

A Reader's Guide

Understanding Idaho's Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2004

A basic understanding of the State's financial statements is essential for anyone connected with 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 make sound financial and economic decisions. 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 4 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, governments focus on providing services. 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 help 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, including all of the governmental funds, proprietary funds, long-term debt, and capital assets. The government-wide statements do not include the fiduciary funds, which account for resources the government manages on behalf of others. Fiduciary fund resources 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). The Statement of Activities contains information about the costs of providing public services (expenses) and resources obtained to finance services (revenues) during the current fiscal year. These statements provide comprehensive information about the entire State, 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 Petroleum Clean Water Trust Fund, the Idaho Life and Health Insurance Guaranty Association, and the College and University Foundations.

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 information and do not include long-term information such as long-term debt or capital assets.

The governmental fund financial statements include the Balance Sheet (CAFR pages 20-21) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (CAFR pages 24-25). The governmental fund statements also include reconciliations that identify the differences between the fund and government-wide statements (CAFR pages 23 and 26).

- *Proprietary funds* report the activities the State operates like a business. These funds charge fees 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 28-29); Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR pages 30-31); and Statement of Cash Flows (CAFR pages 32-33).
- *Fiduciary funds* account for resources the State manages or holds on behalf of others. 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 36) and the Statement of Changes in Fiduciary Net Assets (CAFR page 37).

Notes to the Financial Statements

The notes to the financial statements (CAFR pages 38-77) 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 2-4) provides reasonable assurance about whether financial statements are free of material misstatement. After thorough evaluation, 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.
- *The Management's Discussion and Analysis* (MD&A on CAFR pages 5-12) gives an objective and easily readable 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 Statistical Section* (CAFR pages 125-142) provides information that helps readers understand the health of 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 a government'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:

- **Sales Tax Revenue** – The Legislature authorized a temporary one percent sales tax increase during the 2003 Legislative session. Sales taxes of \$1,039 million for 2004, along with other state tax revenues, are presented on pages 16 and 17 of the CAFR. The temporary one-percent sales tax increase is scheduled to expire on June 30, 2005. The legislature approved a modest spending plan, leaving the largest possible ending balance to help offset the impact from the sunset of the temporary sales tax increase. Management's Discussion and

Analysis has more detail about sales tax legislation on CAFR pages 10 and 12. You can see how Idaho's taxes compare to the other 50 states and Washington, D.C., on page 137 in the Statistical Section of the CAFR.

- **Budgetary Compliance** – *Idaho Code* generally 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 80 and 81. Comparisons between budget and actual amounts for the nonmajor special revenue and permanent funds are on CAFR pages 94 to 101. More detailed budget information can also be found in the Notes to the Financial Statements on CAFR pages 43 and 44 and in the Legal Basis Financial Report available online at www.sco.state.id.us.
- **Health and Human Services Spending** – Medicaid programs accounted for over half of the 2004 Health and Human Services \$1,507 million expenditures. Medicaid assists those who are unable to pay for medical and dental services because of youth, old age, pregnancy, or disability. You can see Health and Human Services revenue and expenditures on CAFR pages 16, 17, and 24. The Health and Human Services budget is discussed in the transmittal letter in the CAFR on page viii and within Management's Discussion and Analysis on pages 8-10.
- **Education Spending** – 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 and 17 that education expenses (for kindergarten through 12th grade only) were over \$1,287 million in fiscal year 2004. You can also see that colleges and universities spent \$699 million in fiscal year 2004. Looking a bit further, you can see that colleges and universities generated revenues (about \$479 million--primarily tuition and federal grants) that offset their expenses, leaving net expenses of \$220 million. K through 12 education has less capacity to generate revenues, only \$200 million, leaving net expenses of \$1,087 million to be supported by general revenues. More detailed college and university financial statements can be found on CAFR pages 28-33.
- **Endowment Funds** – The Public School and Pooled Endowment Funds support education. These funds are called *permanent funds*, because the resources of these funds cannot be spent. The endowment funds' earnings go mostly to public schools and colleges and universities. The endowment funds are addressed in several parts of the CAFR, e.g., the transmittal letter page viii; the financial statements on pages 20-25; and the Notes to the Financial Statements on pages 42, 44, 47, 48, 51, 52, 56, 74, and 75. Legislation passed in fiscal year 2001 required the General Fund to make up losses suffered by the Public School Endowment Fund. Legislation passed in 2004 extended the initial timeframe to make up losses from four to ten years. Greater detail about the legislation is on CAFR page 75.
- **Unemployment Benefits** – The Unemployment Compensation fund provides unemployment benefit payments and is self-supported through employer assessments, federal grants, and interest earnings (CAFR pages 28-33). The recent economic downturn has led to increased payments, and cash reserves have been used to meet increased expenses. Additional employment data may be found on Schedules 9, 10 and 11 of the Statistical Section (CAFR page 128-130) and on pages 8 and 9 of the Citizen's Financial Report, available online at www.sco.state.id.us.
- **PERSI** – If you are a public employer or public employee, you may be interested in the pension trust funds information. At \$8 billion, the PERSI fund balance is one of the largest balances in the financial statements. The pension trust funds are part of the fiduciary funds found on pages 22 and 23 of this Reader's Guide, but they are not included in the government-wide statements shown on pages 4 and 5 of this Reader's Guide. Fiduciary funds account for resources the State manages or hold on behalf of others, which are not available to support the State's programs; therefore the pension trust funds and other fiduciary funds will not be found on the government-wide statements. Additional detail about the pension trust funds can be found in the Notes to the Financial Statements (CAFR pages 59-64) or within the combining financial statements (CAFR pages 114-117).

State of Idaho

Statement of Net Assets
June 30, 2004

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 for goods and services provided.

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.

