

A Reader's Guide

Understanding Idaho's Comprehensive Annual Financial Report (CAFR) For the Fiscal Year Ended June 30, 2006

A basic understanding of the State's financial statements is essential for anyone interested in public finance. This brief guide is designed to help you understand and relate to the information provided in the CAFR, as well as enhance your ability to evaluate the State's financial and economic information. Following the overview of the major components of the CAFR, we have provided specific examples of ways you can use the CAFR to look for answers to questions that may interest you. Finally, beginning on page 6 of this guide you will find illustrative financial statements with additional detail about interpreting the CAFR.

What is the purpose of the State of Idaho's financial statements?

State government operations differ from private-sector businesses. While private-sector businesses focus on maximizing profits for investors, governments focus on providing services to all citizens. In most cases, the State does not bill citizens directly for services received. Instead, Idaho primarily finances services with taxes, federal grants, and other fees applied generally to the public. Because citizens have little choice in paying taxes, and it is not always clear how the services received relate to the taxes paid, state government has an important responsibility to demonstrate accountability to the public. Financial statements are an important way to provide this accountability.

Government-Wide Financial Statements

The first two financial statements in the CAFR are the government-wide financial statements—the Statement of Net Assets (CAFR pages 14-15) and the Statement of Activities (CAFR pages 16-17). The government-wide statements provide comprehensive information about the entire government, which includes the following:

- *Governmental Activities* encompass most of the State's basic services, such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Revenues from taxes and federal grants finance most of these activities.
- *Business-Type Activities* account for operations that function in a manner similar to private business, where all or a significant portion of their costs are recovered through user fees and charges to external customers.
- *Discretely presented component units* are organizations legally separate from but financially accountable to the State, or their relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The discretely presented component units include the Idaho Housing and Finance Association, the college and university foundations, the Petroleum Clean Water Trust Fund, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Bond Bank Authority, and the Idaho Life and Health Insurance Guaranty Association.

The government-wide statements do not include fiduciary funds, which account for resources the government manages on behalf of others and are not available to support the State's programs. The Statement of Net Assets contains information about what the State owns (assets), what the State owes (liabilities), and what is left after assets are used to satisfy liabilities (net assets) on the last day of the fiscal year (June 30). The Statement of Activities contains information about the costs of providing public services (expenses) and resources obtained to finance services (revenues) during the reported fiscal year.

Fund Financial Statements

Fund financial statements provide a detailed look at the individual major funds of the State and total the remaining nonmajor governmental funds in a single column. Fund financial statements are comprised of the following:

- *Governmental funds* report the finances of the State's most basic services. Governmental funds focus on short-term assets and liabilities and do not include capital assets or long-term debt. The governmental fund financial statements include the Balance Sheet (CAFR pages 18-19) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR pages 22-23). The governmental fund statements also include reconciliations that identify the differences between the fund and government-wide statements (CAFR pages 21 and 25).
- *Proprietary funds* report the activities the State operates like a business, where the cost of providing goods or services is primarily financed by fees charged to the users of their services.

Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies and services for the State's programs and activities. Proprietary fund financial statements include the Statement of Net Assets (CAFR pages 26-27); Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR pages 28-29); and Statement of Cash Flows (CAFR pages 30-31).

- *Fiduciary funds* account for resources the State manages or holds on behalf of parties outside the State. These funds are not shown in government-wide financial statements because the resources of these funds are not available to support the State's programs. Fiduciary fund financial statements include the Statement of Fiduciary Net Assets (CAFR page 32) and the Statement of Changes in Fiduciary Net Assets (CAFR page 33).

Notes to the Financial Statements

The notes to the financial statements (CAFR pages 38-95) provide a wide variety of detailed information about the government that is not included or readily apparent on the financial statements, such as the State's significant accounting methods and assumptions, major financial commitments, pension benefit costs, and long-term debt.

Supporting Financial Statement Information

- *An Independent Auditor's Report* (CAFR pages 2-3) provides reasonable assurance about whether financial statements are free of material misstatement. After thorough evaluation of the CAFR, the auditor issues an opinion regarding the statements' conformity with accounting principals generally accepted in the United States. The State of Idaho's financial statements received an unqualified opinion, the best opinion that can be received, meaning the statements are fairly presented in all material respects.
- *Management's Discussion and Analysis* (MD&A on CAFR pages 4-12) gives an objective and easily read analysis of the State's financial activities based on currently known facts, decisions, or conditions. It presents short and long-term analyses of the State's activities and compares the current-year results with those of the prior year. It will help you determine whether the State's finances have improved or deteriorated during the year. It concludes with a description of

currently known facts and decisions that are expected to have a significant effect on the State's future financial position and operations.

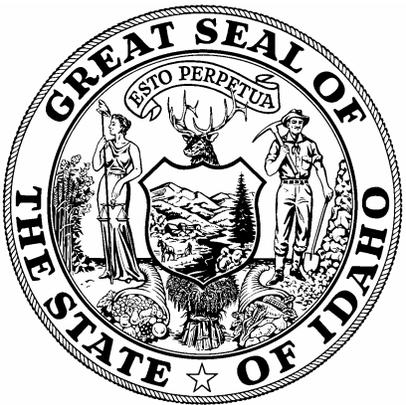
- *The Combining Financial Statements* (CAFR pages 105-137) provide more detail for nonmajor special revenue, proprietary, and fiduciary funds. The total columns of these combining financial statements tie to the applicable combined fund financial statement.
- *The Statistical Section* (CAFR pages 139-166) provides information that will help you understand the health of the State and the underlying economy. This section contains 10-year trend tables of financial, economic, and demographic data. The statistical section is often of interest to investors and creditors because the trends and non-financial factors it identifies can provide crucial insights to those assessing the State's creditworthiness.

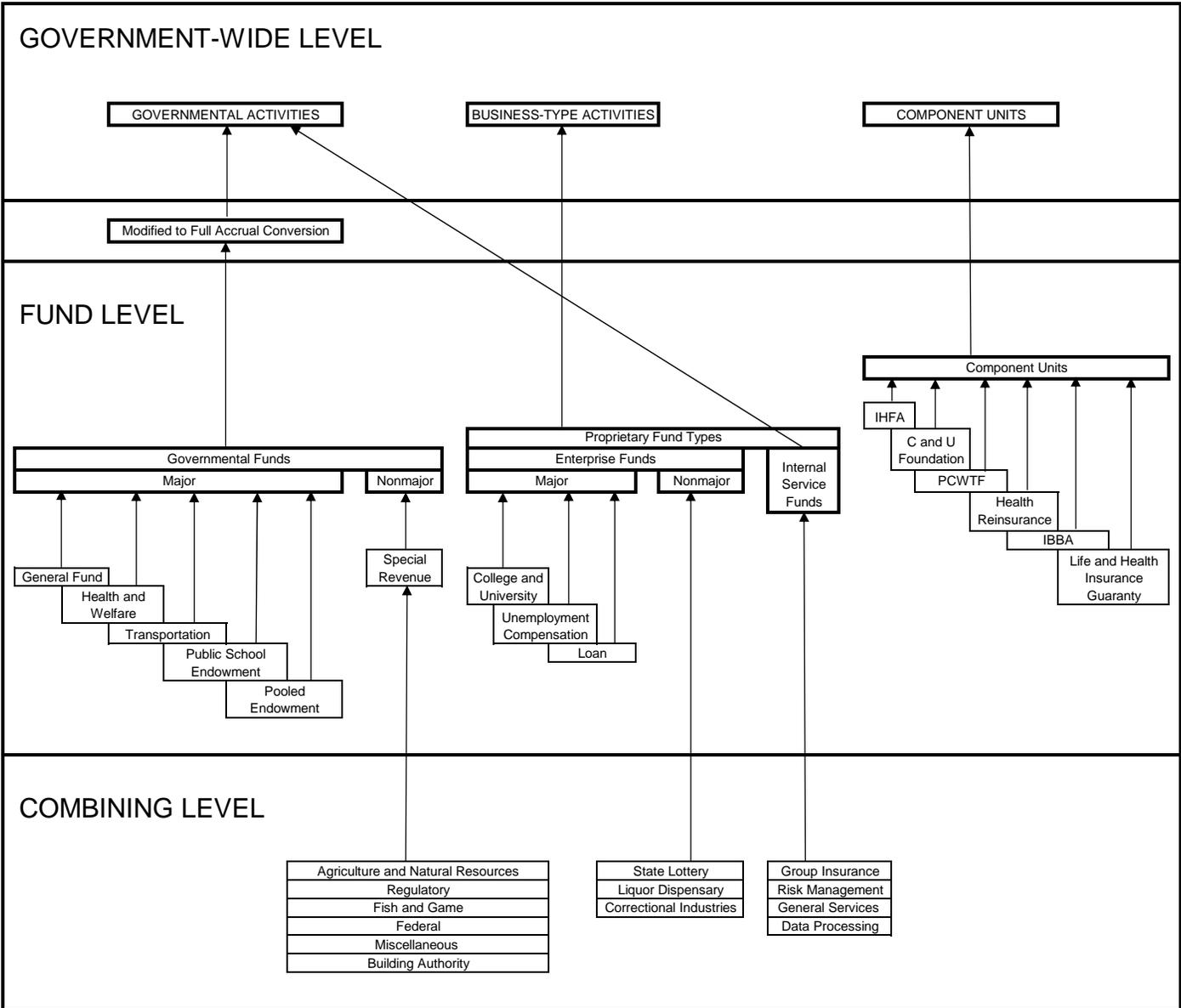
How You Can Use the Financial Statements

Now that you have a better understanding of the major components of the CAFR, we will show you how to use this report to analyze some of the issues that were important to Idahoans this past year, as follows:

- **Individual and Corporate Income Tax Revenues** – Income tax revenues of \$1,429.0 million for 2006, along with other state tax revenues, are presented on pages 16-17 of the CAFR. Income tax revenues increased \$261.2 million from the previous fiscal year, which is discussed in the MD&A on CAFR page 7. Additional data may be found on Schedules 2, 4, 5, 6 and 7 of the Statistical Section (CAFR pages 141 and 144-149).
- **Health and Human Services Spending** – Medicaid programs accounted for over half of the 2006 Health and Human Services \$1.7 billion expenses. Medicaid assists those who are unable to pay for medical and dental services because of low income, disability, or advanced age. You can see Health and Human Services revenues and expenses on CAFR pages 16-17 and 22-23. More information on Health and Human Services expenses can be found in the MD&A (CAFR page 8). Health and Human Services budget is discussed in the transmittal letter (CAFR page viii).

