances of $47,217,441 and $29,262,439 at June 30, 2013 and 2012, 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, $175,911,886 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, 2013 and 2012, 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, 2013, 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	$8,268,052	$960,620,934	$25,414,796	$22,621,814	$ ---	$ ---
Cash deposited with banks	---	---	---	---	280	---
U.S. agency obligations	---	---	---	---	117,775,014	---
U.S. Treasury obligations	---	---	---	---	15,168	---
Repurchase agreements	---	---	---	---	18,629,194	---
Total	$8,268,052	$960,620,934	$25,414,796	$22,621,814	$136,419,656	$ ---
Restricted assets:						
Cash and investments pooled in the State Treasury	$ ---	$ 71,691,700	$ ---	$ ---	$ ---	$ ---
Cash and investments pooled with the Mo. Dept. of Revenue	---	---	---	---	---	5,240,750
Cash deposited with banks	---	---	---	---	---	419
U.S. agency obligations	---	---	---	---	---	58,136,872
U.S. Treasury obligations	---	---	---	---	200,000	---
Certificate of deposit	---	---	---	---	100,000	---
Repurchase agreements	---	---	---	---	---	28,320,972
Total	$ ---	$ 71,691,700	$ ---	$ ---	$ 300,000	$91,699,013

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

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, 2013, 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	$ 46,950,166	$46,950,166	$ ---	$ ---
Certificate of deposit	100,000	100,000	---	---
U.S. Treasury obligations	215,168	---	215,168	---
U.S. agency obligations	175,911,886	31,087,555	136,390,036	8,434,295
	$223,177,220	$78,137,721	$136,605,204	$8,434,295

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, 2013, 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+	$ 175,911,886
U.S. Treasury obligations	Aaa	AA+	215,168
			$ 176,127,054

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

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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 $4,359,167 and $4,342,368 at June 30, 2013 and 2012, 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, 2013 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	$106,803,058	$ 18,640,528	$11,511,475	$ 436,359
Federal government	---	48,028,506	---	14,931,335
Miscellaneous:				
Reimbursements	3,320,936	42,402,875	---	2,373,955
Interest	46,692	1,230,480	40,574	40,028
Contributions	---	---	---	---
Total miscellaneous	3,367,628	43,633,355	40,574	2,413,983
Loans	---	---	---	2,096,573
Total receivables	$110,170,686	$110,302,389	$11,552,049	$19,878,250

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

Internal Service Funds	Total	Due Within One Year
$ ---	$137,391,420	$137,391,420
---	62,959,841	62,959,841
123,652	48,221,418	35,926,830
228,313	1,586,087	1,586,087
1,686,649	1,686,649	1,686,649
2,038,614	51,494,154	39,199,566
---	2,096,573	395,694
$2,038,614	$253,941,988	$239,946,521

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

Note 4: Capital Assets

Changes in capital assets for the year ended June 30, 2013 are summarized below:

	Beginning Balance	Additions	Deletions/ Retirements	Transfers	Ending Balance
Nondepreciable capital assets					
Land and permanent easements	$ 2,477,421,792	$ 321,854	$ 9,657,267	$ 21,432,384	$ 2,489,518,763
Software in progress	858,122	1,381,126	---	(779,945)	1,459,303
Construction in progress	151,682,407	44,415,101	---	(28,714,402)	167,383,106
Infrastructure in progress	3,005,759,136	880,016,835	---	(1,110,011,354)	2,775,764,617
Total nondepreciable capital assets	5,635,721,457	926,134,916	9,657,267	(1,118,073,317)	5,434,125,789
Depreciable/amortizable capital assets					
Land improvements	25,803,764	---	355,407	3,538,108	28,986,465
Buildings	265,436,447	195,407	9,393,029	3,743,910	259,982,735
Software	17,504,608	1,727,213	648,329	779,945	19,363,437
Equipment and vehicles	503,088,381	31,935,885	43,960,028	---	491,064,238
Temporary easements	3,004,168	796,244	1,863,565	---	1,936,847
Infrastructure	45,378,152,927	---	57,892,177	1,110,011,354	46,430,272,104
Total depreciable/amortizable capital assets	46,192,990,295	34,654,749	114,112,535	1,118,073,317	47,231,605,826
Accumulated depreciation/amortization					
Land improvements	10,009,635	1,049,307	169,772	---	10,889,170
Buildings	101,418,551	8,514,773	6,118,065	---	103,815,259
Software	12,054,583	2,159,829	587,616	---	13,626,796
Equipment and vehicles	330,439,895	30,647,054	41,244,680	---	319,842,269
Temporary easements	1,340,863	1,001,306	1,863,565	---	478,604
Infrastructure	22,661,156,842	370,332,847	55,924,925	---	22,975,564,764
Total accumulated depreciation/amortization	23,116,420,369	413,705,116	105,908,623	---	23,424,216,862
Total depreciable/amortizable capital assets, net	23,076,569,926	(379,050,367)	8,203,912	1,118,073,317	23,807,388,964
Total net capital assets	$ 28,712,291,383	$ 547,084,549	$ 17,861,179	$ ---	$ 29,241,514,753

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

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

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 $2,657,587 and $2,618,230 for all claims arising out of a single accident or occurrence, and $398,638 and $392,734 for any one person in a single accident or occurrence, at June 30, 2013 and 2012, 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
2013	$87,825,049	$14,797,469	$17,360,556	$85,261,962
2012	$89,983,640	$13,292,119	$15,450,710	$87,825,049

(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 $4,420,473 and $2,424,143 in claims and judgments payable at June 30, 2013 and 2012, 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 $9,981,473 and $8,087,646 as of June 30, 2013 and 2012, respectively. These estimates are within a range of $3,356,747 to $62,508,567 and $4,901,649 to $18,153,142 as of June 30, 2013 and 2012, 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 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 $10,100,000 and $11,500,000 were reported in the Medical and Life Insurance Plan as of June 30, 2013 and 2012, 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
2013	$11,500,000	$102,914,339	$104,314,339	$10,100,000
2012	$11,400,000	$105,676,000	$105,576,000	$11,500,000

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 52.48 percent and 47.52 percent, respectively, of total premiums. Plan member contributions range from $31 to $735 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		
	2013	2012	2011	2013	2012	2011
Annual OPEB Cost	$104,781,853	$105,844,626	$109,284,533	$ 75,151,587	$ 75,896,217	$ 79,024,650
Net OPEB obligations at year end	453,735,008	377,530,018	300,262,255	321,937,451	268,544,583	214,407,085
Percentage of annual OPEB cost contributed	n/a	n/a	n/a	29 %	29 %	29 %

The Department contributed $21.8 and $21.8 million, including implicit rate subsidies, during fiscal years 2013 and 2012, 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 35.7 percent and 33.8 percent of annual covered payroll of $210,507,429 and $224,455,344 for fiscal years 2013 and 2012, respectively. MoDOT's share of the changes in the Plan's net OPEB obligation at June 30, 2013 and 2012 is as follows:

	2013	2012
Normal cost	$ 29,392,615	$ 29,392,615
Amortization payment	46,057,394	46,057,394
Interest on net OPEB obligation	15,479,756	13,043,569
Adjustment to ARC	(15,778,178)	(12,597,361)
Annual OPEB cost	75,151,587	75,896,217
Contributions	(21,758,719)	(21,758,719)
Increase in net OPEB obligation	53,392,868	54,137,498
Net OPEB Obligation – beginning of year	268,544,583	214,407,085
Net OPEB Obligation – end of year	$321,937,451	$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 (fiscal year 2013)	$210,507,429
UAAL as a percentage of covered payroll	372 %

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, 2013 were as follows:

Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State road bonds	$3,071,525,000	$ ---	$153,525,000	$2,918,000,000	$162,050,000
Notes issued	28,404,585	9,493,172	11,493,453	26,404,304	11,437,883
Capital leases	2,466,189	116,309	313,703	2,268,795	343,149
Claims and judgments	2,424,143	3,946,817	1,950,487	4,420,473	2,918,753
Compensated absences	33,147,572	20,314,569	21,042,277	32,419,864	21,042,277
Pollution remediation	50,963	78,600	99,563	30,000	30,000
	$3,138,018,452	$33,949,467	$188,424,483	$2,983,543,436	$197,822,062
Amortization of financing activity:					
Deferred amount on refunding				(13,961,482)	
Discount				(88,865)	
Premium				83,607,554	
				$3,053,100,643	

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 amount on refunding				(17,195,647)	
Discount				(102,939)	
Premium				99,631,788	
				$3,220,351,654	

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. During the years ended June 30, 2013 and 2012, no advances had been made to MoDOT on the line-of-credit agreement.