Deferred 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, a schedule that shows 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 Constitution or legislation are listed separately as "restricted" to show that the assets 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. Unrestricted net assets also reflect non-liquid assets, such as inventories and receivables.

Total assets - total liabilities = total net assets \$6,616,857,816 - \$1,224,963,739 = \$5,391,894,077.

ASSETS

Cash Equity with Treasurer	\$583,670,808
Cash and Cash Equivalents	24,581,925
Investments	886,135,769
Securities Lending Collateral	542,371,174
Accounts Receivable, Net	52,212,136
Taxes Receivable, Net	269,911,909
Internal Balances	(1,796,793)
Due from Other Entities	154,187,684
Due from Primary Government	
Due from Component Unit	
Inventories and Prepaid Items	34,455,458
Loans and Notes Receivable, Net	6,765,781
Other Assets	6,542,276
Investment Held in Trust by Others	
Restricted Assets:	
Cash and Cash Equivalents	30,980,072
Investments	57,275,852
Capital Assets:	
Nondepreciable	3,242,227,588
Depreciable, Net	727,336,177
Total Assets	\$6,616,857,816

LIABILITIES

Accounts Payable	\$88,806,056
Medicaid Payable	134,608,924
Due to Other Entities	10,875
Due to Primary Government	
Deferred Revenue	30,759,694
Deposits	7,376,509
Obligations Under Securities Lending	542,371,174
Other Accrued Liabilities	85,548,560
Long-Term Liabilities:	
Due Within One Year	61,708,483
Due in More Than One Year	273,773,464
Total Liabilities	1,224,963,739

NET ASSETS

Invested in Capital Assets, Net of Related Debt	3,755,317,061
Restricted for:	
Claims and Judgments	20,154,476
Debt Service	63,641,322
Intergovernmental Revenue Sharing	42,313,022
Transportation	124,757,680
Regulatory	42,723,970
Natural Resources and Recreation	69,148,427
Unemployment Compensation	
Permanent Trust - Expendable	63,291,875
Permanent Trust - Nonexpendable	733,118,235
Other Purposes	71,113,899
Unrestricted	406,314,110
Total Net Assets	5,391,894,077
Total Liabilities and Net Assets	\$6,616,857,816

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

Business-Type Activities provide services that primarily rely upon 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 columns 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.

Government Business-Type Activities	Total	Component Units		
		Petroleum Clean Water Trust Fund	Life and Health Insurance Guaranty	College and University Foundation
\$72,066,304	\$655,737,112			
171,970,915	196,552,840	\$4,196,000	\$6,125,670	\$19,073,873
164,955,493	1,051,091,262	31,046,558	2,358,157	245,249,669
	542,371,174			
107,137,170	159,349,306	550,842		
	269,911,909			
1,796,793				
	154,187,684			
		4,000,000		
1,812,278	1,812,278			
14,809,060	49,264,518			1,405,914
132,976,137	139,741,918			1,514,123
11,314,245	17,856,521		13,555	17,660,397
71,171,461	71,171,461			
88,982,630	119,962,702			8,728,082
27,744,183	85,020,035			831,355
113,093,741	3,355,321,329			22,791,018
598,553,968	1,325,890,145		496	11,888,542
\$1,578,384,378	\$8,195,242,194	\$39,793,400	\$8,497,878	\$329,142,973
\$25,735,528	\$114,541,584		\$401,116	\$1,120,042
	134,608,924			
	10,875			
				1,812,278
19,318,385	50,078,079		9,154	2,190,580
2,846,207	10,222,716			84,267,485
	542,371,174			
42,206,939	127,755,499	\$194,447		5,736,345
30,997,920	92,706,403	1,597,000	9,003	5,271,759
324,415,119	598,188,583	6,075,066		39,857,098
445,520,098	1,670,483,837	7,866,513	419,273	140,255,587
411,159,218	4,166,476,279		496	14,804,536
	20,154,476			
	63,641,322			
	42,313,022			
	124,757,680			
	42,723,970			
193,984,051	263,132,478			39,388,019
227,721,137	227,721,137			139,322,648
38,660,950	101,952,825			
71,174,313	804,292,548			
25,000,000	96,113,899			
165,164,611	571,478,721	31,926,887	8,078,109	(4,627,817)
1,132,864,280	6,524,758,357	31,926,887	8,078,605	188,887,386
\$1,578,384,378	\$8,195,242,194	\$39,793,400	\$8,497,878	\$329,142,973

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, fees, grants, and contributions. These categories show where the revenues come from to pay for programs. 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, 2004

FUNCTIONS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$504,727,017	\$288,591,903	\$45,690,495	\$2,750,808
Public Safety and Correction	241,549,586	22,911,684	14,113,266	393,000
Health and Human Services	1,507,864,893	71,502,602	1,041,272,171	
Education	1,287,879,326	9,287,789	191,510,197	32,300
Economic Development	600,340,895	198,642,807	313,774,263	
Natural Resources	186,594,242	123,613,521	177,755,527	107,963
Interest Expense	16,556,080			
Total Governmental Activities	4,345,512,039	714,550,306	1,784,115,919	3,284,071
Business-Type Activities				
College and University	699,673,755	250,416,666	205,408,963	23,832,542
Unemployment Compensation	164,949,796	130,789,263	5,207,457	
Loan	913,068	6,077,120	11,396,566	
Nonmajor Enterprise Funds	166,628,253	199,855,661		
Total Business-Type Activities	1,032,164,872	587,138,710	222,012,986	23,832,542
Total Primary Government	\$5,377,676,911	\$1,301,689,016	\$2,006,128,905	\$27,116,613
Component Units				
Petroleum Clean Water Trust Fund	\$2,510,039	\$1,336,330		
Life and Health Insurance Guaranty	577,285	248,170		
College and University Foundation	50,000,525		\$61,618,192	
Total Component Units	\$53,087,849	\$1,584,500	\$61,618,192	

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 \$1,507 million. The State raised \$71 million from charges for services, and received \$1,041 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 \$395 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 costs of the functions above. General revenues are categorized to enhance comparability among financial statements for different years.