- **Education** – Our policy makers debate education spending extensively each year. It’s important to us all, and it hits home with our children. You can see on CAFR pages 16-17 that education expenses (for kindergarten through 12th grade only) were \$1,385.5 million in fiscal year 2006. You can also see that colleges and universities spent \$780.1 million in fiscal year 2006. Looking a bit further, you can see that colleges and universities generated revenues (over \$553.7 million—primarily from fees and federal grants) that offset their expenses, leaving a net expense of \$226.4 million, which was supported by general revenues. K through 12 education had less capacity to generate revenues, approximately \$231.7 million, leaving a net expense of \$1,153.7 million to be supported by general revenues. More detailed college and university financial statements can be found on CAFR pages 26-31. Of note, college and university net assets increased by \$51.2 million, in part due to an increase of \$25.2 million in student tuition and fees (MD&A page 9). Prior to fiscal year 2006, Idaho law prohibited colleges and universities from charging resident students for the cost of instruction. Legislation passed in 2005 amended state law to authorize Boise State University, Idaho State University, and Lewis-Clark State College to charge tuition for instructional costs.
- **Unemployment Compensation** – Unemployment compensation expenses were down \$33.7 million (23.6 percent) from fiscal year 2005 (CAFR MD&A page 7). The reduction in expenses impacted the change in net assets for unemployment compensation, which helped lead to a \$46.7 million increase in net assets (CAFR page 28). More information on unemployment compensation can be found on CAFR pages 9 and 26-31.
- **PERSI** – If you are a public employer or public employee, you may be interested in the pension trust funds which are part of the fiduciary funds (CAFR pages 32-33 and 129-133). Net assets for the pension trust funds increased \$1.1 billion in fiscal year 2006. You can see on CAFR pages 132-133 that additions to these funds came from a variety of sources, most significantly: member contributions (\$180.5 million); employer contributions (\$280.4 million); net increase in fair value of investments (\$803.4 million); and interests, dividends, and other (\$270.2 million). Deductions were primarily for benefits and refunds paid to members (\$433.1 million). At \$9.9 billion, the net assets balance of the pension trust funds is one of the largest balances in the financial statements. As stated earlier, fiduciary funds account for resources the State manages or holds on behalf of others, which are not available to support the State’s programs. Additional details about the pension trust funds can be found in the Notes to the Financial Statements (CAFR pages 74-79).
- **Budgetary Compliance** – *Idaho Constitution, Article VII*, stipulates that agencies cannot spend more money than they have been appropriated, unless specifically authorized. Budgetary controls are incorporated into the statewide accounting and reporting system to ensure expenditures do not exceed authorized appropriations. You can compare Idaho’s approved budget with the actual expenditures for the General, Health and Welfare, and Transportation funds on CAFR pages 98-99. Comparisons between budget and actual amounts for the nonmajor special revenue and major permanent funds are on CAFR pages 110-117. Complete details about the budget process can be found in the Legal Basis report available online at www.sco.idaho.gov. General Fund budgetary highlights can be found in the MD&A (CAFR page 10).





IHFA - Idaho Housing and Finance Association
 C and U Foundation - College and University Foundation
 PCWTF - Petroleum Clean Water Trust Fund
 IBBA - Idaho Bond Bank Authority

Statement of Net Assets

June 30, 2006

(dollars in thousands)

The Statement of Net Assets reports what the government owns (assets), owes (liabilities), and what is left after assets are used to satisfy liabilities (net assets) at a specific point in time (June 30, the fiscal year-end).

Governmental Activities cover traditional activities of state government such as public safety, health and human services, and education. They are financed through taxes, federal grants, and fees.

Primary
↓
Governmental Activities

Assets are presented in order of how readily they can be converted to cash. Cash is the most liquid; capital assets are least liquid.

Internal balances consist of short-term receivables and payables for activities occurring within the State.

Most capital assets are shown at their original purchase/construction cost, less annual depreciation charges accumulated over time. However, land and roadways are not depreciated. More information on capital assets and depreciation can be found in the Notes and Required Supplementary Information sections.

Liabilities are shown in order of maturity or when cash is expected to be used to pay them.

Unearned revenues are resources received that have not yet met the criteria for being recorded as revenues.

The Notes provide information about the major types of long-term liabilities, purpose of liability, beginning and ending balances, and how major categories of liabilities have changed during the previous year.

Constraints on the use of net assets that are externally imposed by creditors, grantors, contributors, or state law through the *Idaho Constitution* or legislation are listed separately as "restricted" to show net assets that are not available to support primary government programs.

Unrestricted net assets may be used at the State's discretion but often have limitations on use based on state statutes.

Total assets - total liabilities = total net assets
\$7,947,348 - \$1,602,159 = \$6,345,189

ASSETS

| | |
|---------------------------------|--------------------|
| Cash with Treasurer | \$925,717 |
| Cash and Cash Equivalents | 8,056 |
| Investments | 1,117,785 |
| Securities Lending Collateral | 807,844 |
| Accounts Receivable, Net | 50,212 |
| Taxes Receivable, Net | 276,927 |
| Internal Balances | 927 |
| Due from Other Entities | 163,922 |
| Inventories and Prepaid Items | 41,019 |
| Due from Primary Government | |
| Due from Component Unit | |
| Loans and Notes Receivable, Net | 7,580 |
| Other Assets | 6,002 |
| Restricted Assets: | |
| Cash and Cash Equivalents | 125,462 |
| Investments | 13,898 |
| Capital Assets: | |
| Nondepreciable | 3,398,902 |
| Depreciable, Net | 1,003,095 |
| Total Assets | \$7,947,348 |

LIABILITIES

| | |
|--------------------------------------|------------------|
| Accounts Payable | \$83,431 |
| Payroll and Related Liabilities | 24,216 |
| Medicaid Payable | 135,774 |
| Due to Other Entities | 68,792 |
| Unearned Revenue | 38,009 |
| Amounts Held in Trust for Others | 5,774 |
| Due to Primary Government | |
| Due to Component Unit | |
| Obligations Under Securities Lending | 807,844 |
| Other Accrued Liabilities | 26,149 |
| Long-Term Liabilities: | |
| Due Within One Year | 66,893 |
| Due in More Than One Year | 345,277 |
| Total Liabilities | 1,602,159 |

NET ASSETS

| | |
|---|------------------|
| Invested in Capital Assets, Net of Related Debt | 4,179,097 |
| Restricted for: | |
| Claims and Judgments | 39,495 |
| Debt Service | 13,939 |
| Intergovernmental Revenue Sharing | 14,777 |
| Transportation | 105,228 |
| Regulatory | 47,464 |
| Natural Resources and Recreation | 65,075 |
| Unemployment Compensation | |
| Permanent Trust - Expendable | 131,500 |
| Permanent Trust - Nonexpendable | 863,562 |
| Other Purposes | 73,636 |
| Unrestricted | 811,416 |
| Total Net Assets | 6,345,189 |

Total Liabilities and Net Assets **\$7,947,348**

This statement can be found in the CAFR, pages 14 and 15.

Business-Type Activities provide services that are primarily financed by charging a fee directly to the users of the service such as Universities, State Lottery, and Unemployment Compensation.

Component units, which are legally separate from the State, are presented in a column separate from the Primary Government. These component units are either financially accountable to the State or their relationship with the State is such that their omission would cause the State's financial statements to be incomplete or misleading. For more information regarding component units, see CAFR pages 39-41.

Government

| Business-Type Activities | Total | Component Units |
|---------------------------------|--------------------|------------------------|
| \$82,350 | \$1,008,067 | \$986 |
| 214,678 | 222,734 | 50,771 |
| 206,771 | 1,324,556 | 937,819 |
| | 807,844 | |
| 95,798 | 146,010 | 10,285 |
| | 276,927 | |
| (927) | 163,922 | |
| 17,448 | 58,467 | 466 |
| | | 3,999 |
| 85,504 | 85,504 | |
| 171,531 | 179,111 | 982,769 |
| 13,145 | 19,147 | 19,430 |
| | | |
| 81,350 | 206,812 | 16,123 |
| 60,786 | 74,684 | 782 |
| | | |
| 125,719 | 3,524,621 | 20,718 |
| 660,604 | 1,663,699 | 16,125 |
| \$1,814,757 | \$9,762,105 | \$2,060,273 |
| | | |
| \$17,428 | \$100,859 | \$409 |
| 34,942 | 59,158 | |
| | 135,774 | |
| 4,818 | 73,610 | |
| 33,598 | 71,607 | 14,226 |
| 2,214 | 7,988 | 31,439 |
| | | 85,504 |
| 276 | 276 | |
| | 807,844 | |
| 12,140 | 38,289 | 71,333 |
| | | |
| 33,261 | 100,154 | 123,835 |
| 324,448 | 669,725 | 1,271,000 |
| 463,125 | 2,065,284 | 1,597,746 |
| | | |
| 467,275 | 4,646,372 | 16,967 |
| | 39,495 | |
| | 13,939 | 142,740 |
| | 14,777 | |
| | 105,228 | |
| | 47,464 | |
| 167,195 | 232,270 | |
| 276,365 | 276,365 | |
| 73,058 | 204,558 | 69,376 |
| 84,672 | 948,234 | 171,947 |
| 119,431 | 193,067 | |
| 163,636 | 975,052 | 61,497 |
| 1,351,632 | 7,696,821 | 462,527 |
| \$1,814,757 | \$9,762,105 | \$2,060,273 |

This statement can be found in the CAFR, pages 14 and 15.

The Statement of Activities contains information about costs of providing services (expenses) and resources obtained to finance services (revenues) during the current fiscal year.

