



# **Oversight Division**

Committee On Legislative Research

**Report of Certain Debt  
of the State of Missouri  
and Certain Non-State Debt**

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Report of Certain Debt  
of the State of Missouri  
and Certain Non-State  
Debt

*Prepared for the Committee on Legislative Research  
by the Oversight Division*

*Mickey Wilson, CPA, Director*

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*January, 2003*

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# COMMITTEE ON LEGISLATIVE RESEARCH

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## OVERSIGHT SUBCOMMITTEE

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$15 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

PROJECTS ARE ASSIGNED to the Oversight Division pursuant to a duly adopted concurrent resolution of the General Assembly or pursuant to a resolution adopted by the Committee on Legislative Research. Legislators or committees may make their requests for program evaluations through the Chairman of the Committee on Legislative Research or any other member of the Committee.

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COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

January 28, 2002

The Oversight Division is pleased to present the annual report on state bonded indebtedness and other evidences of indebtedness as required by Section 23.195, RSMo. This report is a summary of information compiled from state agencies and local governmental entities. Its contents describe both state debt and non-state debt as of June 30, 2002. The information is unaudited.

We have listed state debt by agency and local debt. It is important to mention the State of Missouri has continued to maintain its AAA bond rating. This means the state has a superior credit rating and can issue its bonds at a lower rate of interest.

We hope this report will be helpful to the members of the General Assembly and encourage you to contact our office if you have any questions regarding its content.

A handwritten signature in cursive script that reads "Mickey Wilson".

Mickey Wilson, CPA  
Director

## **Introduction & Scope**

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Section 23.195, RSMo directs the Oversight Division of the Committee on Legislative Research to "...maintain a register of all state bonds or other evidences of indebtedness of all state agencies and of entities of the state given authority by law to incur indebtedness, whether or not the indebtedness is a liability of the state..." Subsection 2 of this statute requires that the Oversight Division "...report on the total bonded and other indebtedness including lease purchase agreements of this state and its various agencies, entities, and institutions to the individual members of the general assembly..." This report provides members of the state legislature with information regarding the amount of indebtedness incurred throughout the state as of June 30, 2002; so that they may make informed decisions regarding expenditures and appropriations.

## **Background**

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### **State Debt**

#### **General Obligation Bonds**

The Board of Fund Commissioners, (Chapter 33, RSMo), upon approval of the General Assembly, issues general obligation bonds to provide funds for improvements of buildings and property of higher education institutions, Department of Corrections, and the Division of Youth Services. The principal and interest on these bonds will be paid from moneys transferred from the General Revenue Fund to the Fourth State Building Fund.

The Board began issuing Fourth State Building bonds in 1995. The total amount authorized by constitutional amendment is \$250,000,000.

Fourth State Building bonds outstanding (not including interest) as of June 30, 2002, total \$218,725,000, and the interest to maturity totals \$139,217,314.

The grand total of outstanding principal and interest is \$357,942,314.

The Third State Building Bonds provide funds for improvements of state buildings and property. The principal and interest on these bonds are paid from funds transferred from the General Revenue Fund to the Third State Building Bond Interest and Sinking Fund. The Office of Administration reported \$349,305,000 in Third State Building bonds outstanding principal as of June 30, 2002. Outstanding interest remaining to be paid out over the remaining life of the bonds is \$86,636,213. The grand total of outstanding principal and interest to maturity is \$435,941,213.

The Board of Fund Commissioners also issues Water Pollution Control Bonds to provide funds to protect the environment through control of water pollution. The principal and interest on these bonds are paid from funds transferred from the General Revenue Fund to the Water Pollution Control Bond and Interest Fund. A total principal of \$356,905,000 was outstanding as of June 30, 2002. Outstanding interest to be paid out over the remaining life of the bonds is \$176,508,107. Total of principal and interest to maturity is \$533,413,107.