- General Revenues**
 - Sales Tax
 - Individual and Corporate Taxes
 - Fuel Tax
 - Other Taxes
 - Tobacco Settlement
 - Grants Not Restricted to Specific Programs
 - Unrestricted Investment Earnings
- Transfers**
- Total General Revenues and Transfers**
- Change in Net Assets**
- Net Assets - Beginning of Year, as Restated**
- Net Assets - End of Year**

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

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Petroleum Clean Water Trust Fund	Life and Health Insurance Guaranty	College and University Foundation	
						Are programs self supporting?
(\$167,693,811)		(\$167,693,811)				The last six columns are 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 financed with taxes 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.
(204,131,636)		(204,131,636)				
(395,090,120)		(395,090,120)				
(1,087,049,040)		(1,087,049,040)				
(87,923,825)		(87,923,825)				
114,882,769		114,882,769				
(16,556,080)		(16,556,080)				
(1,843,561,743)		(1,843,561,743)				
	(\$220,015,584)	(220,015,584)				
	(28,953,076)	(28,953,076)				
	16,560,618	16,560,618				
	33,227,408	33,227,408				
	(199,180,634)	(199,180,634)				
(1,843,561,743)	(199,180,634)	(2,042,742,377)				
			(\$1,173,709)			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 \$444 million, and business-type activities net assets increased by \$27 million.
				(\$329,115)		
					\$11,617,667	
			(1,173,709)	(329,115)	11,617,667	
1,039,745,939		1,039,745,939				
991,520,441		991,520,441				
215,096,062		215,096,062				
182,605,549		182,605,549				
23,004,019		23,004,019				
50,007,484		50,007,484				
12,019,873		12,019,873				
(226,193,456)	226,193,456					
2,287,805,911	226,193,456	2,513,999,367				
444,244,168	27,012,822	471,256,990	(1,173,709)	(329,115)	11,617,667	
4,947,649,909	1,105,851,458	6,053,501,367	33,100,596	8,407,720	177,269,719	
\$5,391,894,077	\$1,132,864,280	\$6,524,758,357	\$31,926,887	\$8,078,605	\$188,887,386	

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

State of Idaho

**Balance Sheet
Governmental Funds
June 30, 2004**

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 generally on short-term, rather than long-term, assets and liabilities.

General

ASSETS

Governmental funds present current financial resources; there are no capital assets or long-term debt. Current financial resources are generally turned into cash or consumed within a year.

Cash Equity with Treasurer	\$219,120,152
Cash and Cash Equivalents	486,227
Investments	26,071,652
Securities Lending Collateral	477,559,054
Accounts Receivable, Net	12,594,789
Taxes Receivable, Net	245,724,526
Interfund Receivables	529,103
Due from Other Entities	
Inventories and Prepaid Items	5,013,750
Loans and Notes Receivable, Net	
Other Assets	104,862
Restricted Assets:	
Cash and Cash Equivalents	
Investments	
Total Assets	<u><u>\$987,204,115</u></u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	\$27,042,591
Medicaid Payable	
Interfund Payables	215,039
Due to Other Entities	
Deferred Revenue	95,534,495
Deposits	650,715
Obligations Under Securities Lending	477,559,054
Other Accrued Liabilities	15,620,481
Total Liabilities	<u><u>616,622,375</u></u>

Fund Balances

Reserved fund balances are the portion of a governmental fund's balance that is not actually available for spending by the following period's budget.

Reserved for:	
Bond Retirement	
Encumbrances	27,696,732
Inventories and Prepaid Items	5,013,750
Noncurrent Receivables	301,499
Permanent Trusts	
Other Purposes	
Unreserved, Reported in:	
General Fund	337,569,759
Special Revenue Funds	
Permanent Funds	

Total Fund Balances	<u>370,581,740</u>
Total Liabilities and Fund Balances	<u><u>\$987,204,115</u></u>

This statement can be found in the CAFR, pages 20 and 21.

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 89-93.

Health and Welfare	Transportation	Public School Endowment	Pooled Endowment	Nonmajor Special Revenue	Total
\$25,000,763	\$86,625,690	\$83,847	\$2,421	\$193,984,315	\$524,817,188
100,475	2,144,706	7,069,726	3,361,110	9,835,885	22,998,129
1,660,446	41,699,166	505,697,757	240,420,223	39,733,031	855,282,275
		43,927,830	20,884,290		542,371,174
12,394,845	3,148,299	11,537,583	5,485,229	6,711,742	51,872,487
154,322	21,257,375			2,775,686	269,911,909
15,350	6,275			2,854,253	3,404,981
111,479,409	22,363,300			20,344,975	154,187,684
3,036,535	13,602,495			10,478,795	32,131,575
				6,765,781	6,765,781
16,234	345,294	1,098,694	522,344	739,142	2,826,570
3,736,694				27,243,378	30,980,072
296,891				56,978,961	57,275,852
\$157,891,964	\$191,192,600	\$569,415,437	\$270,675,617	\$378,445,944	\$2,554,825,677
\$13,715,724	\$18,524,083	\$8,803,836	\$4,185,535	\$16,467,507	\$88,739,276
134,608,924					134,608,924
2,012,604	394,770	508,329	241,671	2,520,709	5,893,122
				10,875	10,875
7,158,371	6,215,267			16,197,316	125,105,449
2,538,849	1,500,289			2,616,900	7,306,753
		43,927,830	20,884,290		542,371,174
9,942,243	39,800,511			16,381,331	81,744,566
169,976,715	66,434,920	53,239,995	25,311,496	54,194,638	985,780,139
				63,641,322	63,641,322
600,177	13,727,195			17,445,574	59,469,678
3,036,535	13,602,495			10,478,795	32,131,575
				7,944,394	8,245,893
		516,096,688	245,364,121		761,460,809
4,033,586				19,454,339	23,487,925
					337,569,759
(19,755,049)	97,427,990			205,286,882	282,959,823
		78,754			78,754
(12,084,751)	124,757,680	516,175,442	245,364,121	324,251,306	1,569,045,538
\$157,891,964	\$191,192,600	\$569,415,437	\$270,675,617	\$378,445,944	\$2,554,825,677

This statement can be found in the CAFR, pages 20 and 21.