Program revenues display the extent to which programs are self-funded. Program revenues are categorized as charges for services, grants, and contributions. Program revenues reduce the net expense of functions/programs to the public.

State of Idaho

Statement of Activities
For the Fiscal Year Ended June 30, 2006
(dollars in thousands)

| FUNCTIONS | Program Revenues | | | |
|---------------------------------------|--------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$634,262 | \$306,363 | \$55,541 | \$3,124 |
| Public Safety and Correction | 266,036 | 26,757 | 16,296 | 545 |
| Health and Human Services | 1,676,706 | 81,516 | 1,100,985 | |
| Education | 1,385,448 | 9,673 | 220,171 | 1,882 |
| Economic Development | 629,499 | 215,735 | 341,548 | 65 |
| Natural Resources | 213,599 | 146,400 | 165,213 | 3,008 |
| Interest Expense | 21,130 | | | |
| Total Governmental Activities | <u>4,826,680</u> | <u>786,444</u> | <u>1,899,754</u> | <u>8,624</u> |
| Business-Type Activities | | | | |
| College and University | 780,066 | 315,924 | 217,556 | 20,231 |
| Unemployment Compensation | 109,113 | 159,365 | 1,563 | |
| Loan | 719 | 9,135 | 10,783 | |
| State Lottery | 97,605 | 131,305 | | |
| Liquor Dispensary | 93,204 | 107,967 | | |
| Correctional Industries | 6,239 | 7,498 | | |
| Total Business-Type Activities | <u>1,086,946</u> | <u>731,194</u> | <u>229,902</u> | <u>20,231</u> |
| Total Primary Government | <u>\$5,913,626</u> | <u>\$1,517,638</u> | <u>\$2,129,656</u> | <u>\$28,855</u> |
| Component Units | | | | |
| Idaho Housing and Finance Association | \$70,902 | \$88,182 | | |
| College and University Foundation | 51,018 | 29,734 | \$49,333 | |
| Petroleum Clean Water Trust | 4,101 | 620 | | |
| Health Reinsurance | 5,500 | 3,367 | | |
| Bond Bank Authority | 1,093 | 1,087 | | |
| Life and Health Insurance Guaranty | 686 | 323 | | |
| Total Component Units | <u>\$133,300</u> | <u>\$123,313</u> | <u>\$49,333</u> | |

Functions show the major programs for which the State spends resources.

This column shows the full cost of the program.

An example of how this statement works: The total cost of the State's Health and Human Services activities was \$1,676.7 million. The State raised \$81.5 million from charges for services, and received \$1,101.0 million of operating grants and contributions, most in the form of federal aid. When program revenues are subtracted from expenses for Health and Human Services, a net expense of \$494.2 million is left. This is the portion of Health and Human Services costs financed with taxes and other general revenues, rather than being financed by the revenues generated by the services themselves.

General revenues include taxes and other revenues the State uses to finance the net expense of the functions above. General revenues are categorized to enhance comparability among financial statements for different years.

Transfers are shown separately from general revenues, allowing you to determine if common annual revenues were sufficient to cover net expenses.

- General Revenues**
 - Sales Tax
 - Individual and Corporate Taxes
 - Fuel Tax
 - Other Taxes
 - Tobacco Settlement
 - Permanent Endowment Contributions
 - Unrestricted Investment Earnings
 - Payment from State of Idaho
- Transfers**
- Total General Revenues and Transfers**
- Change in Net Assets**
- Net Assets - Beginning of Year, as Restated**
- Net Assets - End of Year**

This statement can be found in the CAFR, pages 16 and 17.

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|--------------------------|-------------|---|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| | | | Are programs self supporting? |
| (\$269,234) | | (\$269,234) | <p>The total is obtained by subtracting program revenues from expenses. A (negative) figure indicates the portion of program expenses not covered by program revenues; therefore, the program was partially financed with tax revenues and other general revenues, which are shown on the bottom half of this statement. A positive figure indicates that program revenues exceeded program expenses, making a net contribution to governmental revenues.</p> |
| (222,438) | | (222,438) | |
| (494,205) | | (494,205) | |
| (1,153,722) | | (1,153,722) | |
| (72,151) | | (72,151) | |
| 101,022 | | 101,022 | |
| (21,130) | | (21,130) | |
| (2,131,858) | | (2,131,858) | |
| | (\$226,355) | (226,355) | |
| | 51,815 | 51,815 | |
| | 19,199 | 19,199 | |
| | 33,700 | 33,700 | |
| | 14,763 | 14,763 | |
| | 1,259 | 1,259 | |
| | (105,619) | (105,619) | |
| (2,131,858) | (105,619) | (2,237,477) | |
| | | | \$17,280 |
| | | | 28,049 |
| | | | (3,481) |
| | | | (2,133) |
| | | | (6) |
| | | | (363) |
| | | | 39,346 |
| 1,061,861 | | 1,061,861 | |
| 1,428,996 | | 1,428,996 | |
| 224,373 | | 224,373 | |
| 182,112 | | 182,112 | |
| 21,404 | | 21,404 | |
| | | | 85 |
| 34,734 | | 34,734 | |
| | | | 2,723 |
| (243,751) | 243,751 | | |
| 2,709,729 | 243,751 | 2,953,480 | 2,808 |
| 577,871 | 138,132 | 716,003 | 42,154 |
| 5,767,318 | 1,213,500 | 6,980,818 | 420,373 |
| \$6,345,189 | \$1,351,632 | \$7,696,821 | \$462,527 |
| | | | Did the State's financial position improve or deteriorate during the fiscal year? The change in net assets indicates whether sufficient resources were raised during the year to cover the costs. The net assets of governmental activities increased by \$577.9 million, and business-type activities net assets increased by \$138.1 million. |

This statement can be found in the CAFR, pages 16 and 17.

State of Idaho

**Balance Sheet
Governmental Funds
June 30, 2006**

(dollars in thousands)

The governmental fund balance sheet serves a purpose similar to the Statement of Net Assets. This statement reports what is owned or controlled and what is owed by governmental funds. However, the focus is on short-term, rather than long-term, assets and liabilities.

General

ASSETS

Governmental funds present current financial resources which do not include capital assets or long-term debt. Current financial resources are generally turned into cash or consumed within a year.

| | |
|---------------------------------|-----------|
| Cash with Treasurer | \$554,321 |
| Cash and Cash Equivalents | 2 |
| Investments | 76,301 |
| Securities Lending Collateral | 687,530 |
| Accounts Receivable, Net | 13,619 |
| Taxes Receivable, Net | 250,746 |
| Interfund Receivables | 3,956 |
| Due from Other Entities | 81 |
| Inventories and Prepaid Items | 5,673 |
| Loans and Notes Receivable, Net | |
| Other Assets | 63 |
| Restricted Assets: | |
| Cash and Cash Equivalents | 39,438 |
| Investments | |

Total Assets \$1,631,730

LIABILITIES AND FUND BALANCES

Liabilities

| | |
|--------------------------------------|----------|
| Accounts Payable | \$20,902 |
| Payroll and Related Liabilities | 8,227 |
| Medicaid Payable | |
| Interfund Payables | 619 |
| Due to Other Entities | 39,450 |
| Deferred Revenue | 79,523 |
| Amounts Held in Trust for Others | 286 |
| Obligations Under Securities Lending | 687,530 |
| Other Accrued Liabilities | 9,144 |

Total Liabilities 845,681

Fund Balances

Reserved fund balances are the portion of a governmental fund's balance that is not available for spending in the subsequent year's budget or has restrictions on spending.

| | |
|-------------------------------|---------|
| Reserved for: | |
| Bond Retirement | |
| Encumbrances | 24,430 |
| Inventories and Prepaid Items | 5,673 |
| Noncurrent Receivables | 301 |
| Permanent Trusts | |
| Other Purposes | |
| Unreserved, Reported in: | |
| General Fund | 755,645 |
| Special Revenue Funds | |
| Permanent Funds | |

Total Fund Balances 786,049

Total Liabilities and Fund Balances \$1,631,730

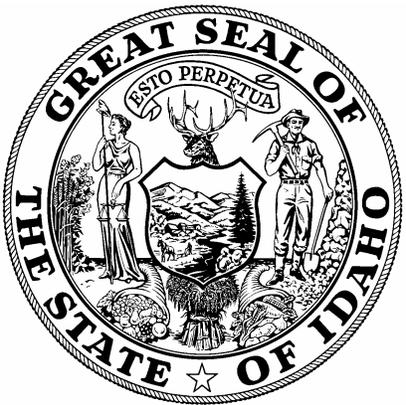
This statement can be found in the CAFR, pages 18 and 19.

This statement presents the State's most significant or 'major' funds individually and aggregates nonmajor funds in a single column.

To see the detail of the different funds that make up Nonmajor Special Revenue, turn to the combining financial statements on CAFR pages 105-107.

| Health and Welfare | Transportation | Public School Endowment | Pooled Endowment | Nonmajor Special Revenue | Total |
|--------------------|------------------|-------------------------|------------------|--------------------------|--------------------|
| \$43,274 | \$47,563 | \$3,891 | \$167 | \$172,184 | \$821,400 |
| | 7 | | | 8,047 | 8,056 |
| | 29,788 | 636,183 | 307,091 | 34,732 | 1,084,095 |
| | | 81,145 | 39,169 | | 807,844 |
| 12,587 | 3,586 | 8,377 | 3,686 | 8,152 | 50,007 |
| 167 | 23,296 | | | 2,718 | 276,927 |
| | 47 | | | 1,906 | 5,909 |
| 101,502 | 31,584 | | | 30,755 | 163,922 |
| 4,934 | 14,803 | | | 12,507 | 37,917 |
| | 332 | | | 7,248 | 7,580 |
| 15 | 211 | 1,227 | 592 | 561 | 2,669 |
| 4,469 | 29,759 | | | 51,796 | 125,462 |
| 2,116 | | | | 11,782 | 13,898 |
| \$169,064 | \$180,976 | \$730,823 | \$350,705 | \$342,388 | \$3,405,686 |
| \$11,828 | \$27,471 | \$5,505 | \$2,646 | \$14,532 | \$82,884 |
| 5,369 | 3,100 | | | 7,147 | 23,843 |
| 135,774 | | | | | 135,774 |
| 1,355 | 361 | | | 3,433 | 5,768 |
| | 29,338 | | | 4 | 68,792 |
| 8,601 | 9,017 | | | 20,303 | 117,444 |
| 2,636 | 118 | | | 2,734 | 5,774 |
| | | 81,145 | 39,169 | | 807,844 |
| 1,193 | 6,343 | | | 6,401 | 23,081 |
| 166,756 | 75,748 | 86,650 | 41,815 | 54,554 | 1,271,204 |
| | | | | 13,939 | 13,939 |
| 4,133 | 8,532 | | | 17,943 | 55,038 |
| 4,934 | 14,803 | | | 12,507 | 37,917 |
| | | | | 8,744 | 9,045 |
| | | 581,894 | 276,518 | 5,150 | 863,562 |
| 3,607 | 415 | | | 32,717 | 36,739 |
| | | | | | 755,645 |
| (10,366) | 81,478 | | | 196,834 | 267,946 |
| | | 62,279 | 32,372 | | 94,651 |
| 2,308 | 105,228 | 644,173 | 308,890 | 287,834 | 2,134,482 |
| \$169,064 | \$180,976 | \$730,823 | \$350,705 | \$342,388 | \$3,405,686 |

This statement can be found in the CAFR, pages 18 and 19.



