

# A Reader's Guide

## Understanding Idaho's Comprehensive Annual Financial Report (CAFR) For the Fiscal Year Ended June 30, 2007

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 38-93) 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 103-135) provide more detail for nonmajor governmental, 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 137-164) 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:

- **Sales Tax Revenue** – Sales tax revenues of \$1,296.0 million for 2007 are presented on pages 16 and 17 of the CAFR. The \$234.2 million increase is due mainly to the 1 percent sales tax increase, which began in October 2006 as a result of the Property Tax Relief Act of 2006. MD&A has information about sales tax revenues on CAFR pages 7-8. Additional sales tax data may be found on Schedules 2, 4, 5 and 7 of the Statistical Section (CAFR pages 139, 142-145 and 147).
- **Individual and Corporate Income Tax Revenues** – Income tax revenues of \$1,605.2 million for 2007, along with other state tax revenues, are presented on pages 16-17 of the CAFR. Income tax revenues increased \$176.2 million from the previous fiscal year, which is discussed in the MD&A on CAFR page 8. Additional data may be found on Schedules 2, 4, 5, 6 and 7 of the Statistical Section (CAFR pages 139 and 142-147).
- **Health and Human Services Spending** – Medicaid programs accounted for over half of the 2007 health and human services \$1.7 billion expenses. Medicaid assists those who are unable

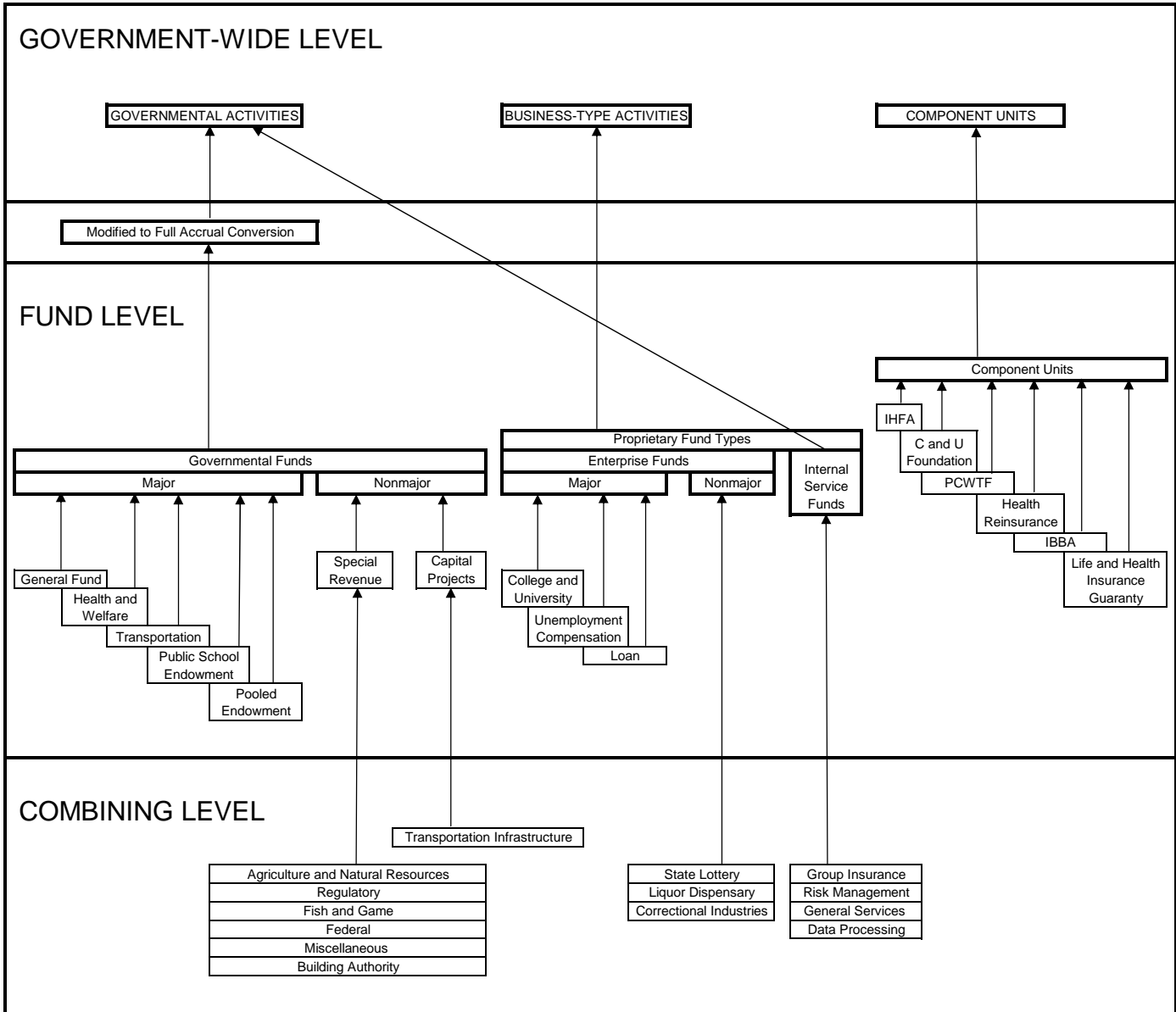
to pay for medical and dental services because of low income, disability, or advanced age. You can see health and human services revenues and expenses on CAFR pages 16-17 and 22-23. More information on health and human services expenses can be found in the MD&A (CAFR page 8). Department of Health and Welfare's budget is discussed in the transmittal letter (CAFR page viii).