The Board of Fund Commissioners also issues Stormwater Control Bonds to provide funds to protect the environment through the control of stormwater. The principal and interest on these bonds are paid from funds transferred from the General Revenue Fund to the Stormwater Control Bond and Interest Fund. A total principal of \$43,860,000 was outstanding as of June 30, 2002. Outstanding interest totals \$31,516,084. Total of outstanding principal and interest is \$75,376,084.

## **State Road Bonds**

The Highway Commissioner, (Chapter 226.133), upon approval of the General Assembly, may issue bonds in the amount not to exceed \$2,000,000,000 from fiscal year 2001 to fiscal year 2006; except that the commission may immediately authorize the issuance of up to \$250,000,000 of bonds for construction and repairs to the State Highway System in the Commission's Five-Year Plan. The principal amount of such bonds issued in any one year may not exceed \$500,000,000. The Commission issued the first State Road Bonds - Series A 2000 in 2000. Interest and principal are due semiannually on February 1 and August 1, with the first payment due August 1, 2001.

In October 2001, the Commission issued a Series A 2001 bond not to exceed \$200,000,000. In June 2002, the Commission issued a Series A 2002 bond not to exceed \$203,000,000.

State Road bonds outstanding as of June 30, 2002, totaled \$646,390,000 and the interest to maturity totals \$372,088,619, for a grand total of \$1,018,478,619.

## **Revenue Bonds**

With approval of the General Assembly, state revenue bonds are issued by the Board of Public Buildings (Chapter 8, RSMo) to finance building projects. State agencies are committed to leasing space within these buildings and the lease amounts are paid from funds appropriated by the General Assembly. These amounts are sufficient to pay principal and interest on the bonds. As of June 30, 2002, the total revenue bond principal outstanding was \$253,565,000. The interest to be paid out over the remaining life of the bonds is \$146,094,216. Total of principal and interest to maturity is \$399,659,216.

## **Other Bonds**

General Revenue supports the Series A 1990 College Savings bond issue for the Missouri Health and Education Facilities Authority (Chapter 360, RSMo) that is used for college savings bonds.

On June 13, 1996 the Missouri Health and Educational Facilities Authority (MOHEFA) College Savings Bonds were cash defeased. The bonds were not called, but principal and interest payments beginning with the August 1, 1996 payment will be from an escrow account instead of from state appropriations.

While the following bonds are not directly issued by the State of Missouri, the Office of Administration considers them state bond debt for reporting purposes:

The St. Louis Regional Convention and Sports Complex Authority (Chapter 67, RSMo.) has issued limited obligation bonds for facilities. These bonds do not constitute a pledge of full faith and credit of the State of Missouri. However, under a financing agreement reached in 1991, the State pays the Authority sufficient "rent" on these facilities to pay principal and interest each year. As of June 30, 2002, the total amount of outstanding principal is \$111,572,000 and interest to be paid out over the remaining life of the bonds is \$76,981,000. Total amount of principal and interest to maturity is \$188,553,000.

## **Lease/Purchase Agreements**

On April 1, 1995 the Missouri PRC Corporation sold Certificates of Participation (Psychiatric Rehabilitation Center Project) Series A 1995 in the amount of \$19,190,000. At the same time, the State of Missouri entered into a lease/purchase agreement to lease the psychiatric rehabilitation center. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement. The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificates, and are subject to annual appropriation by the State legislature.

The total of outstanding principal is \$15,850,000 and outstanding interest to be paid out over the remaining life of the bonds is \$7,329,047. The total of outstanding principal and interest to maturity is \$23,179,047.

On July 1, 1995 the Northwest Missouri Public Facilities Corporation sold Certificates of Participation (Northwest Missouri Psychiatric Rehabilitation Center Project) Series B 1995 in the amount of \$14,795,000. At the same time, the State of Missouri entered into a lease/purchase agreement to lease the psychiatric rehabilitation center. The certificates of participation represent proportionate ownership interests of the certificate holders in the lease agreement.