State of Idaho

Reconciliation of the Governmental Funds Balance Sheet

**To the Statement of Net Assets
June 30, 2006**

This reconciliation shows the reasons that total fund balances on the governmental fund Balance Sheet differ from total net assets for governmental activities on the government-wide Statement of Net Assets.

(dollars in thousands)

Total Fund Balances - Governmental Funds

\$2,134,482

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of the following:

| | | |
|-----------------------------------|------------------|---|
| Land | \$920,053 | The largest difference between the government-wide and governmental fund statements is that fund statements do not report capital assets, such as land, buildings, etc. |
| Construction in Progress | 649,558 | |
| Infrastructure | 2,436,961 | |
| Historical Art and Collections | 72 | |
| Buildings and Improvements | 597,979 | |
| Improvements Other than Buildings | 43,395 | |
| Machinery, Equipment, and Other | 305,531 | |
| Accumulated Depreciation | (567,980) | |
| Total Capital Assets | 4,385,569 | |

Some of the State's revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds. 90,852

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 in governmental activities in the Statement of Net Assets. 107,828

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 3,095

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of the following:

| | | |
|------------------------------------|------------------|--|
| Capital Leases Payable | (13,650) | The governmental fund Balance Sheet does not report long-term liabilities; the government-wide Statement of Net Assets does. |
| Compensated Absences Payable | (119,149) | |
| Bonds and Notes Payable | (205,216) | |
| Accrued Interest on Bonds | (3,065) | |
| Claims and Judgments | (34,486) | |
| Other Long-Term Liabilities | (1,071) | |
| Total Long-Term Liabilities | (376,637) | |

Net Assets - Governmental Activities

\$6,345,189

The governmental funds total fund balance of \$2,134.5 million (see CAFR page 19) reconciles to the \$6,345.2 million total of the governmental activities net assets reported on government-wide Statement of Net Assets (see CAFR page 14). The difference between these numbers can be seen on this reconciliation which primarily shows that the governmental funds report short-term financial information, whereas the government-wide statements report both short-term and long-term information.

This reconciliation can be found in the CAFR, page 21.

This statement and other similar operating statements (such as the Statement of Activities) contain information for the fiscal year; by contrast, balance sheets and net asset statements contain data as of a single point in time--the end of the fiscal year.

State of Idaho

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2006

(dollars in thousands)

This statement shows the flow of short-term resources into and out of the State. In governmental funds, revenues are included only if cash is received during the year or within 60 days of the end of the fiscal year. Revenues are reported by major source.

REVENUES

| | General | Health and Welfare | Transportation |
|--------------------------------|------------------|--------------------|----------------|
| Sales Tax | \$1,055,812 | | |
| Individual and Corporate Taxes | 1,436,168 | | |
| Other Taxes | 62,993 | \$1,735 | \$215,746 |
| Licenses, Permits, and Fees | 16,813 | 3,832 | 113,828 |
| Sale of Goods and Services | 64,287 | 75,101 | 4,685 |
| Grants and Contributions | 2,818 | 1,100,765 | 272,881 |
| Investment Income | 36,655 | 319 | 2,701 |
| Tobacco Settlement | 21,253 | | |
| Other Income | 22,903 | 2,249 | 1,194 |
| Total Revenues | 2,719,702 | 1,184,001 | 611,035 |

Expenditures generally are recorded when the State has received the goods or services and payment is due and payable. The expenditures are listed by major functional category.

EXPENDITURES

| | | | |
|---|------------------|------------------|----------------|
| Current: | | | |
| General Government | 101,259 | | |
| Public Safety and Correction | 204,196 | | |
| Health and Human Services | 28,669 | 1,612,485 | |
| Education | 1,164,499 | | |
| Economic Development | 19,093 | | 165,417 |
| Natural Resources | 36,543 | | |
| Capital Outlay | 78,311 | 3,480 | 326,734 |
| Intergovernmental Revenue Sharing | 198,446 | 36,015 | 124,550 |
| Debt Service: | | | |
| Principal Retirement | 226 | | 1,167 |
| Interest and Other Charges | 10,685 | | |
| Total Expenditures | 1,841,927 | 1,651,980 | 617,868 |
| Revenues Over (Under) Expenditures | 877,775 | (467,979) | (6,833) |

Capital Outlay shows the purchase, construction, and improvement of capital assets. This amount is different than that of the government-wide statements, which adds the cost to the capital account on the Statement of Net Assets and subtracts the cost over the useful life of the asset in the form of depreciation expense.

OTHER FINANCING SOURCES (USES)

| | | | |
|---|------------------|----------------|------------------|
| Bonds and Notes Issued | | | |
| Discount on Bonds Issued | | | |
| Capital Lease Acquisitions | | | |
| Sale of Capital Assets | 104 | 260 | 6,930 |
| Transfers In | 130,406 | 467,678 | |
| Transfers Out | (759,776) | (198) | (15,796) |
| Total Other Financing Sources (Uses) | (629,266) | 467,740 | (8,866) |
| Net Change in Fund Balances | 248,509 | (239) | (15,699) |
| Fund Balances - Beginning of Year, as Restated | 537,540 | 2,547 | 120,927 |
| Fund Balances - End of Year | \$786,049 | \$2,308 | \$105,228 |

This statement can be found in the CAFR, pages 22 and 23.

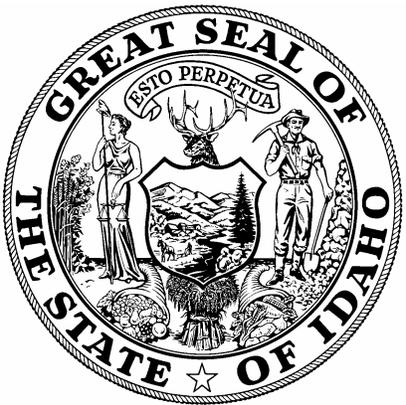
Several funds make up the Nonmajor Special Revenue column. To see greater detail of the individual funds summarized in this column, turn to the combining financial statements on CAFR pages 108 and 109.

| Public School Endowment | Pooled Endowment | Nonmajor Special Revenue | Total |
|-------------------------|------------------|--------------------------|-------------|
| | | \$4,800 | \$1,060,612 |
| | | | 1,436,168 |
| | | 125,862 | 406,336 |
| | | 122,427 | 256,900 |
| \$46,399 | \$22,415 | 51,334 | 264,221 |
| | | 430,285 | 1,806,749 |
| 62,769 | 30,288 | 11,827 | 144,559 |
| | | | 21,253 |
| | | 21,260 | 47,606 |
| 109,168 | 52,703 | 767,795 | 5,444,404 |
| | | 46,186 | 147,445 |
| | | 49,308 | 253,504 |
| | | 267 | 1,641,421 |
| | | 215,276 | 1,379,775 |
| | | 174,304 | 358,814 |
| 13,708 | 5,298 | 133,235 | 188,784 |
| | | 43,868 | 452,393 |
| | | 66,403 | 425,414 |
| | | 9,358 | 10,751 |
| | | 10,051 | 20,736 |
| 13,708 | 5,298 | 748,256 | 4,879,037 |
| 95,460 | 47,405 | 19,539 | 565,367 |
| | | 10,790 | 10,790 |
| | | (23) | (23) |
| | | 5,697 | 5,697 |
| 3,054 | | 6,845 | 17,193 |
| | 4,600 | 38,092 | 640,776 |
| (23,087) | (17,258) | (70,225) | (886,340) |
| (20,033) | (12,658) | (8,824) | (211,907) |
| 75,427 | 34,747 | 10,715 | 353,460 |
| 568,746 | 274,143 | 277,119 | 1,781,022 |
| \$644,173 | \$308,890 | \$287,834 | \$2,134,482 |

Health and Welfare, and Transportation fund balances declined (expenditures and financing uses exceeded revenues and other financing sources). All other funds had positive changes in fund balances (revenues and other financing sources exceeded expenditures and financing uses).

These are the fund balances that appear on the governmental funds Balance Sheet.

This statement can be found in the CAFR, pages 22 and 23.



This reconciliation shows the reasons that the net changes in fund balances on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance differ from change in net assets for governmental activities on the government-wide Statement of Activities.

The net change in fund balances comes from the total column of governmental funds on the Statement of Revenue, Expenditures, and Changes in Fund Balances (CAFR page 23).