Reconciliation of the Governmental Funds Balance Sheet

**To the Statement of Net Assets
June 30, 2004**

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.

Total Fund Balances - Governmental Funds

\$1,569,045,538

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	\$881,903,842	<div style="border: 1px solid black; padding: 5px;"> <p>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.</p> </div>
Construction in Progress	625,146,831	
Infrastructure	2,188,822,174	
Historical Art and Collections	2,022,602	
Buildings and Improvements	451,371,143	
Improvements Other than Buildings	32,270,335	
Machinery, Equipment, and Other	281,950,048	
Accumulated Depreciation	(497,257,677)	
Total Capital Assets	3,966,229,298	

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. 104,325,230

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. 50,948,957

Bonds issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 3,459,819

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	(2,907,276)	<div style="border: 1px solid black; padding: 5px;"> <p>The governmental fund balance sheet does not report long-term liabilities; the government-wide Statement of Net Assets does.</p> </div>
Compensated Absences Payable	(40,563,337)	
Bonds and Notes Payable	(211,031,230)	
Accrued Interest on Bonds	(3,109,197)	
Claims and Judgments	(44,128,960)	
Other Long-Term Liabilities	(374,765)	
Total Long-Term Liabilities	(302,114,765)	

Net Assets - Governmental Activities

\$5,391,894,077

The governmental funds total fund balance of \$1,569 million (see CAFR page 21) reconciles to the \$5,391.8 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 23.

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, 2004**

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, such as sales tax or individual taxes.

REVENUES

	General	Health and Welfare	Transportation
Sales Tax	\$1,035,648,340		
Individual and Corporate Taxes	997,453,573		
Other Taxes	62,735,096	\$1,630,834	\$209,122,418
Licenses, Permits, and Fees	29,846,320	4,324,505	102,840,206
Sale of Goods and Services	69,043,410	68,276,715	4,640,781
Grants and Contributions	58,221,332	1,035,863,913	228,365,446
Investment Income	13,190,646	171,060	1,465,366
Tobacco Settlement	22,848,142		
Other Income	25,505,119	4,522,433	1,085,887
Total Revenues	2,314,491,978	1,114,789,460	547,520,104

EXPENDITURES

Current:

General Government	87,253,039		
Public Safety and Correction	175,894,772		
Health and Human Services	18,495,329	1,450,240,278	
Education	1,094,457,881		
Economic Development	17,334,040		120,971,306
Natural Resources	31,461,984		
Capital Outlay	86,259,594	6,343,743	263,040,815
Debt Service	7,874,779	2,096	
Intergovernmental Revenue Sharing	151,256,611	35,512,008	142,128,762
Total Expenditures	1,670,288,029	1,492,098,125	526,140,883
Revenues Over (Under) Expenditures	644,203,949	(377,308,665)	21,379,221

OTHER FINANCING SOURCES (USES)

Bonds and Notes Issued			
Discount on Bonds Issued			
Sale of Capital Assets	151,723	17,226	5,791,338
Transfers In	139,220,927	364,927,452	
Transfers Out	(634,782,656)	(22,079)	(14,956,585)
Total Other Financing Sources (Uses)	(495,410,006)	364,922,599	(9,165,247)
Net Change in Fund Balances	148,793,943	(12,386,066)	12,213,974
Fund Balances - Beginning of Year, as Restated	221,787,797	301,315	112,543,706
Fund Balances - End of Year	\$370,581,740	(\$12,084,751)	\$124,757,680

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

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.

This statement can be found in the CAFR, pages 24 and 25.

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 (CAFR pages 92 and 93).



Public School Endowment	Pooled Endowment	Nonmajor Special Revenue	Total
		\$4,800,000	\$1,040,448,340
			997,453,573
		124,461,460	397,949,808
		103,311,537	240,322,568
\$46,848,006	\$17,044,637	46,437,988	252,291,537
		393,972,137	1,716,422,828
77,157,301	36,609,418	7,123,859	135,717,650
			22,848,142
		16,544,336	47,657,775
124,005,307	53,654,055	696,651,317	4,851,112,221
		35,622,705	122,875,744
		43,522,694	219,417,466
			1,468,735,607
		185,028,113	1,279,485,994
		169,006,752	307,312,098
10,849,844	5,084,659	116,372,876	163,769,363
		80,488,628	436,132,780
		8,252,616	16,129,491
		56,800,620	385,698,001
10,849,844	5,084,659	695,095,004	4,399,556,544
113,155,463	48,569,396	1,556,313	451,555,677
		64,795,000	64,795,000
		(863,315)	(863,315)
17,315		931,611	6,909,213
		49,032,548	553,180,927
(37,750,000)	(17,355,000)	(74,416,961)	(779,283,281)
(37,732,685)	(17,355,000)	39,478,883	(155,261,456)
75,422,778	31,214,396	41,035,196	296,294,221
440,752,664	214,149,725	283,216,110	1,272,751,317
\$516,175,442	\$245,364,121	\$324,251,306	\$1,569,045,538

Health and Welfare 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 in the governmental fund Balance Sheet.

This statement can be found in the CAFR, pages 24 and 25.

This reconciliation shows the reasons that the net changes in fund balances on the governmental fund 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 (see previous page).