(A) State Road Bonds

1. Bonded Debt Detail:

	2013	2012
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.	$ 66,270,000	$ 97,075,000
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.	30,685,000	45,095,000
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.	211,670,000	231,670,000
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.	381,760,000	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.	494,075,000	504,680,000
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.	120,665,000	128,240,000
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.	150,450,000	165,935,000
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.	99,340,000	109,730,000
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.	99,245,000	130,390,000
	$2,918,000,000	$3,071,525,000

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 0.06 percent to 0.24 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 expired 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 $30,685,000 was not resold, the Commission would be required to pay approximately $7,834,000 semi-annually for two and a half years, assuming a 1.75 percent interest rate. The Department paid quarterly fees of 17 basis points to the bank on the original letter of credit. 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
2014	$ 162,050,000	$ 143,367,895	$ 305,417,895
2015	169,550,000	136,765,301	306,315,301
2016	168,470,000	129,749,440	298,219,440
2017	195,410,000	121,907,806	317,317,806
2018	205,605,000	112,594,642	318,199,642
2019-2023	1,063,410,000	405,277,977	1,468,687,977
2024-2028	723,580,000	155,962,775	879,542,775
2029-2033	229,925,000	35,327,556	265,252,556
	$2,918,000,000	$1,240,953,392	$4,158,953,392

(B) Notes Issued

1. Notes Issued Detail:

	2013	2012
City of Fulton; to make improvements at Business Route 54 and Second Street; principal due August 5, 2012; no interest will accrue.	$ ---	$ 981,014
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.	6,877,513	6,060,647
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
Kansas City Tax Increment Financing Commission; to construct interchange improvements at I-29 and Tiffany Springs Parkway; principal due August 15, 2014; no interest will accrue.	1,751,477	---
City of Kirksville; to improve access along Route 63; principal due August 1, 2012; no interest will accrue.	---	67,121
City of Liberty; to make improvements to the I-35 and Route 291 interchange; principal due August 1, 2013; no interest will accrue.	2,212,228	---
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.	6,585,335	8,835,335
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.	3,045,626	1,296,312
City of Rogersville; to make improvements to Route 60; principal due August 1, 2012; no interest will accrue.	---	355,733
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
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.	3,182,203	7,340,753
County of St. Charles; to make improvements to I-70 at Mid Rivers Mall Drive interchange and Route 370; principal due August 1, 2014; no interest will accrue.	1,061,972	---
City of Trenton; to make improvements to Route 65; principal due August 1, 2012; no interest will accrue.	---	382,000
Neosho Transportation Development District; to make improvements to Route 60 and construct frontage roads; principal due August 1, 2013; no interest will accrue.	1,043,452	---
	$26,404,304	$28,404,585

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
2014	$11,437,883	$ 868,876	$12,306,759
2015	7,736,588	749,575	8,486,163
2016	6,585,335	627,680	7,213,015
2017	---	506,783	506,783
2018	---	382,894	382,894
2019-2023	644,498	414,468	1,058,966
	$26,404,304	$3,550,276	$29,954,580

(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:

	2013	2012
Building	$4,106,522	$ 4,106,522
Equipment	391,439	269,248
Total capital leased assets	4,497,961	4,375,770
Accumulated depreciation	1,252,457	1,069,322
Capital leased assets, net	$3,245,504	$ 3,306,448

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, 2013:

2014	$ 459,097
2015	441,062
2016	427,988
2017	400,016
2018	399,172
2019-2024	561,000
Total minimum lease payments	2,688,335
Less: amount representing interest	419,540
Present value of minimum lease payments	$2,268,795

(D) Pollution Remediation Obligations

During 2013, MoDOT performed work related to fuel leaks. MoDOT is currently involved in remediation activities in two instances related to buildings and grounds caused by chemical contamination as well as one fuel leak issue. The potential for additional pollution remediation exists; however, any future remediation obligations are not yet estimable.

Note 9: Tax Revenues

Tax revenues for the fiscal years 2013 and 2012 were as follows:

	State Highways and Transportation Department Fund	State Road Fund	State Road Bond Fund	Nonmajor Funds	Total 2013
Fuel taxes	$486,135,509	$ 138,610	$ ---	$ 254,711	$486,528,830
Sales and use taxes	56,791,147	125,161,522	114,329,854	7,880,396	304,162,919
Total tax revenue	$542,926,656	$125,300,132	$114,329,854	$8,135,107	$790,691,749

	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

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 State 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 State 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, 2013 and 2012 were as follows:

	2013		2012	
	Transfers In	**Transfers Out**	**Transfers In**	**Transfers Out**
State Highways and Transportation Department Fund	$ ---	$509,143,956	$ ---	$496,854,460
State Road Fund	511,732,245	---	496,854,460	---
Nonmajor Funds	---	2,588,289	---	---
Total transfers	$511,732,245	$511,732,245	$496,854,460	$496,854,460

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, 2013 and 2012 were as follows:

	2013		2012	
	Receivable	**Payable**	**Receivable**	**Payable**
State Road Fund	$2,626,005	$ ---	$6,638,409	$ ---
Nonmajor Funds	---	2,626,005	---	6,638,409
Total due to/from	$2,626,005	$2,626,005	$6,638,409	$6,638,409

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 ten years for those hired on or after January 1, 2011. 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 of pay.

Employer contributions paid to the system are determined by an actuary and are set by the Board. Annual contribution amounts are designed to fund in advance the benefits designated by state statute. Any amendments to the plan require changes in state statute. The Department's contributions to MPERS for fiscal years 2013 and 2012 were 50.92 percent and 45.45 percent, respectively, of eligible (covered) payroll. The Department made 100 percent of its required contributions of $107,190,383 in 2013, $102,014,954 in 2012, and $99,109,317 in 2011. The MPERS' funded status ratio was 46.2 percent and 46.0 percent as of June 30, 2013 and 2012, 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 2013 contribution rate was based on a 13-year closed amortization period for unfunded retiree liabilities and a 28-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, 2013 and 2012. Consequently, this potential obligation is not included in the accompanying basic financial statements. Total reimbursements made by the Department were $270,371 and $457,003 for fiscal years 2013 and 2012, respectively.

(B) Construction Commitments

Construction awards outstanding for both state and federal participating projects at June 30, 2013 and 2012 amounted to approximately $817,033,207 and $1,325,264,332, respectively. The federal portion of this total was $511,546,268 and $992,482,283, or approximately 77.25 percent and 74.89 percent, for 2013 and 2012, 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, 2013 and 2012 amounted to $2,065,992 and $2,300,102, respectively. Future minimum lease payments for these leases are as follows:

	2013	2012
Year ending:		
2013	$ ---	$ 457,123
2014	451,359	157,418
2015	228,984	150,804
2016	157,219	150,754
2017	98,021	95,866
	$ 935,583	$ 1,011,965

(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: Fund Balance Deficits

This consists of a deficit fund balance in the Motor Carrier Safety Federal Fund of $234,005. Under the modified accrual basis of accounting, fund payables are recorded as expenditures when incurred. However, due to the timing of receipts, the corresponding federal revenue was deferred, resulting in a negative fund balance.