State of Idaho

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006**

(dollars in thousands)

| | | |
|---|-----------------|------------------|
| Net Change in Fund Balances - Governmental Funds | | \$353,460 |
| Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount: | | |
| Capital Outlay | \$274,510 | |
| Depreciation Expense | <u>(51,766)</u> | 222,744 |
| Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds. | | (14,424) |
| Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. In the current year deferred revenue decreased. | | (2,981) |
| The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current year the following debt was incurred: | | |
| Bonds and Notes | (10,790) | |
| Discount on Bonds Issued | 23 | |
| Capital Leases | <u>(5,697)</u> | (16,464) |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consisted of: | | |
| Bond and Note Principal | 9,930 | |
| Bond Issue Costs | 223 | |
| Capital Leases | <u>821</u> | 10,974 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Assets. In the current year these amounts consisted of: | | |
| Accrued Interest and Amortization | (333) | |
| Compensated Absences | (7,632) | |
| Other Long-Term Liabilities | <u>2,055</u> | (5,910) |
| Internal service funds are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities. | | 30,472 |

Change in Net Assets - Governmental Activities

Internal service funds are reported in proprietary fund statements because they operate like a business and charge state agencies a price for goods and services in order to recoup their costs. Since they provide services mainly to other funds of the State, internal service funds are included with the governmental activities in the government-wide statements.

This is the amount you will find in the Governmental Activities column on the government-wide Statement of Activities (CAFR page 17).

\$577,871

This statement can be found in the CAFR, page 25.

State of Idaho
Statement of Net Assets
Proprietary Funds
June 30, 2006
(dollars in thousands)

Proprietary funds account for operations that function in a manner similar to private business, where the cost of providing goods or services is primarily financed through user charges. There are two types of proprietary funds--internal service and enterprise funds. Internal service funds provide goods and services to state agencies on a cost-reimbursement basis; enterprise funds account for services or goods provided outside of state government. Enterprise funds and business-type activities on the government-wide Statement of Net Assets are synonymous.

| | Business-Type Activities--Enterprise Funds | | |
|---|---|--------------------------------------|------------------|
| | College and University | Unemployment Compensation | Loan |
| ASSETS | | | |
| Current Assets | | | |
| Cash with Treasurer | \$22,911 | \$9,805 | \$33,555 |
| Cash and Cash Equivalents | 73,132 | 141,241 | |
| Investments | 19,959 | | |
| Accounts Receivable, Net | 48,576 | 46,034 | |
| Interfund Receivables | 2,127 | | |
| Inventories and Prepaid Items | 6,955 | | |
| Due from Component Unit | 832 | | |
| Loans and Notes Receivable, Net | 4,088 | | 5,944 |
| Other Current Assets | 753 | 574 | 3,039 |
| Total Current Assets | 179,333 | 197,654 | 42,538 |
| Noncurrent Assets | | | |
| Restricted Cash and Cash Equivalents | 2,856 | | 41,166 |
| Investments | 105,773 | 81,039 | |
| Restricted Investments | 16,828 | | 43,958 |
| Due from Component Unit | 84,672 | | |
| Loans and Notes Receivable, Net | 20,297 | | 141,202 |
| Other Noncurrent Assets | 8,577 | | |
| Capital Assets, Net | 752,498 | | 29,030 |
| Total Noncurrent Assets | 991,501 | 81,039 | 255,356 |
| Total Assets | \$1,170,834 | \$278,693 | \$297,894 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$9,905 | \$2,328 | |
| Payroll and Related Liabilities | 34,537 | | |
| Interfund Payables | 3,386 | | |
| Due to Other Entities | | | \$11 |
| Unearned Revenue | 16,676 | | 16,917 |
| Amounts Held in Trust for Others | 2,214 | | |
| Due to Component Unit | 276 | | |
| Other Accrued Liabilities | 9,327 | | 310 |
| Capital Leases Payable | 422 | | |
| Capital Leases Payable to Component Unit | 250 | | |
| Compensated Absences Payable | 16,303 | | |
| Bonds and Notes Payable | 13,638 | | 1,965 |
| Policy Claim Liabilities | | | |
| Total Current Liabilities | 106,934 | 2,328 | 19,203 |
| Noncurrent Liabilities | | | |
| Capital Leases Payable | 1,287 | | |
| Capital Leases Payable to Component Unit | 3,172 | | |
| Bonds and Notes Payable | 309,914 | | 10,075 |
| Policy Claim Liabilities | | | |
| Total Noncurrent Liabilities | 314,373 | | 10,075 |
| Total Liabilities | 421,307 | 2,328 | 29,278 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt Restricted for: | 445,490 | | 16,990 |
| Claims and Judgments | | | |
| Permanent Trust - Expendable | 73,058 | | |
| Permanent Trust - Nonexpendable | 84,672 | | |
| Other Purposes | | | 84,431 |
| Unrestricted | 146,307 | 276,365 | 167,195 |
| Total Net Assets | 749,527 | 276,365 | 268,616 |
| Total Liabilities and Net Assets | \$1,170,834 | \$278,693 | \$297,894 |

The State is prohibited from using restricted assets for operating purposes. Sources of restrictions include laws and regulations, donor restrictions, and agreements connected with outstanding debt.

Additional details on capital assets and infrastructure can be found in the Notes to the Financial Statements (CAFR pages 44-45 and 72-74) and the Required Supplementary Information (CAFR pages 101-102).

Additional details on noncurrent (long-term) liabilities can be found in the Notes to the Financial Statements (CAFR pages 45 and 85-91).

This statement can be found in the CAFR, pages 26 and 27.

Several funds make up the Nonmajor Enterprise Funds column. To see greater detail of the individual funds included in this column, turn to the combining financial statements (CAFR page 120).

Governmental Activities

Nonmajor Enterprise Funds Total Internal Service Funds

Internal service funds are included with governmental activities in the government-wide statements. To see greater detail of the individual funds included in this column, turn to the combining financial statements (CAFR page 124).

| | | |
|-----------------|--------------------|------------------|
| \$16,079 | \$82,350 | \$104,317 |
| 305 | 214,678 | |
| | 19,959 | |
| 1,188 | 95,798 | 205 |
| 332 | 2,459 | 836 |
| 10,493 | 17,448 | 3,102 |
| | 832 | |
| | 10,032 | |
| 202 | 4,568 | 238 |
| 28,599 | 448,124 | 108,698 |
| 37,328 | 81,350 | |
| | 186,812 | 33,690 |
| | 60,786 | |
| | 84,672 | |
| | 161,499 | |
| | 8,577 | |
| 4,795 | 786,323 | 16,428 |
| 42,123 | 1,370,019 | 50,118 |
| \$70,722 | \$1,818,143 | \$158,816 |
| \$5,195 | \$17,428 | \$547 |
| 405 | 34,942 | 373 |
| | 3,386 | 50 |
| 4,807 | 4,818 | |
| 5 | 33,598 | 11,417 |
| | 2,214 | |
| | 276 | |
| 2,503 | 12,140 | 3 |
| | 422 | 114 |
| | 250 | |
| 683 | 16,986 | 690 |
| | 15,603 | 89 |
| | | 6,542 |
| 13,598 | 142,063 | 19,825 |
| | 1,287 | 165 |
| | 3,172 | |
| | 319,989 | 3,666 |
| | | 27,332 |
| | 324,448 | 31,163 |
| 13,598 | 466,511 | 50,988 |
| 4,795 | 467,275 | 12,394 |
| | | 39,495 |
| | 73,058 | |
| | 84,672 | |
| 35,000 | 119,431 | |
| 17,329 | 607,196 | 55,939 |
| 57,124 | 1,351,632 | 107,828 |
| \$70,722 | \$1,818,143 | \$158,816 |

As a general rule, current assets and liabilities on the proprietary fund statements are those assets and liabilities expected to mature within one year of the end of the fiscal period (June 30). Noncurrent assets and liabilities are those assets and liabilities expected to mature in more than one year from the end of the fiscal period.

Restricted assets are not included as part of current assets because of significant restrictions placed on their use. Likewise, liabilities to be repaid from restricted assets are not included as part of current liabilities.

This total net assets amount is the same as that found for business-type activities in the government-wide Statement of Net Assets (CAFR page 14). The total net assets amount also agrees with the ending net assets shown on the Statement of Activities (CAFR page 17) and the Statement of Revenues Expenditures, and Changes in Fund Net Assets (CAFR page 29).

This statement can be found in the CAFR, pages 26 and 27.

State of Idaho

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2006

(dollars in thousands)

Proprietary funds report the finances of activities the State operates like a business. Proprietary activities charge a fee to users that covers most of the cost of providing the service. There are two types of proprietary funds--enterprise and internal service funds.

Enterprise funds account for services or goods provided to those outside of state government.

Business-Type Activities--Enterprise Funds

| | College and University | Unemployment Compensation | Loan | Nonmajor Enterprise Funds |
|--|------------------------|---------------------------|------------------|---------------------------|
| OPERATING REVENUES | | | | |
| Assessments | | \$156,437 | | |
| Licenses, Permits, and Fees | \$102,146 | | \$450 | \$2 |
| Student Fees Pledged for Revenue Bonds | 138,670 | | | |
| Scholarship Allowances | (43,221) | | | |
| Sale of Goods and Services | 28,228 | | 520 | 245,984 |
| Sale of Goods and Services Pledged for Revenue Bonds | 66,000 | | 876 | |
| Grants and Contributions | 177,209 | 1,563 | 10,783 | |
| Grants and Contributions Pledged for Revenue Bonds | 2,563 | | | |
| Investment Income | 171 | | 4,155 | |
| Other Income | 7,685 | | | 103 |
| Other Income Pledged for Revenue Bonds | 1,979 | | | |
| Total Operating Revenues | 481,430 | 158,000 | 16,784 | 246,089 |
| OPERATING EXPENSES | | | | |
| Personnel Costs | 477,994 | | | 12,375 |
| Services and Supplies | 188,050 | | 212 | 83,458 |
| Benefits, Awards, and Premiums | 41,714 | 108,929 | | 76,679 |
| Depreciation | 42,267 | | 137 | 644 |
| Other Expenses | 13,302 | 184 | 23 | 3,285 |
| Total Operating Expenses | 763,327 | 109,113 | 372 | 176,441 |
| Operating Income (Loss) | (281,897) | 48,887 | 16,412 | 69,648 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Gifts and Grants | 37,784 | | | |
| Investment Income | 11,451 | 2,928 | 3,134 | 678 |
| Investment Income Pledged for Revenue Bonds | 2,636 | | | |
| Interest Expense | (15,513) | | (347) | |
| Intergovernmental Distributions | | | | (20,607) |
| Gain (Loss) on Sale of Capital Assets | (1,226) | | | |
| Other Nonoperating Revenues (Expenses) | 179 | | | 3 |
| Total Nonoperating Revenues (Expenses) | 35,311 | 2,928 | 2,787 | (19,926) |
| Income (Loss) Before Contributions and Transfers | (246,586) | 51,815 | 19,199 | 49,722 |
| Capital Contributions | 20,231 | | | |
| Transfers In | 277,542 | | 5,600 | |
| Transfers Out | | (5,096) | | (34,295) |
| Change in Net Assets | 51,187 | 46,719 | 24,799 | 15,427 |
| Total Net Assets - Beginning of Year, as Restated | 698,340 | 229,646 | 243,817 | 41,697 |
| Total Net Assets - End of Year | \$749,527 | \$276,365 | \$268,616 | \$57,124 |

Capital contributions are amounts received for purchasing or building capital assets or the receipt of a capital asset.