The certificates do not constitute a pledge of the full faith and credit of the State. Payments under the lease agreement have been structured in amounts sufficient to pay principal and interest on the certificates, and are subject to annual appropriation by the State legislature.

The total of outstanding principal is \$11,770,000 and outstanding interest to be paid out over the remaining life of the bonds is \$5,566,964. The total of outstanding principal and interest to maturity is \$17,336,964.

The Missouri Public Facilities Corporation (MPFC) sold Certificates of Participation for the Acute Care Psychiatric Hospital Project, which the State of Missouri then leased. Payments under the lease agreement have been structured to pay principal and interest on the certificates. \$16,860,000 in principal and \$6,767,987 in interest remain to be paid over the life of these bonds as of the end of Fiscal Year 2002. Total of principal and interest to maturity is \$23,627,987.

The Missouri Public Facilities Corporation (MPFC) sold Certificates of Participation for the Bonne Terre Prison Project, which the State of Missouri then leased. Payments under the lease agreement have been structured to pay principal and interest on the certificates. \$95,630,000 in principal and \$49,226,422 in interest remain to be paid over the life of these bonds as of the end of Fiscal Year 2002. Total of principal and interest to maturity is \$144,856,422.

## **Capital Leases, Lease/Purchase Agreements**

This report contains totals of annual lease payments on facilities with lease options. Lease purchases for personal property as well as any other obligation are calculated to the end of the lease. As of June 30, 2002 all lease payments totaled \$72,852,923 (including interest).

## **Other Obligations**

The Missouri Department of Transportation (MODOT) has a policy that aids local governments by contractually committing MODOT's financial resources to retiring bonds that were issued by the local governments for road or bridge projects on state owned highways that are located within the local governments boundaries. The current commitment totals \$91,673,914.

## **Non-State Debt Independent Statutory Authorities**

The following are various Missouri statutory authorities, some of which may issue tax exempt bonds which are the primary responsibility of individuals and/or organizations for whom the debt is issued.

Bi-State Development Agency  
Central Missouri State University  
Environmental Improvement & Energy Resource Authority  
Harris-Stowe College  
Jackson County Sports Complex Authority  
Kansas City Area Transportation Authority  
Lincoln University  
MO Agricultural & Small Business Development Authority  
MO Development Finance Board  
MO Health & Educational Facilities Authority  
MO Higher Education Loan Authority  
MO Housing Development Commission  
Missouri Southern State College  
Missouri Western State College  
Truman State University  
Northwest Missouri State University  
Southeast Missouri State University  
Southwest Missouri State University  
University of Missouri

\$21,480,074,756 was reported as amounts owed for bond issues of June 30, 2002, by the various statutory authorities of Missouri. The total annual payments for capital and lease/purchase agreements (including interest) and other obligations by these authorities totaled \$40,369,307. Total outstanding debt of independent statutory authorities as of June 30, 2002, was \$21,520,444,063.

### **Other Obligations - Independent Statutory Authorities**

The Missouri Agriculture and Small Business Development Authority administers the single - Purpose Animal Facilities Loan Guarantee Program.

The purpose of the Single-Purpose Animal Facilities Loan Guarantee Program is to provide a 25 percent first-loss guarantee on loans up to \$250,000 that banks and other lenders may make to independent livestock producers.

Loans guaranteed by the livestock loan guarantee program can be used to finance breeding or feeder livestock, land, buildings, facilities, equipment, machinery and animal waste systems used to produce poultry, swine, beef and dairy cattle (and other livestock).