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, 2004

Net Change in Fund Balances - Governmental Funds

\$296,294,221

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	\$233,984,849	
Depreciation Expense	<u>(35,830,090)</u>	198,154,759

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. (1,226,930)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 6,724,753

Bond proceeds provide 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 proceeds were received:

Bond Proceeds	(64,795,000)	
Discount on Bonds Issued	<u>863,315</u>	(63,931,685)

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 consist of:

Capital Leases	511,339	
Bond Principal	5,638,795	
Bond Issue Costs	<u>1,165,698</u>	7,315,832

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. In the current year, these amounts consist of:

Accrued Interest	(1,529,849)	
Compensated Absences	(1,074,595)	
Other Long-Term Liabilities	<u>(915,406)</u>	(3,519,850)

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. 4,433,068

Change in Net Assets - Governmental Activities

Internal service funds are reported in proprietary fund statements because they are operated like a business and charge state agencies a price for goods and services in order to recoup their costs. The nature of their activity of providing essential support and administrative services to other parts of state government merits inclusion with the governmental activities in the government-wide statements.

\$444,244,168

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

This statement can be found in the CAFR, page 26.

State of Idaho
Statement of Net Assets
Proprietary Funds
June 30, 2004

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 for those outside of state government. Enterprise funds and business-type activities on the government-wide Statement of Net Assets are synonymous.

		Business-Type Activities--		
		College and	Unemployment	
		University	Compensation	Loan
ASSETS				
Current Assets				
	Cash Equity with Treasurer	\$34,844,205	\$922,973	\$3,849,731
	Cash and Cash Equivalents	66,294,962	105,444,406	
	Investments	20,802,338	4,512,367	
	Accounts Receivable, Net	62,889,837	42,344,905	
	Interfund Receivables	1,534,833		
	Due From Component Unit	1,812,278		
	Inventories and Prepaid Items	5,285,359		
	Loans and Notes Receivable, Net	4,256,772		5,112,161
	Other Current Assets	2,614,472	657,735	1,638,310
	Total Current Assets	200,335,056	153,882,386	10,600,202
Noncurrent Assets				
	Restricted Cash and Cash Equivalents	8,992,588		79,990,042
	Investments	62,574,098	74,793,826	
	Restricted Investments	27,744,183		
	Investments Held in Trust by Others	71,171,461		
	Loans and Notes Receivable, Net	19,840,530		103,766,674
	Other Long-Term Assets	5,892,971		
	Capital Assets, Net	701,359,322		4,922,011
	Total Noncurrent Assets	897,575,153	74,793,826	188,678,727
	Total Assets	\$1,097,910,209	\$228,676,212	\$199,278,929
LIABILITIES				
Current Liabilities				
	Accounts Payable	\$19,275,673	\$955,075	
	Interfund Payables			
	Deferred Revenue	19,296,819		
	Deposits	2,846,207		
	Other Accrued Liabilities	39,105,648		\$372,731
	Capital Leases Payable	801,014		
	Compensated Absences Payable	18,726,038		136
	Bonds and Notes Payable	10,556,988		80,000
	Policy Claim Liabilities			
	Total Current Liabilities	110,608,387	955,075	452,867
Noncurrent Liabilities				
	Capital Leases Payable	5,025,885		
	Bonds and Notes Payable	314,556,555		4,785,000
	Policy Claim Liabilities			
	Total Noncurrent Liabilities	319,582,440		4,785,000
	Total Liabilities	430,190,827	955,075	5,237,867
NET ASSETS				
	Investment in Capital Assets, Net of Related Debt	405,836,910		57,011
	Restricted for:			
	Claims and Judgments			
	Environmental Loans			193,984,051
	Unemployment Compensation		227,721,137	
	Permanent Trust-Expendable	38,660,950		
	Permanent Trust-Nonexpendable	71,174,313		
	Other Purposes			
	Unrestricted	152,047,209		
	Total Net Assets	667,719,382	227,721,137	194,041,062
	Total Liabilities and Net Assets	\$1,097,910,209	\$228,676,212	\$199,278,929

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 38-77) and the Required Supplementary Information (CAFR Pages 83 and 84).

Additional details on long-term liabilities can be found in the Notes to the Financial Statements (CAFR Pages 38-77).

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

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 104).

Enterprise Funds		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$32,449,395	\$72,066,304	\$58,853,620	
231,547	171,970,915	1,583,796	
	25,314,705	1,755,503	
1,902,428	107,137,170	339,649	
292,982	1,827,815	698,546	
	1,812,278		
9,523,701	14,809,060	2,323,883	
	9,368,933		
510,757	5,421,274	255,887	
44,910,810	409,728,454	65,810,884	
	88,982,630		
2,272,864	139,640,788	29,097,991	
	27,744,183		
	71,171,461		
	123,607,204		
	5,892,971		
5,366,376	711,647,709	3,334,467	
7,639,240	1,168,686,946	32,432,458	
\$52,550,050	\$1,578,415,400	\$98,243,342	
\$5,504,780	\$25,735,528	\$66,780	
31,022	31,022	7,198	
21,566	19,318,385	9,979,475	
	2,846,207	69,756	
2,728,560	42,206,939	694,797	
53,400	854,414	367,015	
780,344	19,506,518	642,728	
	10,636,988		
		6,345,253	
9,119,672	121,136,001	18,173,002	
47,679	5,073,564	292,090	
	319,341,555		
		28,829,293	
47,679	324,415,119	29,121,383	
9,167,351	445,551,120	47,294,385	
5,265,297	411,159,218	2,675,362	
		20,154,476	
	193,984,051		
	227,721,137		
	38,660,950		
	71,174,313		
25,000,000	25,000,000		
13,117,402	165,164,611	28,119,119	
43,382,699	1,132,864,280	50,948,957	
\$52,550,050	\$1,578,415,400	\$98,243,342	

Internal service funds are included with governmental activities in the government-wide statements.