While most proprietary funds are self-supported by fees charged for goods and services, some rely on subsidies from other funds, governments, entities, or individuals.

Several funds make up the Nonmajor Enterprise Funds column. To see greater detail of the individual funds included in this column, turn to the combining financial statements (CAFR page 121).

This statement can be found in the CAFR, pages 28 and 29.

Internal service funds provide services or goods to other state agencies and other governmental units.

Governmental Activities

Internal

| Total | Service Funds |
|-------------|---------------|
| \$156,437 | |
| 102,598 | |
| 138,670 | |
| (43,221) | |
| 274,732 | \$210,334 |
| 66,876 | |
| 189,555 | 45 |
| 2,563 | |
| 4,326 | |
| 7,788 | 910 |
| 1,979 | |
| 902,303 | 211,289 |
| 490,369 | 11,918 |
| 271,720 | 16,546 |
| 227,322 | 154,314 |
| 43,048 | 1,475 |
| 16,794 | 2,640 |
| 1,049,253 | 186,893 |
| (146,950) | 24,396 |
| 37,784 | |
| 18,191 | 4,710 |
| 2,636 | |
| (15,860) | (447) |
| (20,607) | |
| (1,226) | (2) |
| 182 | 2 |
| 21,100 | 4,263 |
| (125,850) | 28,659 |
| 20,231 | |
| 283,142 | 1,830 |
| (39,391) | (17) |
| 138,132 | 30,472 |
| 1,213,500 | 77,356 |
| \$1,351,632 | \$107,828 |

Operating revenues include fees and charges received from providing goods or services to customers in the course of the fund's principal ongoing activity.

Operating expenses are the costs paid for goods or services in the course of the fund's principal ongoing activity.

This line shows if the operating revenues generated were sufficient to cover expenses.

Nonoperating revenues (expenses) represent nonexchange transactions and those transactions outside the course of the fund's principal ongoing activity.

You can use this line to judge the financial sustainability of the activities. A loss would indicate that an activity is not supporting itself and must use resources accumulated from the past, push costs off to the future, or utilize some other financing method to cover costs.

There are several internal service funds. To see greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR page 125).

This statement can be found in the CAFR, pages 28 and 29.

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006**
(dollars in thousands)

This statement shows if and how the proprietary funds met their cash needs. It shows whether a proprietary activity raised enough cash to pay its bills.

| | | Business- College and University |
|--|---|---|
| | CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating activities relate to providing services and the production and sales of goods. | Receipts from Assessments | |
| | Receipts from Customers | \$292,006 |
| | Receipts from Interfund Services | |
| | Receipts from Grants and Contributions | 178,274 |
| | Payments to Suppliers | (184,268) |
| | Payments to Employees | (484,702) |
| | Payments for Interfund Services | |
| | Payments for Benefits, Awards, and Claims | (41,916) |
| | Other Receipts (Payments) | (2,312) |
| | | <u>Net Cash Provided (Used) by Operating Activities</u> |
| | CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Noncapital financing activities relate to grants, transfers, and borrowing money for purposes other than buying or building capital assets. | Gifts, Grants, and Endowments Received | 36,578 |
| | Intergovernmental Distributions | |
| | Transfers In | 277,542 |
| | Transfers Out | |
| | Interest Paid | |
| | Other Receipts (Payments) | (333) |
| | <u>Net Cash Provided (Used) by Noncapital Financing Activities</u> | <u>313,787</u> |
| | CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Capital and related financing activities relate to receipt and use of cash for purchase or construction of capital assets. | Capital Grants and Contributions | 10,408 |
| | Bonds Issued | |
| | Payment of Notes and Bonds | (12,048) |
| | Payment of Interest | (15,984) |
| | Capital Lease Payments | |
| | Proceeds from Disposition of Capital Assets | |
| | Acquisition and Construction of Capital Assets | (53,716) |
| | <u>Net Cash Provided (Used) by Capital and Related Financing Activities</u> | <u>(71,340)</u> |
| | CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investing activities relate to the sale and purchase of and earnings from investments. | Receipt of Interest and Dividends | 9,445 |
| | Purchase of Investments | (250,048) |
| | Redemption of Investments | 238,679 |
| | | <u>Net Cash Provided (Used) by Investing Activities</u> |
| | Net Increase (Decrease) in Cash and Cash Equivalents | (2,395) |
| | Beginning Cash, Cash Equivalents, and Cash with Treasurer, as Restated | 101,294 |
| | Ending Cash, Cash Equivalents, and Cash with Treasurer | <u>\$98,899</u> |
| | Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| The reconciliation explains the differences between the flows of cash described here and the operating income (loss) reported on an accrual basis on the Statement of Revenues, Expenses and Changes in Fund Net Assets for proprietary funds. | Operating Income (Loss) | (\$281,897) |
| | Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| | Depreciation and Amortization | 42,325 |
| | Maintenance Costs Paid by Dept. of Public Works | 1,864 |
| | Net Changes in Assets and Liabilities: | |
| | Accounts Receivable/Interfund Receivables | (2,342) |
| | Inventories and Prepaid Items | 298 |
| | Notes Receivable | 141 |
| | Other Current Assets | 999 |
| | Accounts Payable/Interfund Payables | 424 |
| | Unearned Revenue | |
| | Compensated Absences | 511 |
| | Policy Claim Liabilities | |
| Other Accrued Liabilities | (5,241) | |
| | <u>Net Cash Provided (Used) by Operating Activities</u> | <u>(\$242,918)</u> |
| Information on noncash transactions that are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets or in the Statement of Cash Flows. | Noncash Transactions (dollars in thousands): Investments increased in fair value by \$4,421 for the college and university fund; decreased in fair value by \$2,631 for Unemployment Compensation, \$1,758 for the Loan fund, and \$1,105 for internal service funds. Capital assets were donated to the college and university fund in the amount of \$8,003, and acquired by notes payable in the amount of \$1,809 for the Loan fund and \$3,859 for internal service funds. Internal service funds acquired capital assets by capital lease in the amount of \$85 and disposed of capital assets at a loss of \$2. | |

Several funds make up the Nonmajor Enterprise Funds column. To see greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR page 122).

| Type Activities--Enterprise Funds | | | Governmental Activities | |
|-----------------------------------|----------|---------------------------|-------------------------|------------------------|
| Unemployment Compensation | Loan | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$157,264 | | | \$157,264 | |
| | \$28,008 | \$245,782 | 565,796 | \$628 |
| | 499 | 20 | 519 | 210,713 |
| 1,563 | 10,783 | | 190,620 | 49 |
| | (38,641) | (88,101) | (311,010) | (14,013) |
| | | (13,014) | (497,716) | (12,196) |
| | (13) | (91) | (104) | (3,729) |
| (109,360) | | (77,679) | (228,955) | (157,703) |
| (184) | (23) | | (2,519) | |
| 49,283 | 613 | 66,917 | (126,105) | 23,749 |
| | | | 36,578 | |
| | | (17,360) | (17,360) | |
| | 5,600 | | 283,142 | 1,830 |
| (5,096) | | (34,295) | (39,391) | (17) |
| | (356) | | (356) | (440) |
| | | | (333) | |
| (5,096) | 5,244 | (51,655) | 262,280 | 1,373 |
| | | | 10,408 | |
| | 5,340 | | 5,340 | |
| | (6,460) | | (18,508) | (104) |
| | | | (15,984) | |
| | | (51) | (51) | (460) |
| | | 3 | 3 | 2 |
| | | (359) | (54,075) | (348) |
| | (1,120) | (407) | (72,867) | (910) |
| 5,554 | 4,581 | 678 | 20,258 | 5,802 |
| (4,254) | (45,716) | | (300,018) | (3,391) |
| | | | 238,679 | |
| 1,300 | (41,135) | 678 | (41,081) | 2,411 |
| 45,487 | (36,398) | 15,533 | 22,227 | 26,623 |
| 105,559 | 111,119 | 38,179 | 356,151 | 77,694 |
| \$151,046 | \$74,721 | \$53,712 | \$378,378 | \$104,317 |
| \$48,887 | \$16,412 | \$69,648 | (\$146,950) | \$24,396 |
| | 137 | 644 | 43,106 | 1,475 |
| | | | 1,864 | |
| 827 | | (271) | (1,786) | (474) |
| | | (1,975) | (1,677) | 1,105 |
| | (32,738) | | (32,597) | |
| | (115) | 39 | 923 | |
| (431) | | 484 | 477 | 339 |
| | 16,917 | (14) | 16,903 | 575 |
| | | (147) | 364 | 51 |
| | | | | (3,389) |
| | | (1,491) | (6,732) | (329) |
| \$49,283 | \$613 | \$66,917 | (\$126,105) | \$23,749 |

The State has several Internal Service Funds. To find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR pages 126-127).

This amount includes both unrestricted and restricted cash on the proprietary fund Statement of Net Assets.

This statement can be found in the CAFR, pages 30 and 31.

State of Idaho

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

Fiduciary funds account for resources the State manages or holds on behalf of others. Fiduciary funds are not available to support the State's programs.