Priority is placed upon guaranteeing loans to finance single-purpose confinement facilities and the poultry or livestock produced within those facilities. The current total of outstanding principal on loans made under these programs is \$2,962,000 for the Value-Added Loan Guarantee Program, and \$16,013,000 for the Single-Purpose Animal Facilities Guarantee Indebtedness Program. The 25% first loss

guarantees made through the Single-Purpose Animal Facilities Loan Guarantee Program and Value-Added Loan Guarantee Program are made against monies appropriated by the General Assembly to the Single-Purpose Animal Loan Guarantee Fund and the Agricultural Product Utilization and Business Development Loan Guarantee Fund. The total amount of principal on which the 25% loss could be applied is \$20,787,000.

## **Political Subdivisions**

Local political subdivisions, upon approval of the voters, issue local general obligation bonds. Those local general obligation bonds registered with the State Auditor's Office July 2001 through June 2002 as required by Chapter 108.240, RSMo are included in this report. Local government debt service is paid by the various political subdivisions. During Fiscal Year 2002, \$1,180,689,881 worth of bonds were issued by the political subdivisions of Missouri.

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Detailed information concerning the data presented in this report is available upon request from the Oversight Division, Room 132, State Capitol.

## State Debt General Obligation Bonds

### *Fourth State Building Bonds*

Fiscal Year	Principal	Interest	Total Payment (P + I for FY)
2003	\$6,765,000	\$11,944,007	\$18,709,007
2004	\$7,080,000	\$11,508,820	\$18,588,820
2005	\$7,410,000	\$11,053,195	\$18,463,195
2006	\$7,765,000	\$10,592,439	\$18,357,439
2007	\$8,150,000	\$10,164,220	\$18,314,220
2008+	\$181,555,000	\$83,954,633	\$265,509,633
<b>TOTAL</b>	<b>\$218,725,000</b>	<b>\$139,217,314</b>	<b>\$357,942,314</b>

Statute Authority: Constitutional Amendment

Date of First Issue: 1995

Amount Authorized: \$250,000,000

Cumulative Amount Issued to June 30, 2002: \$250,000,000

Cumulative Principal Retired as of June 30, 2002: \$31,275,000

Cumulative Interest Paid as of June 30, 2002: \$74,802,272

*Third State Building Bonds*

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$33,375,000	\$17,336,832	\$50,711,832
2004	\$34,880,000	\$15,652,135	\$50,532,135
2005	\$37,040,000	\$13,840,757	\$50,880,757
2006	\$38,855,000	\$11,876,855	\$50,731,855
2007	\$41,150,000	\$9,771,535	\$50,921,535
2008+	\$164,005,000	\$18,158,099	\$182,163,099
<b>TOTAL</b>	<b>\$349,305,000</b>	<b>\$86,636,213</b>	<b>\$435,941,213</b>

Statute Authority: Constitutional Amendment

Date of First Issue: 1983

Amount Authorized: \$600,000,000

Cumulative Amount Issued to June 30, 2002: \$656,815,000\*

Cumulative Principal Retired as of June 30, 2002: \$307,510,000

Cumulative Interest Paid as of June 30, 2002: \$536,420,306

\*Per Office of Administration, cumulative amount issued may exceed authorized amount due to refinancing and refunding.

***Water Pollution Control Bonds***

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$17,220,000	\$17,455,993	\$34,675,993
2004	\$18,950,000	\$17,178,381	\$36,128,381
2005	\$19,995,000	\$16,176,968	\$36,171,968
2006	\$21,060,000	\$15,118,864	\$36,178,864
2007	\$22,310,000	\$14,015,976	\$36,325,976
2008+	\$257,370,000	\$96,561,925	\$353,931,925
<b>TOTAL</b>	<b>\$356,905,000</b>	<b>\$176,508,107</b>	<b>\$533,413,107</b>

Statute Authority: Constitutional Amendment

Date of First Issue: 1973

Amount Authorized: \$400,000,000

Cumulative Amount Issued to June 30, 2002: \$544,494,240\*

Cumulative Principal Retired as of June 30, 2002: \$209,309,240

Cumulative Interest Paid as of June 30, 2002: \$303,339,787

\*Per Office of Administration, cumulative amount issued may exceed authorized amount due to refinancing and refunding.