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 Revenue Expenditures, and Changes in Fund Net Assets (CAFR page 31).

State of Idaho

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

Proprietary Funds

For the Fiscal Year Ended June 30, 2004

Proprietary funds report the finances of activities the State operates like a business. Proprietary activities charge a fee to the 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		\$126,266,673		
Licenses, Permits, and Fees (net scholarship allowances of \$48,091,805)	\$31,964,024		\$166,717	\$2,200
Student Fees Pledged for Revenue Bonds	120,060,230			
Sale of Goods and Services	17,681,689		4,229,161	199,367,937
Sale of Goods and Services Pledged for Revenue Bonds	63,649,679			
Grants and Contributions	180,015,875	5,207,457	11,396,566	
Other Income	9,474,110		158	148,264
Total Operating Revenues	422,845,607	131,474,130	15,792,602	199,518,401
OPERATING EXPENSES				
Personnel Costs	431,056,462		3,152	10,956,553
Services and Supplies	165,053,074		748,051	67,978,330
Benefits, Awards, and Premiums	39,419,747	164,948,295		64,733,231
Depreciation	38,138,850		137,040	1,396,969
Other Expenses	12,367,334	1,501	21,325	21,526,890
Total Operating Expenses	686,035,467	164,949,796	909,568	166,591,973
Operating Income (Loss)	(263,189,860)	(33,475,666)	14,883,034	32,926,428
NONOPERATING REVENUES (EXPENSES)				
Gifts	25,393,088			
Investment Income	7,586,934	4,520,359	1,681,084	239,267
Interest Expense	(12,645,862)		(3,500)	
Gain (Loss) on Sale of Capital Assets	(992,426)			59,938
Other Nonoperating Revenues (Expenses)		2,231		1,775
Total Nonoperating Revenues (Expenses)	19,341,734	4,522,590	1,677,584	300,980
Income (Loss) Before Contributions and Transfers	(243,848,126)	(28,953,076)	16,560,618	33,227,408
Capital Contributions	23,832,542			
Transfers In	260,549,973		3,420,000	
Transfers Out	(2,822,301)	(6,159,216)		(28,795,000)
Change in Net Assets	37,712,088	(35,112,292)	19,980,618	4,432,408
Total Net Assets - Beginning of Year, as Restated	630,007,294	262,833,429	174,060,444	38,950,291
Total Net Assets - End of Year	\$667,719,382	\$227,721,137	\$194,041,062	\$43,382,699

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 comprised in this column, turn to the combining financial statements (CAFR page 105).

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

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

Governmental Activities

Internal Service Funds

Total	Service Funds
\$126,266,673	
32,132,941	
120,060,230	
221,278,787	\$170,519,568
63,649,679	
196,619,898	187,519
9,622,532	106,804
769,630,740	170,813,891

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

442,016,167	11,122,874
233,779,455	9,075,058
269,101,273	133,146,463
39,672,859	1,273,757
33,917,050	2,057,418
1,018,486,804	156,675,570
(248,856,064)	14,138,321

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 revenues generated were sufficient to cover expenses.

25,393,088	
14,027,644	1,338,154
(12,649,362)	(62,438)
(932,488)	(136,089)
4,006	11,040
25,842,888	1,150,667

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

(223,013,176)	15,288,988
23,832,542	
263,969,973	
(37,776,517)	(91,102)
27,012,822	15,197,886
1,105,851,458	35,751,071
\$1,132,864,280	\$50,948,957

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 find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR page 109).

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

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004**

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

**College and
University**

Operating activities relate to providing services and the production and sales of goods.	CASH FLOWS FROM OPERATING ACTIVITIES	
	Receipts from Assessments	\$225,359,681
	Receipts from Customers	
	Receipts from Interfund Services	
	Receipts from Grants and Contributions	180,015,875
	Payments to Suppliers	(166,810,775)
	Payments to Employees	(431,789,455)
	Payments for Interfund Services	
	Payments for Benefits, Awards, and Claims	(36,507,001)
	Other Receipts (Payments)	(2,893,224)
	Net Cash Provided (Used) by Operating Activities	<u>(232,624,899)</u>
Noncapital financing activities relate to grants, transfers, and borrowing money for purposes other than buying or building capital assets.	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
	Gifts, Grants, and Endowments Received	25,393,088
	Transfers In	260,549,973
	Transfers Out	(2,822,301)
	Interest Paid	(12,645,862)
	Net Cash Provided (Used) by Noncapital Financing Activities	<u>270,474,898</u>
Capital and Related Financing Activities relate to receipt and use of cash for purchase or construction of capital assets.	CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
	Capital Grants and Contributions	23,832,542
	Bonds Issued	40,230,653
	Payment of Bonds	(7,717,022)
	Capital Lease Payments	(637,430)
	Proceeds from Disposition of Capital Assets	
	Acquisition and Construction of Capital Assets	(92,107,073)
	Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(36,398,330)</u>
Investing activities relate to the sale and purchase of and earnings from investments.	CASH FLOWS FROM INVESTING ACTIVITIES	
	Receipt of Interest and Dividends	8,930,382
	Purchase of Investments	(119,208,275)
	Redemption of Investments	107,420,984
	Other Investing Activities	636,986
	Net Cash Provided (Used) by Investing Activities	<u>(2,219,923)</u>
The reconciliation explains the differences between the flows of cash described here and the operating income (loss) reported on an accrual basis in the proprietary funds Statement of Revenues, Expenses and Changes in Fund Net Assets.	Net Increase (Decrease) in Cash and Cash Equivalents	
	Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer	
	Ending Cash, Cash Equivalents, and Cash Equity with Treasurer	
	<u>\$110,131,755</u>	
	Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
	Operating Income (Loss)	(\$263,189,860)
	Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
	Depreciation	38,138,850
	Investment Income	
	Net Changes in Assets and Liabilities:	
Accounts Receivable/Interfund Receivables	(11,368,263)	
Inventories and Prepaid Items	(940,510)	
Notes Receivable		
Other Current Assets	(817,191)	
Accounts Payable/Interfund Payables	(1,527,763)	
Deferred Revenue	4,847,974	
Compensated Absences	(732,993)	
Policy Claim Liabilities		
Bonds and Notes Payable		
Other Accrued Liabilities	2,964,857	
	Net Cash Provided (Used) by Operating Activities	<u><u>(\$232,624,899)</u></u>