The College Savings Private-Purpose Trust Fund accounts for the activities of the IDeal Idaho College Savings Program, which helps individuals save for higher education.

(dollars in thousands)

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust | Agency |
|---------------------------------------|--------------------|---------------------|---|------------------|
| ASSETS | | | | |
| Cash with Treasurer | \$2,187 | | | \$30,779 |
| Cash and Cash Equivalents | 1,633 | | \$154 | 9,251 |
| Investments: | | | | |
| Pooled Short Term | 552,175 | \$393,605 | 5,477 | |
| Fixed Income Investments | 2,474,611 | 132,814 | | 192,311 |
| Marketable Securities | 6,270,546 | | | |
| Mutual Funds and Private Equities | 524,252 | | 71,902 | |
| Mortgages and Real Estate | 455,004 | 538,665 | | |
| Other Investments | | | 13,473 | 6,568 |
| Securities Lending Collateral | | 613,927 | | |
| Receivables: | | | | |
| Investments Sold | 923,680 | | 6 | |
| Contributions | 4,666 | | | |
| Interest and Dividends | 45,217 | 8,159 | 22 | 78 |
| Interfund Receivables | 1,572 | | | |
| Other Receivables | 142 | | 18 | |
| Other Assets | 31,647 | | | |
| Capital Assets, Net | 2,851 | | | |
| Total Assets | 11,290,183 | 1,687,170 | 91,052 | \$238,987 |
| LIABILITIES | | | | |
| Accounts Payable | 293 | | 49 | |
| Payroll and Related Liabilities | | | | \$6,376 |
| Interfund Payables | 1,572 | | | |
| Due to Other Entities | | | | |
| Amounts Held in Trust for Others | | | | 661 |
| Obligations Under Securities Lending | | 613,927 | | 228,614 |
| Investments Purchased | 1,354,246 | | 34 | |
| Other Accrued Liabilities | 8,148 | 3,991 | | 3,336 |
| Total Liabilities | 1,364,259 | 617,918 | 83 | \$238,987 |
| NET ASSETS | | | | |
| Held in Trust for: | | | | |
| Employee Pension Benefits | 9,726,761 | | | |
| Postemployment Healthcare Benefits | 199,163 | | | |
| External Investment Pool Participants | | 1,069,252 | | |
| Trust Beneficiaries | | | 90,969 | |
| Total Net Assets | \$9,925,924 | \$1,069,252 | \$90,969 | |

Pension Trust funds report resources held in trust for the members and beneficiaries of employee benefit plans. To learn more about the different funds combined in this column, turn to the combining financial statements (CAFR pages 130-131) and the Notes to the Financial Statements (CAFR pages 74-79).

The Investment Trust fund reports the portion of the State's investment pools that belongs to other governments, allowing localities to earn income from spare cash until it is needed. To learn more about the different funds combined in this column, turn to the combining financial statements (CAFR page 134) and the Notes to the Financial Statements (CAFR pages 61-70).

Agency funds contain resources held on a temporary, purely custodial basis. Every resource held by these funds is due to be passed along to the individuals or organizations to which it belongs; therefore, assets equal liabilities at all times and there are no net assets.

This statement can be found in the CAFR, page 32.

State of Idaho

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2006

(dollars in thousands)

Agency Funds are not included in this statement because they do not have net assets.

Additions increase the net assets of a fiduciary fund, and include contributions from employers, contributions from employees, and investment earnings.

Deductions reduce net assets and primarily take the form of benefit payments, distributions to participants, and general administrative costs.

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust |
|--|--------------------|---------------------|---|
| ADDITIONS | | | |
| Contributions: | | | |
| Member | \$180,497 | | |
| Employer | 280,418 | | |
| Transfers In from Other Plans | 6,246 | | |
| Participant Deposits | | \$2,199,724 | \$25,195 |
| Total Contributions | 467,161 | 2,199,724 | 25,195 |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | 803,441 | (44,428) | 1,374 |
| Interest, Dividends, and Other | 270,192 | 43,678 | 3,890 |
| Securities Lending Income | | 689 | |
| Less: Investment Expense | | | |
| Investment Activity Expense | (41,316) | (439) | |
| Securities Lending Expense | | (190) | |
| Net Investment Income | 1,032,317 | (690) | 5,264 |
| Miscellaneous Income | 1,666 | | |
| Total Additions | 1,501,144 | 2,199,034 | 30,459 |
| DEDUCTIONS | | | |
| Benefits and Refunds Paid to Plan Members | 433,074 | | |
| Transfers Out to Other Plans | 4,041 | | |
| Administrative Expense | 7,395 | | 473 |
| Earnings Distribution | | 37,146 | |
| Participant Withdrawals | | 2,247,219 | 8,184 |
| Total Deductions | 444,510 | 2,284,365 | 8,657 |
| Change in Net Assets Held in Trust for: | | | |
| Employee Pension Benefits | 1,040,924 | | |
| Employee Postemployment Healthcare Benefits | 15,710 | | |
| External Investment Pool Participants | | (85,331) | |
| Trust Beneficiaries | | | 21,802 |
| Net Assets - Beginning of Year | 8,869,290 | 1,154,583 | 69,167 |
| Net Assets - End of Year | \$9,925,924 | \$1,069,252 | \$90,969 |

With the data in this statement, as well as the Notes (CAFR pages 74-79) and the required supplementary information (CAFR page 102), you can begin to assess the fiscal health of the pension plan. Are the assets growing or declining? How much are the earnings from investments? Is the State making the necessary contributions as an employer? This column includes several Pension Trust funds. To find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR pages 132-133).

This statement can be found in the CAFR, page 33.

Discretely presented component units are legally separate from the State but are financially accountable to the State, or their relationship with the State is such that their exclusion would cause the State's financial statement to be misleading or incomplete. For more information on the discretely presented component units, see CAFR pages 39-41.

**Statement of Net Assets
Component Units
June 30, 2006
(dollars in thousands)**

| | Idaho Housing and Finance Association | College and University Foundation |
|---|--|--|
| ASSETS | | |
| Current Assets | | |
| Cash with Treasurer | | |
| Cash and Cash Equivalents | \$26,964 | \$19,789 |
| Investments | 214,213 | 12,135 |
| Accounts Receivable, Net | | 9,829 |
| Inventories and Prepaid Items | | 10 |
| Due from Primary Government | | 548 |
| Loans and Notes Receivable, Net | 217,065 | 53 |
| Other Current Assets | 14,194 | 1,435 |
| Total Current Assets | 472,436 | 43,799 |
| Noncurrent Assets | | |
| Restricted Cash and Cash Equivalents | | 16,123 |
| Investments | 379,951 | 281,415 |
| Restricted Investments | | 782 |
| Due from Primary Government | | 3,451 |
| Loans and Notes Receivable, Net | 736,821 | 871 |
| Other Noncurrent Assets | | 2,096 |
| Capital Assets, Net | 6,228 | 30,615 |
| Total Noncurrent Assets | 1,123,000 | 335,353 |
| Total Assets | \$1,595,436 | \$379,152 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | | \$335 |
| Unearned Revenue | | 2,974 |
| Amounts Held in Trust for Others | \$8,861 | 13,788 |
| Due to Primary Government | | 832 |
| Other Accrued Liabilities | 69,311 | 48 |
| Bonds and Notes Payable | 114,240 | 4,285 |
| Policy Claim Liabilities | | |
| Total Current Liabilities | 192,412 | 22,262 |
| Noncurrent Liabilities | | |
| Amounts Held in Trust for Others | | 8,790 |
| Due to Primary Government | | 84,672 |
| Bonds and Notes Payable | 1,215,400 | 23,015 |
| Policy Claim Liabilities | | |
| Total Noncurrent Liabilities | 1,215,400 | 116,477 |
| Total Liabilities | 1,407,812 | 138,739 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 6,228 | 10,739 |
| Restricted for: | | |
| Debt Service | 142,740 | |
| Permanent Trust - Expendable | | 69,376 |
| Permanent Trust - Nonexpendable | | 171,947 |
| Unrestricted | 38,656 | (11,649) |
| Total Net Assets | 187,624 | 240,413 |
| Total Liabilities and Net Assets | \$1,595,436 | \$379,152 |

Assets are presented in order of how readily they can be converted to cash. Cash is the most liquid; capital assets are least liquid.

Due from Primary Government is amounts due to the component unit from the major programs of the State.

Most capital assets are shown at their original purchase/construction cost, less annual depreciation charges accumulated over time. More information on capital assets and depreciation can be found in the Notes (CAFR page 74).

Liabilities are shown in order of maturity or when cash is expected to be used to pay them.

The Notes provide information about the major types of long-term liabilities, purpose of liability, a schedule that shows beginning and ending balances, and how major categories of liabilities have changed during the previous year (CAFR pages 85-91).

Restricted net assets include resources subject to restrictions placed on them by external parties such as creditors, grantors, or contributors.

Unrestricted net assets may be used at the component unit's discretion.

Total assets - total liabilities = total net assets
\$1,595,436 - \$1,407,812 = \$187,624

This statement can be found in the CAFR, pages 34 and 35.

| Petroleum Clean Water Trust | Health Reinsurance | Bond Bank Authority | Life and Health Insurance Guaranty | Total |
|--|-------------------------------|--------------------------------|---|--------------|
| \$986 | | | | \$986 |
| 2,328 | \$873 | | \$817 | 50,771 |
| 4,279 | | \$1 | 7,209 | 237,837 |
| 356 | 100 | | | 10,285 |
| | 456 | | | 466 |
| | | 960 | | 548 |
| | | 1,669 | 36 | 218,078 |
| | | | | 17,334 |
| 7,949 | 1,429 | 2,630 | 8,062 | 536,305 |
| | | | | 16,123 |
| 26,076 | 12,540 | | | 699,982 |
| | | | | 782 |
| | | 26,999 | | 3,451 |
| | | | | 764,691 |
| | | | | 2,096 |
| | | | | 36,843 |
| 26,076 | 12,540 | 26,999 | | 1,523,968 |
| \$34,025 | \$13,969 | \$29,629 | \$8,062 | \$2,060,273 |
| | \$63 | | \$11 | \$409 |
| | 11,243 | | 9 | 14,226 |
| | | | | 22,649 |
| | | | | 832 |
| \$90 | 456 | \$1,089 | 339 | 71,333 |
| | | 960 | | 119,485 |
| 2,136 | 2,207 | | 7 | 4,350 |
| 2,226 | 13,969 | 2,049 | 366 | 233,284 |
| | | | | 8,790 |
| | | | | 84,672 |
| | | 27,537 | | 1,265,952 |
| 5,048 | | | | 5,048 |
| 5,048 | | 27,537 | | 1,364,462 |
| 7,274 | 13,969 | 29,586 | 366 | 1,597,746 |
| | | | | 16,967 |
| | | | | 142,740 |
| | | | | 69,376 |
| | | | | 171,947 |
| 26,751 | | 43 | 7,696 | 61,497 |
| 26,751 | 0 | 43 | 7,696 | 462,527 |
| \$34,025 | \$13,969 | \$29,629 | \$8,062 | \$2,060,273 |

Balances between the primary government and discretely presented component units are reported on a separate line.