Note 14: Accounting Pronouncements

(A) Deferrals and Net Position

MoDOT will implement GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2014. Statement 65 will require certain deferred outflows and inflows be reclassified from assets and liabilities.

(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.

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Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedules – State Highways and Transportation Department Fund

Year Ended June 30, 2013
With Summarized Financial Information for 2012

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2013	2012
Budgetary fund balance, beginning of year	$ 10,288,224	$ 10,288,224	$ 10,288,224	$ ---	$ ---
Resources (inflows)					
Fuel taxes	536,470,000	536,470,000	488,553,679	(47,916,321)	1,221,733
License, fees and permits	186,649,000	186,649,000	182,154,393	(4,494,607)	(1,730,129)
Vehicle sales and use taxes	49,978,000	49,978,000	57,221,351	7,243,351	7,612,805
Interest	536,424	536,424	251,228	(285,196)	(23,478)
Intergovernmental/cost reimbursements/miscellaneous	4,547,000	4,547,000	6,042,409	1,495,409	239,662
Amount available for appropriation	788,468,648	788,468,648	744,511,284	(43,957,364)	7,320,593
Charges to appropriations (outflows)					
Appropriations spent by other state agencies	245,519,457	248,353,930	227,054,484	21,299,446	19,704,317
Total charges to appropriations	245,519,457	248,353,930	227,054,484	21,299,446	19,704,317
Transfers to State Road Fund	(525,000,000)	(525,000,000)	(509,143,956)	15,856,044	28,145,540
Budgetary fund balance, end of year	$ 17,949,191	$ 15,114,718	$ 8,312,844	$ (6,801,874)	$55,170,450

Required Supplementary Information

Budgetary Comparison Schedules – State Road Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Budgeted Amounts			Variances Between Final Budget and Actual	
	Original	Final	Actual	2013	2012
Budgetary fund balance, beginning of year	$1,121,481,062	$1,121,481,062	$1,121,481,070	$ 8	$ ---
Resources (inflows)					
Fuel taxes	107,000	107,000	138,610	31,610	41,356
License, fees and permits	86,823,000	86,823,000	96,989,114	10,166,114	12,448,707
Vehicle sales and use taxes	113,290,915	113,290,915	124,407,665	11,116,750	8,359,154
Interest	16,369,584	16,369,584	5,954,555	(10,415,029)	(1,494,833)
Intergovernmental/cost reimbursements/miscellaneous	132,009,000	132,009,000	160,756,917	28,747,917	3,013,702
Federal government	937,999,000	1,002,365,422	890,925,366	(111,440,056)	34,639,768
American Recovery and Reinvestment Act	4,449,000	4,449,000	22,310,593	17,861,593	19,507,387
Amount available for appropriation	2,412,528,561	2,476,894,983	2,422,963,890	(53,931,093)	76,515,241
Charges to appropriations (outflows)					
Administration					
Personal service	18,487,817	18,449,555	17,005,093	1,444,462	367,443
Fringe benefits	26,746,769	26,717,451	25,058,712	1,658,739	1,084,890
Expense and equipment	3,269,067	3,226,449	4,708,257	(1,481,808)	730,945
Maintenance					
Personal service	127,730,802	127,728,606	127,397,838	330,768	5,532,290
Fringe benefits	106,202,972	106,202,972	101,460,931	4,742,041	4,887,997
Expense and equipment	187,052,968	190,600,985	190,722,584	(121,599)	1,814,215
Construction					
Personal service	68,324,845	70,252,083	63,074,055	7,178,028	5,548,528
Fringe benefits	50,960,209	52,292,819	45,638,512	6,654,307	5,035,350
Expense and equipment	11,090,422	16,389,603	17,114,438	(724,835)	2,388,620
Contracts	1,094,867,485	1,174,125,006	1,021,296,113	152,828,893	51,333,462
Right of way purchase	20,000,000	43,500,000	39,427,634	4,072,366	3,399,386
Fleet, facilities and information systems					
Personal service	12,085,246	12,085,246	10,416,866	1,668,380	301,974
Fringe benefits	9,239,115	9,239,115	7,731,367	1,507,748	600,556
Expense and equipment	58,810,465	60,750,865	51,476,796	9,274,069	11,952,599
Multimodal operations					
Personal service	436,441	436,441	459,387	(22,946)	(58,103)
Fringe benefits	315,419	315,419	412,088	(96,669)	41,022
Expense and equipment	25,897	40,883	405,993	(365,110)	(15,845)
Program	176,000	176,000	176,000	---	---
Bond principal and interest payments	183,956,429	169,546,229	169,546,229	---	1,322
Total charges to appropriations	1,979,778,368	2,082,075,727	1,893,528,893	188,546,834	94,946,651
Transfers from Highway Fund	525,000,000	525,000,000	509,143,956	(15,856,044)	(28,145,540)
Budgetary fund balance, end of year	$ 957,750,193	$ 919,819,256	$1,038,578,953	$ 118,759,697	$143,316,352

Required Supplementary Information

Budget Basis to GAAP Reconciliations and Disclosure

Years Ended June 30, 2013 and 2012

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 2013:

	State Highways and Transportation Department Fund	State Road Fund
Fund balance, budgetary basis	$ 8,312,844	$ 1,038,578,953
Receivables	110,170,686	110,302,389
Due from other funds	---	2,626,005
Inventories	---	34,840,942
Payables	(8,511,587)	(108,303,845)
Deferred revenues	(2,120,929)	(37,486,884)
Change in fair value of investments	(44,792)	(6,266,319)
Fund balance, GAAP basis	$ 107,806,222	$ 1,034,291,241

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

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 cash 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.

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Combining Financial Statements Nonmajor Governmental Funds

Combining Balance Sheets

Nonmajor Governmental Funds – Special Revenue

June 30, 2013

With Summarized Financial Information for 2012

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Assets					
Cash and cash equivalents	$ 1,167,974	$1,360,856	$11,749,551	$1,749,761	$ 115,896
State taxes and fees receivable	---	306,935	24,724	---	---
Federal government receivable	9,448,078	---	---	---	424,610
Miscellaneous receivables, net	2,329,494	---	18,685	3,374	---
Loans receivable	---	---	---	2,096,573	---
Total assets	$12,945,546	$1,667,791	$11,792,960	$3,849,708	$ 540,506
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$11,958,533	$ 236	$ 373,304	$ ---	$ 424,610
Accrued payroll	15,973	5,168	30,535	---	---
Deferred revenue	211,615	---	---	---	349,901
Due to other funds	7,514	3,976	11,999	---	---
Total liabilities	12,193,635	9,380	415,838	---	774,511
Fund Balances					
Unassigned	---	---	---	---	(234,005)
Restricted – highways and transportation	751,911	1,658,411	11,377,122	3,849,708	---
Total fund balances	751,911	1,658,411	11,377,122	3,849,708	(234,005)
Total liabilities and fund balances	$12,945,546	$1,667,791	$11,792,960	$3,849,708	$ 540,506

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2013	Total 2012
$ 5,177,183	$ 700,045	$ 529,942	$ 70,606	$ 22,621,814	$ 23,029,706
104,700	---	---	---	436,359	751,836
---	---	5,058,647	---	14,931,335	14,446,845
62,430	---	---	---	2,413,983	2,085,359
---	---	---	---	2,096,573	2,516,965
$ 5,344,313	$ 700,045	$ 5,588,589	$ 70,606	$ 42,500,064	$ 42,830,711
$ 195,309	$ 9,603	$ 2,723,661	$ ---	$ 15,685,256	$ 10,490,122
---	26,909	12,537	---	91,122	95,300
62,430	---	154,516	---	778,462	4,191,360
---	14,227	2,588,289	---	2,626,005	6,638,409
257,739	50,739	5,479,003	---	19,180,845	21,415,191
---	---	---	---	(234,005)	(2,898,764)
5,086,574	649,306	109,586	70,606	23,553,224	24,314,284
5,086,574	649,306	109,586	70,606	23,319,219	21,415,520
$ 5,344,313	$ 700,045	$ 5,588,589	$ 70,606	$ 42,500,064	$ 42,830,711