*Stormwater Control*

<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$725,000	\$1,820,680	\$2,545,680
2004	\$1,095,000	\$2,093,434	\$3,188,434
2005	\$1,145,000	\$2,037,134	\$3,182,134
2006	\$1,190,000	\$1,986,509	\$3,176,509
2007	\$1,245,000	\$1,938,526	\$3,183,526
2008+	\$38,460,000	\$21,639,801	\$60,099,801
<b>TOTAL</b>	<b>\$43,860,000</b>	<b>\$31,516,084</b>	<b>\$75,376,084</b>

Statute Authority: Constitutional Amendment

Date of First Issue: October 1, 1999

Amount Authorized: \$45,000,000

Cumulative Amount Issued to June 30, 2002: \$45,000,000

Cumulative Principal Retired as of June 30, 2002: \$1,140,000

Cumulative Interest Paid as of June 30, 2002: \$3,146,916

### STATE ROAD BONDS

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$15,935,000	\$28,041,457	\$43,976,457
2004	\$23,455,000	\$31,085,649	\$54,540,649
2005	\$24,375,000	\$30,125,549	\$54,500,549
2006	\$25,340,000	\$29,153,643	\$54,493,643
2007	\$26,400,000	\$28,106,656	\$54,506,656
2008+	\$530,885,000	\$225,575,666	\$756,460,666
<b>TOTAL</b>	<b>\$646,390,000</b>	<b>\$372,088,619</b>	<b>\$1,018,478,619</b>

Statute Authority: Chapter 226.133

Date of First Issues: December 2000; October, 2001; June 2002

Amount Authorized: \$653,000,000

Cumulative Amount Issued to June 30, 2002: \$653,000,000

Cumulative Principal Retired as of June 30, 2002: \$6,610,000

Cumulative Interest Paid as of June 30, 2002: \$15,340,894

**Revenue Bonds**  
*Board of Public Building Bonds Series*

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$11,505,000	\$12,311,956	\$23,816,956
2004	\$13,005,000	\$11,766,256	\$24,771,256
2005	\$13,560,000	\$11,228,769	\$24,788,769
2006	\$14,130,000	\$10,613,794	\$24,743,794
2007	\$14,675,000	\$10,055,506	\$24,730,506
2008+	\$186,690,000	\$90,117,934	\$276,807,934
<b>TOTAL</b>	<b>\$253,565,000</b>	<b>\$146,094,216</b>	<b>\$399,659,216</b>

Statute Authority: Chapter 8 RSMo

Date of First Issue: 1966

Amount Authorized: \$363,780,000

Cumulative Amount Issued to June 30, 1998: \$377,375,000\*

Cumulative Principal Retired as of June 30, 2001: \$123,810,000

Cumulative Interest Paid as of June 30, 2001: \$190,396,983

\*Per Office of Administration, cumulative amount issued may exceed authorized amount due to refinancing and refunding.

## OTHER BONDS

### *St. Louis Regional Convention & Sports Complex Authority*

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment (P + I for FY)</b>
2003	\$3,660,000	\$6,361,000	\$10,021,000
2004	\$810,000	\$6,135,000	\$6,945,000
2005	\$3,880,000	\$6,116,000	\$9,996,000
2006	\$4,065,000	\$5,932,000	\$9,997,000
2007	\$4,373,000	\$5,620,000	\$9,993,000
2008+	\$94,784,000	\$46,817,000	\$141,601,000
<b>TOTAL</b>	<b>\$111,572,000</b>	<b>\$76,981,000</b>	<b>\$188,553,000</b>

Statute Authority: Chapter 67 RSMo

Date of First Issue: 1991

Cumulative Amount Authorized: \$153,205,000

Cumulative Principal Retired to June 30, 2002: \$41,633,000 (after refunding and refinancing)

Cumulative Interest Paid as of June 30, 2002: \$78,147,635