The majority of this amount is assets held in trust by the University of Idaho Foundation for the University of Idaho.

This statement can be found in the CAFR, pages 34 and 35.

State of Idaho

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Component Units

For the Fiscal Year Ended June 30, 2006

(dollars in thousands)

This statement reports the details of the component units' activities for the fiscal year. In contrast, the Component Unit Statement of Net Assets reports data at a single point in time--the end of the fiscal year.

| | Idaho Housing and Finance Association | College and University Foundation | Petroleum Clean Water Trust | Health Reinsurance |
|--|--|--|--|-------------------------------|
| OPERATING REVENUES | | | | |
| Licenses, Permits, and Fees | \$8,233 | | \$99 | |
| Sale of Goods and Services | | \$70 | | \$3,179 |
| Grants and Contributions | | 49,333 | | |
| Investment Income | 78,064 | 2,412 | | |
| Other Income | 1,730 | 1,054 | 2 | |
| Total Operating Revenues | 88,027 | 52,869 | 101 | 3,179 |
| OPERATING EXPENSES | | | | |
| Personnel Costs | 6,433 | 1,341 | | |
| Services and Supplies | 3,794 | 2,549 | 1,383 | 280 |
| Benefits, Awards, and Premiums | 715 | 45,565 | 2,718 | 5,219 |
| Interest Expense | 59,414 | 21 | | |
| Depreciation | 475 | 326 | | |
| Other Expenses | 71 | 223 | | |
| Total Operating Expenses | 70,902 | 50,025 | 4,101 | 5,499 |
| Operating Income (Loss) | 17,125 | 2,844 | (4,000) | (2,320) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Payment from State of Idaho | | 590 | | 2,133 |
| Investment Income | | 13,707 | 519 | 188 |
| Interest Expense | | (993) | | (1) |
| Gain (Loss) on Sale of Capital Assets | | 2,552 | | |
| Other Nonoperating Revenues (Expenses) | 155 | 9,939 | | |
| Total Nonoperating Revenues (Expenses) | 155 | 25,795 | 519 | 2,320 |
| Income (Loss) Before Contributions | 17,280 | 28,639 | (3,481) | |
| Contributions to Permanent Endowments | | 85 | | |
| Change in Net Assets | 17,280 | 28,724 | (3,481) | |
| Total Net Assets - Beginning of Year, as Restated | 170,344 | 211,689 | 30,232 | |
| Total Net Assets - End of Year | \$187,624 | \$240,413 | \$26,751 | \$0 |

This statement can be found in the CAFR, pages 36 and 37.

| Life and Health | | |
|--------------------------------|-------------------------------|--------------|
| Bond Bank Authority | Insurance Guaranty | Total |
| | | \$8,332 |
| | \$110 | 3,359 |
| | | 49,333 |
| \$1,087 | | 81,563 |
| | 30 | 2,816 |
| 1,087 | 140 | 145,403 |
| | | |
| | 84 | 7,858 |
| | 93 | 8,099 |
| | 63 | 54,280 |
| 1,093 | | 60,528 |
| | | 801 |
| | 446 | 740 |
| 1,093 | 686 | 132,306 |
| (6) | (546) | 13,097 |
| | | |
| | | 2,723 |
| | 183 | 14,597 |
| | | (994) |
| | | 2,552 |
| | | 10,094 |
| | 183 | 28,972 |
| (6) | (363) | 42,069 |
| | | 85 |
| (6) | (363) | 42,154 |
| 49 | 8,059 | 420,373 |
| \$43 | \$7,696 | \$462,527 |

Operating revenues include fees and charges received for providing goods or services to customers in the course of the component unit's principal ongoing activity.

Operating expenses are the costs paid for goods or services in the course of the component unit's principal ongoing activity.

This line shows whether the operating revenues generated were sufficient to cover expenses.

Nonoperating revenues (expenses) represent nonexchange transactions and those transactions outside the course of the component unit's principal ongoing activity.

This line indicates the financial sustainability of the activities. A loss would indicate that an activity is not supporting itself and must use resources accumulated from the past, push costs off to the future, or utilize some other financing method to cover costs.

This statement can be found in the CAFR, pages 36 and 37.

The information in a budgetary comparison schedule can help you judge the State's compliance with its budget and assess the State's fiscal management capacity.

The original budget includes the original adopted budget and legally authorized adjustments made before the beginning of the fiscal year. The final budget includes the original budget with all changes made subsequent to the start of the year.

State of Idaho

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2006**

(dollars in thousands)

| | General | | | |
|--|----------------------------|-------------------------|---|---|
| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| REVENUES | | | | |
| Sales Tax | \$1,066,453 | \$1,066,453 | \$1,066,453 | - |
| Individual and Corporate Taxes | 1,637,094 | 1,637,094 | 1,637,094 | - |
| Other Taxes | 62,772 | 62,772 | 62,772 | - |
| Licenses, Permits, and Fees | 16,812 | 16,812 | 16,812 | - |
| Sale of Goods and Services | 30,468 | 30,468 | 30,468 | - |
| Grants and Contributions | 2,845 | 2,845 | 2,845 | - |
| Investment Income | 36,861 | 36,861 | 36,861 | - |
| Tobacco Settlement | 21,253 | 21,253 | 21,253 | - |
| Other Income | 9,238 | 9,238 | 9,238 | - |
| Total Revenues | 2,883,796 | 2,883,796 | 2,883,796 | - |
| EXPENDITURES | | | | |
| General Government | 632,078 | 637,149 | 598,529 | \$38,620 |
| Public Safety and Correction | 204,506 | 214,780 | 210,760 | 4,020 |
| Health and Human Services | 28,802 | 28,802 | 28,802 | - |
| Education | 1,466,125 | 1,470,185 | 1,444,449 | 25,736 |
| Economic Development | 26,635 | 26,205 | 21,937 | 4,268 |
| Natural Resources | 35,713 | 47,401 | 34,475 | 12,926 |
| Total Expenditures | \$2,393,859 | \$2,424,522 | 2,338,952 | \$85,570 |
| Revenues Over (Under) Expenditures | | | 544,844 | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | | | 104 | |
| Transfers In | | | 130,406 | |
| Transfers Out | | | (759,776) | |
| Total Other Financing Sources (Uses) | | | (629,266) | |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | (84,422) | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | (164,094) | |
| Changes Affected by Accrued Expenditures | | | 497,025 | |
| Fund Balances - Beginning of Year | | | 537,540 | |
| Fund Balances - End of Year | | | \$786,049 | |

The State does not adopt a formal revenue budget; therefore, the original, final, and actual budget amounts are the same.

Notice that the final budget is more than the original budget. The final budget amounts include the original budget plus supplemental appropriations, transfers, and other legally adopted adjustments to the original budget. See CAFR page 100 and the Legal Basis Financial Report at www.sco.idaho.gov for more information on the State's budget.

This section reconciles the above cash basis revenue and expenditures with the modified accrual basis used in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR pages 22 and 23).

The Idaho Constitution prohibits expenditures exceeding the final approved budget. This last column is obtained by subtracting actual expenditures from the final budget amount. A positive figure indicates the program stayed within its budget.

| Health and Welfare | | | | Transportation | | | |
|--------------------|--------------------|--------------------------------|----------------------------|------------------|------------------|--------------------------------|----------------------------|
| Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| \$1,722 | \$1,722 | \$1,722 | - | \$214,666 | \$214,666 | \$214,666 | - |
| 3,853 | 3,853 | 3,853 | - | 113,518 | 113,518 | 113,518 | - |
| 75,931 | 75,931 | 75,931 | - | 3,645 | 3,645 | 3,645 | - |
| 1,024,034 | 1,024,034 | 1,024,034 | - | 264,796 | 264,796 | 264,796 | - |
| 408 | 408 | 408 | - | 3,981 | 3,981 | 3,981 | - |
| 3,324 | 3,324 | 3,324 | - | 270 | 270 | 270 | - |
| 1,109,272 | 1,109,272 | 1,109,272 | | 600,876 | 600,876 | 600,876 | |
| 1,615,865 | 1,606,182 | 1,564,832 | \$41,350 | 725,102 | 732,422 | 612,035 | \$120,387 |
| <u>\$1,615,865</u> | <u>\$1,606,182</u> | <u>1,564,832</u> | <u>\$41,350</u> | <u>\$725,102</u> | <u>\$732,422</u> | <u>612,035</u> | <u>\$120,387</u> |
| | | (455,560) | | | | (11,159) | |
| | | 260 | | | | 6,930 | |
| | | 467,678 | | | | | |
| | | (198) | | | | (15,796) | |
| | | <u>467,740</u> | | | | <u>(8,866)</u> | |
| | | 12,180 | | | | (20,025) | |
| | | 74,729 | | | | 10,159 | |
| | | (87,148) | | | | (5,833) | |
| | | <u>2,547</u> | | | | <u>120,927</u> | |
| | | <u>\$2,308</u> | | | | <u>\$105,228</u> | |

This statement can be found in the CAFR, pages 98 and 99.