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds – Special Revenue

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Multimodal Federal Fund	State Transportation Fund	Aviation Trust Fund	State Transportation Assistance Revolving Fund	MCS Federal Fund
Revenues					
Fuel taxes	$ ---	$ ---	$ 254,711	$ ---	$ ---
Sales and use taxes	---	3,048,207	4,832,189	---	---
Licenses, fees and permits	---	---	---	---	---
Intergovernmental/cost reimbursements/miscellaneous	2,212,066	---	(18,300)	---	45
Investment earnings	---	---	(9,652)	49,181	---
American Recovery and Reinvestment Act	16,547,733	---	---	---	---
State government	11,630,299	---	---	---	---
Federal government	48,623,933	---	---	---	1,117,640
Total revenues	79,014,031	3,048,207	5,058,948	49,181	1,117,685
Expenditures					
Current					
Maintenance	---	---	---	---	1,406,706
Multimodal operations	77,739,458	2,489,320	6,319,888	10,476	---
Capital outlay	1,409,895	---	74,205	---	---
Total expenditures	79,149,353	2,489,320	6,394,093	10,476	1,406,706
Excess of revenues over (under) expenditures	(135,322)	558,887	(1,335,145)	38,705	(289,021)
Other Financing Sources (Uses)					
Capital asset sales	---	---	---	---	6,547
Transfers out	---	---	---	---	---
Total other financing sources (uses)	---	---	---	---	6,547
Net Changes in Fund Balances	(135,322)	558,887	(1,335,145)	38,705	(282,474)
Fund Balances, beginning of year	887,233	1,099,524	12,712,267	3,811,003	48,469
Fund Balances, end of year	$ 751,911	$ 1,658,411	$ 11,377,122	$ 3,849,708	$ (234,005)

Grade Crossing Safety Fund	Railroad Expense Fund	Highway Safety Fund	Motorcycle Safety Fund	Total 2013	Total 2012
$ ---	$ ---	$ ---	$ ---	$ 254,711	$ 311,282
---	---	---	---	7,880,396	8,397,602
1,300,150	784,786	---	372,221	2,457,157	2,433,313
3,896	---	1,431	---	2,199,138	1,711,202
---	---	---	---	39,529	188,218
---	---	---	---	16,547,733	3,381,548
---	---	---	---	11,630,299	11,130,409
---	---	40,664,497	---	90,406,070	70,708,058
1,304,046	784,786	40,665,928	372,221	131,415,033	98,261,632
---	---	35,072,355	392,423	36,871,484	30,794,049
1,298,519	722,013	---	---	88,579,674	67,500,477
---	---	---	---	1,484,100	---
1,298,519	722,013	35,072,355	392,423	126,935,258	98,294,526
5,527	62,773	5,593,573	(20,202)	4,479,775	(32,894)
---	2,600	3,066	---	12,213	---
---	---	(2,588,289)	---	(2,588,289)	---
---	2,600	(2,585,223)	---	(2,576,076)	---
5,527	65,373	3,008,350	(20,202)	1,903,699	(32,894)
5,081,047	583,933	(2,898,764)	90,808	21,415,520	21,448,414
$ 5,086,574	$ 649,306	$ 109,586	$ 70,606	$ 23,319,219	$ 21,415,520

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Combining
Financial Statements
Proprietary Funds

Combining Statements of Net Position

Proprietary Funds – Internal Service

June 30, 2013

With Summarized Financial Information for 2012

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2013	Total 2012
Assets				
Current assets				
Cash and cash equivalents	$10,055,178	$ 8,574,296	$ 18,629,474	$ 19,613,450
Investments	400,096	1,977,882	2,377,978	9,491,838
Restricted investments	100,000	200,000	300,000	300,000
Miscellaneous receivables	1,635,859	402,755	2,038,614	1,829,082
Total current assets	12,191,133	11,154,933	23,346,066	31,234,370
Noncurrent assets				
Investments	39,965,878	75,446,326	115,412,204	101,892,379
Total noncurrent assets	39,965,878	75,446,326	115,412,204	101,892,379
Total assets	52,157,011	86,601,259	138,758,270	133,126,749
Liabilities				
Current liabilities				
Accounts payable	3,027,221	9,167	3,036,388	2,324,755
Unearned revenue	7,408,144	---	7,408,144	7,794,356
Pending self-insurance claims	---	17,715,000	17,715,000	18,490,000
Incurred but not reported claims	10,100,000	4,741,000	14,841,000	16,791,000
Total current liabilities	20,535,365	22,465,167	43,000,532	45,400,111
Noncurrent liabilities				
Pending self-insurance claims	---	49,547,962	49,547,962	49,796,049
Incurred but not reported claims	---	13,258,000	13,258,000	14,248,000
Total noncurrent liabilities	---	62,805,962	62,805,962	64,044,049
Total liabilities	20,535,365	85,271,129	105,806,494	109,444,160
Net Position				
Restricted net position	100,000	200,000	300,000	300,000
Unrestricted net position	31,521,646	1,130,130	32,651,776	23,382,589
Total net position	$31,621,646	$ 1,330,130	$ 32,951,776	$ 23,682,589

Combining Statements of Revenues, Expenses and Changes in Net Position

Proprietary Funds – Internal Service

Year Ended June 30, 2013
With Summarized Financial Information for 2012

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2013	Total 2012
Operating Revenues				
Self-insurance premiums				
Highway workers' compensation	$ ---	$ 6,900,000	$ 6,900,000	$ 6,500,000
Highway patrol workers' compensation	---	3,000,000	3,000,000	3,000,000
Highway fleet vehicle liability	---	1,400,000	1,400,000	1,400,000
Highway general liability	---	11,410,000	11,410,000	11,100,000
Medical insurance premiums				
State	72,855,375	---	72,855,375	78,752,433
Member	37,327,828	---	37,327,828	35,635,943
American Recovery and Reinvestment Act	---	---	---	1,037
Other	5,614,349	2,483,675	8,098,024	6,233,201
Total operating revenues	115,797,552	25,193,675	140,991,227	142,622,614
Operating Expenses				
Self-insurance programs				
Highway workers' compensation	---	2,014,792	2,014,792	3,213,994
Highway patrol workers' compensation	---	2,160,053	2,160,053	2,982,772
Highway fleet vehicle liability	---	2,705,069	2,705,069	2,062,085
Highway general liability	---	7,917,555	7,917,555	5,033,268
Other	---	538,880	538,880	602,186
Medical and life insurance program				
Insurance premiums	6,334,536	---	6,334,536	6,250,162
Medical benefits	83,567,235	---	83,567,235	85,789,093
Prescription drug benefits	19,347,104	---	19,347,104	19,886,667
Professional fees	898,425	---	898,425	616,634
Administrative services	6,306,284	---	6,306,284	6,352,832
Total operating expenses	116,453,584	15,336,349	131,789,933	132,789,693
Operating income (loss)	(656,032)	9,857,326	9,201,294	9,832,921
Nonoperating Revenues				
Net appreciation and investment income	152,619	(84,726)	67,893	2,384,751
Total nonoperating revenues	152,619	(84,726)	67,893	2,384,751
Changes in Net Position	(503,413)	9,772,600	9,269,187	12,217,672
Net Position, beginning of year	32,125,059	(8,442,470)	23,682,589	11,464,917
Net Position, end of year	$ 31,621,646	$ 1,330,130	$ 32,951,776	$ 23,682,589