Noncash Transactions:

Noncash Transactions: Investments decreased in fair value by \$1,343,448 for colleges, \$3,152,034 for Unemployment Compensation, and \$1,288,872 for internal service funds. Capital assets were donated to colleges in the amount of \$2,249,442. Capital assets were disposed at a loss of \$992,426 for colleges and \$35,360 for nonmajor enterprise funds. Capital assets were acquired by capital lease in the amount of \$166,763 for nonmajor enterprise funds.

This statement can be found in the CAFR, pages 32 and 33.

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 106).

Business-Type Activities			Governmental Activities	
Unemployment Compensation	Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$125,115,865			\$125,115,865	
123,635	\$9,702,356	\$200,168,176	435,353,848	\$19,863,409
	168,524	9,150	177,674	149,417,450
5,207,457	10,983,024		196,206,356	100,383
	(25,129,591)	(72,171,744)	(264,112,110)	(13,916,771)
	(3,236)	(10,921,007)	(442,713,698)	(11,097,174)
(1,200)	(179,084)	(186,214)	(366,498)	(1,704,970)
(171,376,420)		(64,807,759)	(272,691,180)	(137,407,647)
(300)	(19,904)	(19,739,613)	(22,653,041)	34,792
(40,930,963)	(4,477,911)	32,350,989	(245,682,784)	5,289,472
			25,393,088	
	3,420,000		263,969,973	
(6,159,216)		(28,795,000)	(37,776,517)	(91,102)
	(366,493)		(13,012,355)	(23,915)
(6,159,216)	3,053,507	(28,795,000)	238,574,189	(115,017)
			23,832,542	
			40,230,653	
			(7,717,022)	
		(65,684)	(703,114)	(431,630)
2,231		97,993	100,224	(23,752)
		(260,131)	(92,367,204)	(1,182,940)
2,231		(227,822)	(36,623,921)	(1,638,322)
8,130,628	1,681,084	412,414	19,154,508	9,010,101
			(119,208,275)	(1,654,802)
			107,420,984	4,000,000
			636,986	
8,130,628	1,681,084	412,414	8,004,203	11,355,299
(38,957,320)	256,680	3,740,581	(35,728,313)	14,891,432
145,324,699	83,583,093	28,940,361	368,748,162	45,545,984
\$106,367,379	\$83,839,773	\$32,680,942	\$333,019,849	\$60,437,416
(333,475,666)	\$14,883,034	\$32,926,428	(\$248,856,064)	\$14,138,321
	137,040	1,396,969	39,672,859	1,273,757
(334,604)	362,993		28,389	(6,009,336)
(2,768,820)		672,519	(13,464,564)	(187,856)
		372,899	(567,611)	(279,504)
	(18,973,528)		(18,973,528)	
673,584	(464,375)	(284,750)	(892,732)	(930,829)
(4,810,110)		(2,610,231)	(8,948,104)	(132,557)
(215,347)		21,566	4,654,193	1,581,975
	(20)	29,567	(703,446)	25,701
	(60,000)		(60,000)	(4,260,441)
	(363,055)	(173,978)	2,427,824	70,241
(\$40,930,963)	(\$4,477,911)	\$32,350,989	(\$245,682,784)	\$5,289,472

There are several Internal Service Funds. To find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR pages 110-111).

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 32 and 33.

State of Idaho

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

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.

Pension Trust funds report resources held in trust for the members and beneficiaries of employee benefit plans. To learn more about different funds combined in this column, turn to the combining financial statements (CAFR Pages 114-115) and the Notes to the Financial Statements.

	Pension Trust	Joint Exercise of Powers Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash Equity with Treasurer	\$2,368,602	\$423,121,537		\$12,566,090
Cash and Cash Equivalents	1,288,604		\$3,351,390	2,551,767
Investments:				
Pooled Short Term	277,925,767	97,893,397		
Fixed Income Investments	1,980,733,608	228,117,616		154,886,838
Marketable Securities	5,175,359,643			
Mutual Funds and Private Equities	301,783,381		32,526,264	
Mortgages and Real Estate	319,450,840	636,164,470	2,111,699	
Other Investments			9,217,543	3,803,875
Securities Lending Collateral		752,624,760		
Receivables:				
Investments Sold	712,838,249		738	
Contributions	5,401,025			
Interest and Dividends	33,827,745	8,272,499	2,758	8,930,713
Interfund Receivables	1,280,632			
Other Receivables	135,162		23,283	
Other Assets	24,930,718			
Capital Assets, Net	4,550,368			
Total Assets	8,841,874,344	2,146,194,279	47,233,675	182,739,283
LIABILITIES				
Accounts Payable	506,507		20,678	
Interfund Payables	1,280,632			
Due to Other Entities				1,128,205
Deposits				180,111,856
Obligations Under Securities Lending		752,624,760		
Investments Purchased	829,687,740		44,159	
Other Accrued Liabilities	5,742,034	172,374	1,113	1,499,222
Total Liabilities	837,216,913	752,797,134	65,950	\$182,739,283
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	7,839,719,172			
Postemployment Healthcare Benefits	164,938,259			
External Investment Pool Participants		1,393,397,145		
Trust Beneficiaries			47,167,725	
Total Net Assets	\$8,004,657,431	\$1,393,397,145	\$47,167,725	

The Investment Trust fund reports the portion of the State's investment pool that belongs to other governments, allowing localities to earn income from spare cash until it is needed. See the External Investment Pool note for additional information (CAFR pages 52-55).