Combining Statements of Cash Flows

Proprietary Funds – Internal Service

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	MoDOT & MSHP Medical and Life Insurance Plan	MHTC Self Insurance Plan	Total 2013	Total 2012
Cash Flows From Operating Activities				
Receipts from interfund services provided	$ 115,834,125	$ 24,943,675	$140,777,800	$144,063,753
Payments for interfund services used	(111,035,087)	(17,360,556)	(128,395,643)	(127,430,417)
Payments to suppliers	(6,491,267)	(540,688)	(7,031,955)	(8,995,106)
Net cash provided by (used in) operating activities	(1,692,229)	7,042,431	5,350,202	7,638,230
Cash Flows From Investing Activities				
Proceeds from sale and maturities of investments	15,638,477	34,301,091	49,939,568	88,268,701
Purchases of investments	(14,308,114)	(44,407,737)	(58,715,851)	(96,171,418)
Interest received	889,305	1,684,732	2,574,037	3,164,702
Investment fees	(47,949)	(83,983)	(131,932)	(119,169)
Net cash provided by (used in) investing activities	2,171,719	(8,505,897)	(6,334,178)	(4,857,184)
Net increase (decrease) in cash and cash equivalents	479,490	(1,463,466)	(983,976)	2,781,046
Cash and Cash Equivalents, beginning of year	9,575,688	10,037,762	19,613,450	16,832,404
Cash and Cash Equivalents, end of year	$ 10,055,178	$ 8,574,296	$ 18,629,474	$ 19,613,450
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ (656,032)	$ 9,857,326	$ 9,201,294	$ 9,832,921
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Receivables	36,574	(250,000)	(213,426)	1,441,140
Accounts and claims payable	(686,559)	(2,564,895)	(3,251,454)	(3,482,045)
Deferred revenue	(386,212)	---	(386,212)	(153,786)
Net cash provided by (used in) operating activities	$ (1,692,229)	$ 7,042,431	$ 5,350,202	$ 7,638,230
Noncash Items Impacting Recorded Assets				
Increase (decrease) in fair value of investments	$ (682,576)	$ (1,687,741)	$ (2,370,317)	$ (520,889)

Combining
Financial Statements
Fiduciary Funds

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Combining Statements of Assets and Liabilities

Fiduciary Funds – Agency

June 30, 2013

With Summarized Financial Information for 2012

	Local Fund	MCS Agency Fund	Total 2013	Total 2012
Assets				
Restricted cash and cash equivalents	$28,321,391	$5,240,750	$33,562,141	$12,210,466
Restricted investments	58,136,872	---	58,136,872	75,134,753
Other	177,767	349	178,116	261,238
Total assets	$86,636,030	$5,241,099	$91,877,129	$87,606,457
Liabilities				
Due to other governments	$ ---	$5,241,099	$ 5,241,099	$ 4,262,605
Advances from other governments	86,636,030	---	86,636,030	83,343,852
Total liabilities	$86,636,030	$5,241,099	$91,877,129	$87,606,457

Combining Statements of Changes in Assets and Liabilities
Fiduciary Funds – Agency
Years ended June 30, 2013 and 2012

	2013			
	Beginning Balance	Additions	Deductions	Ending Balance
Local Fund				
Assets				
Restricted cash and cash equivalents	$ 7,948,266	$177,878,171	$157,505,046	$28,321,391
Restricted investments	75,134,753	109,753,026	126,750,907	58,136,872
Other	260,833	1,063,412	1,146,478	177,767
Total assets	$83,343,852	$288,694,609	$285,402,431	$86,636,030
Liabilities				
Advances from other governments	$83,343,852	$ 49,843,530	$ 46,551,352	$86,636,030
Total liabilities	$83,343,852	$ 49,843,530	$ 46,551,352	$86,636,030
MCS Agency Fund				
Assets				
Restricted cash and cash equivalents	$ 4,262,200	$187,724,182	$186,745,632	$ 5,240,750
Other	405	12,742	12,798	349
Total assets	$ 4,262,605	$187,736,924	$186,758,430	$ 5,241,099
Liabilities				
Due to other governments	$ 4,262,605	$187,736,924	$186,758,430	$ 5,241,099
Total liabilities	$ 4,262,605	$187,736,924	$186,758,430	$ 5,241,099
Totals				
Assets				
Restricted cash and cash equivalents	$12,210,466	$365,602,353	$344,250,678	$33,562,141
Restricted investments	75,134,753	109,753,026	126,750,907	58,136,872
Other	261,238	1,076,154	1,159,276	178,116
Total assets	$87,606,457	$476,431,533	$472,160,861	$91,877,129
Liabilities				
Due to other governments	$ 4,262,605	$187,736,924	$186,758,430	$ 5,241,099
Advances from other governments	83,343,852	49,843,530	46,551,352	86,636,030
Total liabilities	$87,606,457	$237,580,454	$233,309,782	$91,877,129

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

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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, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 31,643,711	$ 31,643,711	$ ---	$ ---
Resources (inflows)				
Vehicle sales and use tax	103,798,000	113,442,554	9,644,554	7,004,989
Interest	397,992	270,952	(127,040)	282,655
Amount available for appropriation	135,839,703	145,357,217	9,517,514	7,287,644
Charges to appropriations (outflows)				
Bond principal and interest payments	121,282,731	119,787,910	1,494,821	2,176,998
Total charges to appropriations	121,282,731	119,787,910	1,494,821	2,176,998
Budgetary fund balance, end of year	$ 14,556,972	$ 25,569,307	$11,012,335	$ 9,464,642

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 2013**
Budgetary fund balance, end of year	$25,569,307
Receivables	11,552,049
Payables	(3,846)
Change in fair value of investments	(154,511)
GAAP basis fund balance, end of year	$36,962,999

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Multimodal Federal Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 1,954,289	$ 1,954,289	$ ---	$ ---
Resources (inflows)				
State government	9,336,629	9,300,805	(35,824)	(35,928)
Intergovernmental/cost reimbursement/miscellaneous	---	1,516,505	1,516,505	2,300,278
American Recovery and Reinvestment Act	33,000,000	15,100,257	(17,899,743)	(22,753,555)
Federal government	42,236,564	46,609,051	4,372,487	589,491
Amount available for appropriation	86,527,482	74,480,907	(12,046,575)	(19,899,714)
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	272,368	236,291	36,077	157,582
Fringe benefits	193,053	176,469	16,584	47,443
Expense and equipment	468,514	117,207	351,307	64,045
Program	83,621,823	72,782,966	10,838,857	116,899,770
Total charges to appropriations	84,555,758	73,312,933	11,242,825	117,168,840
Budgetary fund balance, end of year	$ 1,971,724	$ 1,167,974	$ (803,750)	$ 97,269,126

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 2013
Budgetary fund balance, end of year	$ 1,167,974
Receivables	11,777,572
Payables	(11,974,506)
Deferred revenues	(211,615)
Due to other funds	(7,514)
GAAP basis fund balance, end of year	$ 751,911

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental - State Transportation Fund
Year Ended June 30, 2013
With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 825,207	$ 825,207	$ ---	$ ---
Resources (inflows)				
Sales and use taxes	2,600,000	3,024,541	424,541	338,137
Amount available for appropriation	3,425,207	3,849,748	424,541	338,137
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	124,935	139,532	(14,597)	44,923
Fringe benefits	91,683	89,834	1,849	19,681
Expense and equipment	45,395	26,840	18,555	38,822
Program	2,235,353	2,232,686	2,667	1
Total charges to appropriations	2,497,366	2,488,892	8,474	103,427
Budgetary fund balance, end of year	$ 927,841	$1,360,856	$433,015	$441,564

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 2013
Budgetary fund balance, end of year	$1,360,856
Receivables	306,935
Payables	(5,404)
Due to other funds	(3,976)
GAAP basis fund balance, end of year	$1,658,411

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental - Aviation Trust Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$12,588,354	$12,588,354	$ ---	$ ---
Resources (inflows)				
Fuel taxes	254,527	270,696	16,169	86,296
Sales and use taxes	4,828,693	5,141,832	313,139	1,300,265
Interest	49,780	83,024	33,244	57,733
Amount available for appropriation	17,721,354	18,083,906	362,552	1,444,294
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	484,907	461,789	23,118	49,292
Fringe benefits	350,768	310,135	40,633	46,585
Expense and equipment	170,888	159,499	11,389	16,078
Program	8,000,000	5,322,898	2,677,102	6,643,494
Total charges to appropriations	9,006,563	6,254,321	2,752,242	6,755,449
Budgetary fund balance, end of year	$ 8,714,791	$11,829,585	$3,114,794	$ 8,199,743

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 2013
Budgetary fund balance, end of year	$11,829,585
Receivables	43,409
Payables	(403,839)
Due to other funds	(11,999)
Change in fair value of investments	(80,034)
GAAP basis fund balance, end of year	$11,377,122

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – State Transportation Assistance Revolving Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$1,267,261	$1,267,261	$ ---	$ ---
Resources (inflows)				
Interest	43,841	84,503	40,662	38,249
Intergovernmental/cost reimbursements/miscellaneous	325,245	420,392	95,147	(482,051)
Amount available for appropriation	1,636,347	1,772,156	135,809	(443,802)
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	10,476	10,476	---	9,050
Program	550,000	---	550,000	550,000
Total charges to appropriations	560,476	10,476	550,000	559,050
Budgetary fund balance, end of year	$1,075,871	$1,761,680	$ 685,809	$ 115,248

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 2013**
Budgetary fund balance, end of year	$1,761,680
Receivables	2,099,947
Change in fair value of investments	(11,919)
GAAP basis fund balance, end of year	$3,849,708

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – MCS Federal Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 189,697	$ 189,697	$ ---	$ ---
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	---	6,591	6,591	85
Federal government	2,000,000	1,347,312	(652,688)	(698,156)
Amount available for appropriation	2,189,697	1,543,600	(646,097)	(698,071)
Charges to appropriations (outflows)				
Maintenance				
Program	2,000,000	1,427,704	572,296	780,968
Total charges to appropriations	2,000,000	1,427,704	572,296	780,968
Budgetary fund balance, end of year	$ 189,697	$ 115,896	$ (73,801)	$ 82,897

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 2013**
Budgetary fund balance, end of year	$ 115,896
Receivables	424,610
Payables	(424,610)
Deferred revenue	(349,901)
GAAP basis fund balance, end of year	$(234,005)

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Grade Crossing Safety Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$5,233,717	$5,233,717	$ ---	$ ---
Resources (inflows)				
License, fees and permits	1,278,651	1,305,613	26,962	(26,638)
Intergovernmental/cost reimbursements/miscellaneous	5,686	3,896	(1,790)	5,663
Amount available for appropriation	6,518,054	6,543,226	25,172	(20,975)
Charges to appropriations (outflows)				
Multimodal operations				
Expense and equipment	12,661	12,661	---	11,543
Program	2,500,000	1,353,382	1,146,618	3,625,721
Total charges to appropriations	2,512,661	1,366,043	1,146,618	3,637,264
Transfers to Railroad Expense Fund	100,000	---	100,000	100,000
Budgetary fund balance, end of year	$4,105,393	$5,177,183	$1,071,790	$3,716,289

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 2013
Budgetary fund balance, end of year	$5,177,183
Receivables	167,130
Payables	(195,309)
Deferred Revenue	(62,430)
GAAP basis fund balance, end of year	$5,086,574

Budgetary Comparison Schedule and Reconciliation
Nonmajor Governmental – Railroad Expense Fund
Year Ended June 30, 2013
With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 622,194	$ 622,194	$ ---	$ ---
Resources (inflows)				
License, fees and permits	786,740	787,387	647	134,043
Amount available for appropriation	1,408,934	1,409,581	647	134,043
Charges to appropriations (outflows)				
Multimodal operations				
Personal service	393,790	338,749	55,041	87,388
Fringe benefits	310,462	220,561	89,901	84,764
Expense and equipment	174,467	150,226	24,241	92,872
Total charges to appropriations	878,719	709,536	169,183	265,024
Budgetary fund balance, end of year	$ 530,215	$ 700,045	$169,830	$ 399,067

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 2013
Budgetary fund balance, end of year	$700,045
Payables	(36,512)
Due to other funds	(14,227)
GAAP basis fund balance, end of year	$649,306

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Highway Safety Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 214,043	$ 214,043	$ ---	$ ---
Resources (inflows)				
Intergovernmental/cost reimbursements/miscellaneous	---	4,497	4,497	22,730
Federal government	40,589,356	40,695,595	106,239	(872,434)
Amount available for appropriation	40,803,399	40,914,135	110,736	(849,704)
Charges to appropriations (outflows)				
Maintenance				
Personal service	304,256	208,806	95,450	42,168
Fringe benefits	383,091	140,751	242,340	101,325
Expense and equipment	55,000	36,764	18,236	4,422
Program	40,000,000	39,997,872	2,128	7,242,809
Total charges to appropriations	40,742,347	40,384,193	358,154	7,390,724
Budgetary fund balance, end of year	$ 61,052	$ 529,942	$ 468,890	$ 6,541,020

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 2013
Budgetary fund balance, end of year	$ 529,942
Receivables	5,058,647
Payables	(2,736,198)
Deferred Revenue	(154,516)
Due to other funds	(2,588,289)
GAAP basis fund balance, end of year	$ 109,586

Budgetary Comparison Schedule and Reconciliation

Nonmajor Governmental – Motorcycle Safety Fund

Year Ended June 30, 2013

With Summarized Financial Information for 2012

	Final Budgeted Amounts	Actual	Variances Between Final Budget and Actual 2013	Variances Between Final Budget and Actual 2012
Budgetary fund balance, beginning of year	$ 90,808	$ 90,808	$ ---	$ ---
Resources (inflows)				
License, fees and permits	425,000	372,221	(52,779)	(43,412)
Amount available for appropriation	515,808	463,029	(52,779)	(43,412)
Charges to appropriations (outflows)				
Maintenance				
Expense and equipment	5,397	5,397	---	---
Program	425,000	387,026	37,974	3,413
Total charges to appropriations	430,397	392,423	37,974	3,413
Budgetary fund balance, end of year	$ 85,411	$ 70,606	$(14,805)	$(39,999)

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 2013
Budgetary fund balance, end of year	$70,606
GAAP basis fund balance, end of year	$70,606

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Statistical Section

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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.

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Financial Trends
Net Position – Government-wide
Years Ended June 30

(Amounts in Thousands)

Year	Net Investment In capital assets	Restricted	Total
2013	$26,225,284	$ 893,013	$27,118,297
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

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 2004 include the restatement of beginning balances due to the transfer of Highway Safety functions from other state agencies.

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

(Amounts in Thousands)

	2013	2012	2011	2010
Transportation Program Expenses				
Administration	$ 32,244	$ 30,040	$ 33,168	$ 33,648
Fleet, facilities and information systems	34,905	37,268	44,866	55,543
Maintenance	398,274	389,803	412,469	433,729
Construction	218,466	321,048	318,551	268,009
Multimodal operations	89,184	68,282	64,873	110,151
Interest	138,947	143,283	147,720	138,106
Other state agencies	199,660	214,696	198,814	177,646
Self-insurance	15,336	13,894	29,222	31,967
Medical and life insurance	94,695	97,137	94,472	90,644
Other post-employment benefits	75,152	75,896	79,025	83,132
Depreciation	413,705	323,238	747,674	876,501
Total transportation program expenses	1,710,568	1,714,585	2,170,854	2,299,076
Transportation Program Revenues				
Charges for services				
Licenses, fees and permits	283,022	284,677	274,673	284,337
Employee insurance premiums	37,328	35,636	32,591	30,868
Other	108,043	131,371	150,871	108,214
Total charges for services	428,393	451,684	458,135	423,419
Federal government				
American Recovery and Reinvestment Act	49,912	99,266	248,894	298,421
Operating	87,689	73,930	57,953	84,212
Capital	892,031	860,754	1,228,181	974,391
Total federal government	1,029,632	1,033,950	1,535,028	1,357,024
Total transportation program revenues	1,458,025	1,485,634	1,993,163	1,780,443
Net expense of transportation program	(252,543)	(228,951)	(177,691)	(518,633)
General Revenues				
Fuel taxes	486,529	496,608	499,416	503,488
Sales and use taxes	304,163	291,279	269,336	250,432
Unrestricted investment earnings	(1,157)	13,309	13,950	12,123
State appropriations	11,630	11,130	11,132	12,111
Donated assets	---	---	---	---
Gain (loss) on sale of capital assets	(4,560)	(3,223)	(4,460)	(16,854)
Total general revenues	796,605	809,103	789,374	761,300
Changes in Net Position	$ 544,062	$ 580,152	$ 611,683	$ 242,667

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.