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 it belongs to; therefore, assets equal liabilities at all times and there are no net assets.

This statement can be found in the CAFR, page 36.

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2004**

With the data in this statement, as well as the Notes and the required supplementary information, 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?

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

	Pension Trust	Joint Exercise of Powers Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	\$148,982,569		
Employer	241,361,608		
Transfers In from Other Plans	3,318,115		
Participant Deposits		\$2,796,546,994	\$21,706,634
Total Contributions	<u>393,662,292</u>	<u>2,796,546,994</u>	<u>21,706,634</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,005,877,085	(19,849,746)	2,205,768
Interest, Dividends, and Other	209,988,383	46,405,699	1,513,110
Securities Lending Income		1,404,132	
Less: Investment Expense			
Investment Activity Expense	(28,824,962)	(241,067)	
Securities Lending Expense		(418,485)	
Net Investment Income	<u>1,187,040,506</u>	<u>27,300,533</u>	<u>3,718,878</u>
Miscellaneous Income	1,634,137		
Total Additions	<u>1,582,336,935</u>	<u>2,823,847,527</u>	<u>25,425,512</u>
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	358,672,415		
Transfers Out to Other Plans	1,976,643		
Administrative Expense	7,028,506		203,570
Earnings Distribution		27,648,423	
Participant Withdrawals		2,711,598,533	4,417,704
Total Deductions	<u>367,677,564</u>	<u>2,739,246,956</u>	<u>4,621,274</u>
Change in Net Assets Held in Trust for:			
Employee Pension Benefits	1,190,043,435		
Employee Postemployment Healthcare Benefits	24,615,936		
External Investment Pool Participants		84,600,571	
Trust Beneficiaries			20,804,238
Net Assets - Beginning of Year	<u>6,789,998,060</u>	<u>1,308,796,574</u>	<u>26,363,487</u>
Net Assets - End of Year	<u>\$8,004,657,431</u>	<u>\$1,393,397,145</u>	<u>\$47,167,725</u>

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.

There are several Pension Trust funds. To find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR pages 116-117).

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.

State of Idaho

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2004**

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.

	General			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$1,028,210,830	\$1,028,210,830	\$1,028,210,830	-
Individual and Corporate Taxes	1,223,822,399	1,223,822,399	1,223,822,399	-
Other Taxes	61,728,063	61,728,063	61,728,063	-
Licenses, Permits, and Fees	15,361,269	15,361,269	15,361,269	-
Sale of Goods and Services	23,638,118	23,638,118	23,638,118	-
Grants and Contributions	58,204,069	58,204,069	58,204,069	-
Investment Income	13,857,086	13,857,086	13,857,086	-
Tobacco Settlement	22,848,142	22,848,142	22,848,142	-
Other Income	8,053,560	8,053,560	8,053,560	-
Total Revenues	2,455,723,536	2,455,723,536	2,455,723,536	
EXPENDITURES				
General Government	609,442,281	611,579,606	540,120,019	\$71,459,587
Public Safety and Correction	187,028,698	186,134,958	181,983,123	4,151,835
Health and Human Services	18,669,024	18,669,024	18,446,356	222,668
Education	1,399,074,954	1,397,578,354	1,355,549,677	42,028,677
Economic Development	23,867,369	24,272,089	22,258,629	2,013,460
Natural Resources	23,810,670	35,443,779	33,750,874	1,692,905
Total Expenditures	\$2,261,892,996	\$2,273,677,810	2,152,108,678	\$121,569,132
Revenues Over (Under) Expenditures			303,614,858	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			151,723	
Transfers In			139,220,927	
Transfers Out			(634,782,656)	
Total Other Financing Sources (Uses)			(495,410,006)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(191,795,148)	
Reconciling Items				
Changes Affected by Accrued Revenues			(141,231,558)	
Changes Affected by Accrued Expenditures			481,820,649	
Fund Balances - Beginning of Year, As Restated			221,787,797	
Fund Balances - End of Year			\$370,581,740	

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 the Legal Basis Financial Report at www.sco.state.id.us 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 page 24).

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

This statement can be found in the CAFR, pages 80 and 81.

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
\$1,661,037	\$1,661,037	\$1,661,037	-	\$210,235,914	\$210,235,914	\$210,235,914	-
4,320,072	4,320,072	4,320,072	-	102,558,863	102,558,863	102,558,863	-
69,649,577	69,649,577	69,649,577	-	3,824,949	3,824,949	3,824,949	-
948,886,170	948,886,170	948,886,170	-	229,370,935	229,370,935	229,370,935	-
228,561	228,561	228,561	-	3,940,065	3,940,065	3,940,065	-
15,031,820	15,031,820	15,031,820	-	545,221	545,221	545,221	-
1,039,777,237	1,039,777,237	1,039,777,237		550,475,947	550,475,947	550,475,947	
1,301,871,185	1,406,626,141	1,390,135,884	\$16,490,257	703,516,106	707,196,290	534,047,834	\$173,148,456
\$1,301,871,185	\$1,406,626,141	1,390,135,884	\$16,490,257	\$703,516,106	\$707,196,290	534,047,834	\$173,148,456
		(350,358,647)				16,428,113	
		17,226				5,791,338	
		364,927,452				(14,956,585)	
		(22,079)				(9,165,247)	
		364,922,599				7,262,866	
		14,563,952				(2,955,843)	
		75,012,223				7,906,951	
		(101,962,241)				112,543,706	
		301,315				\$124,757,680	
		(\$12,084,751)					

This statement can be found in the CAFR, pages 80 and 81.