2009	2008	2007	2006	2005	2004
$ 34,834	$ 33,645	$ 38,887	$ 30,838	$ 29,703	$ 29,318
54,464	56,721	54,400	53,222	55,976	43,603
424,327	406,374	378,902	362,163	375,323	314,965
257,943	240,821	273,086	165,494	210,298	197,761
85,999	74,128	71,268	60,530	52,978	46,880
106,538	102,344	75,228	53,543	43,465	39,276
174,587	178,319	169,906	146,969	178,506	166,271
19,210	32,103	7,854	27,387	21,998	15,916
89,774	87,710	102,642	92,952	82,474	68,194
65,804	69,731	---	---	---	---
751,246	746,456	849,957	829,556	689,699	771,756
2,064,726	2,028,352	2,022,130	1,822,654	1,740,420	1,693,940
290,399	291,843	259,086	299,892	282,058	268,830
29,047	26,534	25,369	26,216	26,024	23,909
160,013	86,719	67,816	46,165	41,838	74,598
479,459	405,096	352,271	372,273	349,920	367,337
28,279	---	---	---	---	---
76,569	62,179	78,588	61,630	57,497	43,050
833,839	907,956	797,196	768,173	770,568	660,350
938,687	970,135	875,784	829,803	828,065	703,400
1,418,146	1,375,231	1,228,055	1,202,076	1,177,985	1,070,737
(646,580)	(653,121)	(794,075)	(620,578)	(562,435)	(623,203)
499,506	514,908	517,648	522,896	518,990	515,048
233,810	272,039	275,259	182,465	181,462	180,213
27,607	51,581	49,301	24,450	5,352	(12,846)
16,634	13,257	12,283	11,453	11,769	11,299
---	---	441	4	---	162
(1,928)	3,115	1,034	1,436	1,567	(2,238)
775,629	854,900	855,966	742,704	719,140	691,638
$ 129,049	$ 201,779	$ 61,891	$ 122,126	$ 156,705	$ 68,435

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

(Amounts in Thousands)

	2013	2012	2011	2010
Revenues				
Fuel taxes	$ 486,529	$ 496,608	$ 499,416	$ 503,488
Sales and use taxes	304,163	291,279	269,336	251,343
Licenses, fees and permits	283,022	284,614	274,709	284,909
Intergovernmental/cost reimbursements/miscellaneous	138,732	138,629	131,809	128,160
Investment earnings	(1,149)	11,011	11,548	8,957
American Recovery and Reinvestment Act	49,912	99,265	248,834	298,333
State government	11,630	11,131	11,132	12,111
Federal government	985,071	928,718	1,283,838	1,059,348
Total revenues	2,257,910	2,261,255	2,730,622	2,546,649
Expenditures				
Administration	46,936	46,636	48,833	49,247
Fleet, facilities and information systems	38,058	41,133	49,110	59,586
Maintenance	454,740	440,357	450,103	471,740
Construction	237,630	354,259	338,482	293,021
Multimodal operations	89,404	68,481	65,112	110,412
Capital outlay	960,790	1,112,769	1,249,787	1,405,741
Debt service - principal	165,332	143,582	166,854	102,261
Debt service - interest	150,721	155,534	162,911	146,006
Other state agencies	226,683	240,086	223,667	201,472
Total expenditures	2,370,294	2,602,837	2,754,859	2,839,486
Excess of revenues over (under) expenditures	(112,384)	(341,582)	(24,237)	(292,837)
Other Financing Sources (Uses)				
Notes issued	9,493	9,097	10,095	10,910
Bonds issued	---	---	---	1,085,000
Refunding bonds issued	---	---	130,390	---
Refunding bonds escrow payment	---	---	(150,477)	---
Bond interest rate swap	---	---	---	---
Premium on bonds	---	---	20,972	30,631
Discount on bonds	---	---	---	---
Capital leases issued	116	12	4,869	3,284
Refinancing capital leases issued	---	---	---	---
Capital lease termination payment	---	---	---	---
Capital asset sales	13,301	10,591	9,358	7,252
Transfers in	511,732	496,854	515,181	536,864
Transfers out	(511,732)	(496,854)	(515,181)	(536,864)
Total other financing sources (uses)	22,910	19,700	25,207	1,137,077
Net Changes in Fund Balances	$ (89,474)	$ (321,882)	$ 970	$ 844,240
Debt service as a percentage of noncapital expenditures	22 %	20 %	22 %	17 %
Debt service as a percentage of total revenues	14 %	13 %	12 %	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.

2009	2008	2007	2006	2005	2004
$ 499,506	$ 514,908	$ 517,648	$ 522,896	$ 518,990	$ 515,048
234,599	270,339	275,259	182,465	181,462	180,213
290,925	290,709	259,086	299,892	282,058	268,830
139,105	80,668	89,997	53,652	53,254	73,892
23,417	46,890	44,388	22,256	3,230	(12,812)
28,279	---	---	---	---	---
16,634	13,257	12,283	11,453	11,769	11,299
909,634	970,135	877,795	827,791	828,065	703,400
2,142,099	2,186,906	2,076,456	1,920,405	1,878,828	1,739,870
49,224	46,822	45,797	42,843	41,088	40,352
56,986	58,933	58,759	68,753	67,791	56,791
466,143	433,653	436,796	411,847	406,185	339,673
273,099	264,693	300,579	190,713	228,985	219,217
86,202	74,303	71,485	60,676	53,092	46,989
1,307,318	1,143,496	1,248,304	1,252,825	918,733	1,038,713
103,123	88,097	105,630	73,919	56,094	40,330
115,468	109,730	89,997	57,776	45,096	33,214
197,248	199,237	189,409	169,726	194,682	180,851
2,654,811	2,418,964	2,546,756	2,329,078	2,011,746	1,996,130
(512,712)	(232,058)	(470,300)	(408,673)	(132,918)	(256,260)
1,856	4,539	406	1,787	17,122	2,277
142,735	526,800	800,000	350,660	---	254,000
---	---	394,870	---	---	---
---	---	(432,408)	---	---	---
---	(11,118)	---	---	---	---
2,835	27,808	73,180	21,336	---	9,559
---	(170)	---	---	---	---
581	763	1,355	2,646	44,468	3,312
---	22,985	---	---	---	---
---	(22,559)	---	---	---	---
6,830	8,705	8,679	6,669	5,941	3,341
527,110	574,864	523,744	570,592	136,487	166,206
(527,110)	(574,864)	(523,744)	(570,592)	(136,487)	(166,206)
154,837	557,753	846,082	383,098	67,531	272,489
$ (357,875)	$ 325,695	$ 375,782	$ (25,575)	$ (65,387)	$ 16,229
16 %	16 %	15 %	12 %	9 %	8 %
10 %	9 %	9 %	7 %	5 %	4 %

Financial Trends
Fund Balances – Governmental Funds
Years Ended June 30

(Amounts in Thousands)

Year	Nonspendable - Inventories	Restricted - Highways and Transportation	Unassigned	Total
2013	$34,841	$1,167,773	$ (234)	$ 1,202,380
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

Notes:

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

Amounts for 2004 include restatement of beginning balances due to the transfer of 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
2012	$ 940,436	$44,769	$2,838	$24,523	$1,012,566
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

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 2013 data is not yet available.

Highway Safety grants for fiscal year 2003 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**	**Cities**	**Counties**	**MoDOT**
2013	3,919,121	$666,106	$ 99,433	$77,980	$488,693
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

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
2013	17.00	4.55	12.45
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

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)

	2013	2004
Gallons from top ten suppliers	3,524,513	3,136,500
Net revenue from top ten suppliers	$ 599,167	$ 533,205
Net revenue from all suppliers	$ 666,106	$ 713,462
Percentage from top ten suppliers	90 %	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 117 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
2013	$ n/a	$ ---	$ ---	--- %
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

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**
2013	$ 2,918,000	$ 26,404	$ 2,269	$ 2,946,673
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

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
$223,049,000	1.32 %	6,022	$490
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

Debt Capacity
Pledged Revenue Coverage Related to Revenue Bonds

Years Ended June 30

(Amounts in Thousands Except Coverage)

				Senior Lien Bonds		
Year	Senior Bond Revenues (1)	Operating Expenses (2)	Senior Net Pledged Revenues Available	Principal	Interest	Coverage
2013	$ 937,165	$ 333,327	$603,838	$44,255	$25,467	8.66
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

				Federal Reimbursement		
Year	Federal Reimbursement Revenues (5)	Expenses	Federal Reimbursement Bonds Net Pledged Revenues	Principal	Interest (6)	Coverage
2013	$ 771,710	---	$ 771,710	$33,450	$33,161	11.59
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	---	---	---	---	---	---

Sources:
MoDOT Financial Services Division

Notes:

(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 Lien			Second Lien			Third Lien		
First, Second, Third Lien Revenues (3)	**First, Second, Third Lien Net Pledged Revenues (4)**	**Principal**	**Interest**	**Coverage**	**Principal**	**Interest**	**Coverage**	**Principal**	**Interest**	**Coverage**
$113,443	$647,559	$50,805	$41,111	7.05	$10,605	$25,798	5.05	$14,410	$ 9,974	4.24
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	---	---	---	---	---	---	---	---	---

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
2012	6,022	$223,049,000	$39	7.6 %
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

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	521	1	20 %	547	1	20 %
Government	441	2	16	438	2	16
Education and health services	432	3	16	357	3	13
Professional and business services	352	4	13	303	5	11
Leisure and hospitality	261	5	10	255	6	10
Manufacturing	250	6	9	314	4	12
Financial activities	161	7	6	163	7	6
Other services	111	8	4	119	9	5
Construction, natural resources and mining	104	9	4	138	8	5
Information	55	10	2	65	10	2
Total	2,688		100 %	2,699		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
2012	4,288	11	6,011	(1)
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

Sources:

Licensed Drivers: Missouri Department of Revenue for federal reporting

Population: United States Department of Commerce, Census Bureau

Notes:

Fiscal year 2013 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
2012	6,659	8.7 %	$666,106	(2.8) %	100
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

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 2013 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
2012	130,518	56,887	187,405	6,022	31.1
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

Sources:

Daily Vehicle Miles Traveled: MoDOT Transportation Planning Division

Population: United States Department of Commerce, Census Bureau

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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 Airline Passengers (2) (6)
2013	n/a-cy	n/a-cy	n/a-cy	n/a-cy	n/a-src	197,000	n/a-cy
2012	30,000	409,000	195	438,000	63,400,000	193,000	11.8
2011	33,000	400,000	197	449,000	58,600,000	191,000	11.7
2010	33,000	398,000	182	441,000	56,300,000	165,000	11.5
2009	24,000	368,000	190	416,000	68,400,000	153,000	11.5
2008	26,000	361,000	240	412,000	68,600,000	138,000	13.0
2007	29,000	470,000	260	410,000	64,800,000	144,312	13.4
2006	35,000	399,000	267	441,000	71,100,000	174,513	13.0
2005	28,000	418,000	278	400,000	66,000,000	171,410	12.4
2004	32,800	419,000	282	405,000	64,600,000	162,446	11.8

Source:

MoDOT Tracker – Measures of Departmental Performance

Notes:

(1) Data is estimated and provides generalized trends and movements.

(2) Measured on a calendar year basis.

(3) Measurement and prior years data were changed in 2012 to include only River Runner passengers, not 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.

(6) Measurement and prior years data were changed in 2013. The number of airline passengers replaced the number of business capable airports to be comparable to the other modes reported. The percent of projects completed on time was updated to reflect the original contract completed date, replacing the adjusted completed date. The percent of stripes in good condition is now based on retroreflectivity benchmarks as opposed to customer survey results.

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(6)	Number of Fatalities from Traffic Crashes (2) (5)	Number of Serious Injuries from Traffic Crashes (2) (5)	Percent of Stripes on Major Roads In Good Condition (2) (6)
(12.47)%	80%	n/a-cy	n/a-cy	n/a-cy
(10.43)	75	826	5,315	96.4%
(15.37)	74	786	5,643	92.4
(11.48)	79	821	6,096	91.3
0.31	67	878	6,540	91.0
(2.27)	71	960	6,931	96.4
(2.57)	74	992	7,744	95.7
1.61	64	1,096	8,151	95.4
(2.84)	61	1,257	8,624	92.9
3.98	61	1,130	8,857	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
2012	33,885	88.5 %	2,081
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

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	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**
Rural										
Interstate	867	723	722	722	722	722	800	800	801	801
Freeway/Expressway	878	967	953	2	2	---	---	---	15	---
Principal Arterial	2,103	2,157	2,171	3,115	3,116	3,117	3,246	3,171	3,175	3,196
Minor Arterial	3,962	3,959	3,944	3,948	3,927	3,927	4,076	4,135	4,025	4,015
Major Collector	16,191	16,181	16,185	16,182	16,211	16,216	16,444	16,461	16,729	16,695
Minor Collector	5,961	5,954	5,944	5,948	5,961	5,966	5,995	5,949	5,771	5,775
Local	965	963	935	885	875	869	922	21	25	56
Urban										
Interstate	512	482	459	459	459	459	381	381	380	380
Freeway/Expressway	434	455	470	398	397	399	343	344	330	329
Principal Arterial	719	730	730	803	808	811	701	694	702	708
Minor Arterial	565	549	527	526	516	513	352	340	334	335
Major Collector	446	445	414	410	437	442	235	111	99	90
Minor Collector	2	---	---	---	---	---	---	---	---	---
Local	280	280	248	241	245	244	186	16	17	17
Total Centerline Miles	33,885	33,845	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397
Statewide Composite										
Interstate	1,379	1,206	1,181	1,181	1,181	1,181	1,181	1,181	1,181	1,181
Freeway/Expressway	1,312	1,421	1,423	400	399	399	343	344	345	329
Arterial	7,349	7,394	7,372	8,392	8,367	8,368	8,375	8,340	8,236	8,254
Collector	22,600	22,580	22,542	22,540	22,609	22,624	22,674	22,521	22,599	22,560
Local	1,245	1,244	1,184	1,126	1,120	1,113	1,108	37	42	73
Total Centerline Miles	33,885	33,845	33,702	33,639	33,676	33,685	33,681	32,423	32,403	32,397

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

	2013	2012	2011	2010	2009	2008	2007
District Offices	4,501	4,685	5,183	5,541	5,512	5,577	5,765
Central Office	765	886	1,028	1,096	1,124	1,189	1,233
Total	5,266	5,571	6,211	6,637	6,636	6,766	6,998

Source:

State of Missouri payroll reporting system

Note:

The decreases in 2011-2013 resulted from planned staffing reductions.

Other Information

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Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Missouri Department of Transportation (the Department), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated September 27, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

September 27, 2013