- **Education** – Our policy makers debate education spending extensively each year. Education is 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 \$1,691.7 million in fiscal year 2007. You can also see that colleges and universities spent \$815.4 million in fiscal year 2007. Looking a bit further, you can see that colleges and universities generated revenues (over \$609.8 million—primarily from fees and federal grants) that offset their expenses, leaving a net expense of \$205.6 million, which was supported by general revenues. K through 12 education had less capacity to generate revenues, approximately \$234.0 million, leaving a net expense of \$1,457.7 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 \$80.8 million, in part due to an increase of \$34.2 million in capital contributions and \$17.7 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.
- **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 127-131). Net assets for the pension trust funds increased \$1.9 billion in fiscal year 2007. You can see on CAFR pages 130-131 that additions to these funds came from a variety of sources, most significantly: member contributions (\$189.6 million); employer contributions (\$290.0 million); net increase in fair value of investments (\$1.7 billion); and interest, dividends, and other (\$314.3 million). Deductions were primarily for benefits and refunds paid to members (\$473.3 million). At \$11.9 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 72-77).

- **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 96-97. Comparisons between budget and actual amounts for the nonmajor governmental and major permanent funds are on CAFR pages 108-115. Complete details about the budget process can be found in the Legal Basis report available online at [www.sco.idaho.gov](http://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

State of Idaho

Statement of Net Assets

June 30, 2007

(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.

ASSETS

Cash and Cash Equivalents	\$10,603
Pooled Cash and Investments	1,135,814
Investments	1,331,889
Securities Lending Collateral	1,343,114
Accounts Receivable, Net	60,279
Taxes Receivable, Net	330,674
Internal Balances	2,193
Due from Other Entities	213,033
Inventories and Prepaid Items	45,207
Due from Primary Government	
Due from Component Unit	
Loans, Notes, and Pledges Receivable, Net	11,563
Other Assets	8,864
Restricted Assets:	
Cash and Cash Equivalents	298,122
Investments	15,130
Capital Assets:	
Nondepreciable	3,618,365
Depreciable, Net	1,002,988
<b>Total Assets</b>	<b>\$9,427,838</b>

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.

LIABILITIES

Accounts Payable	\$100,932
Payroll and Related Liabilities	27,399
Medicaid Payable	148,701
Due to Other Entities	70,933
Unearned Revenue	49,010
Amounts Held in Trust for Others	10,273
Due to Primary Government	
Due to Component Unit	
Obligations Under Securities Lending	1,343,114
Other Accrued Liabilities	26,645
Long-Term Liabilities:	
Due Within One Year	106,331
Due in More Than One Year	386,090
<b>Total Liabilities</b>	<b>2,269,428</b>

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.

NET ASSETS

Invested in Capital Assets, Net of Related Debt	4,401,792
Restricted for:	
Claims and Judgments	55,839
Debt Service	3,038
Intergovernmental Revenue Sharing	15,353
Transportation	134,457
Regulatory	57,514
Natural Resources and Recreation	78,581
Unemployment Compensation	
Permanent Trust - Expendable	310,591
Permanent Trust - Nonexpendable	1,008,997
Other Purposes	109,126
Unrestricted	983,122

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  
\$9,427,838 - \$2,269,428 = \$7,158,410

Total Net Assets

Total Liabilities and Net Assets

<b>Total Net Assets</b>	<b>7,158,410</b>
<b>Total Liabilities and Net Assets</b>	<b>\$9,427,838</b>

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.

<b>Government</b>		
<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$267,647	\$278,250	\$45,185
64,372	1,200,186	486
324,556	1,656,445	960,289
	1,343,114	
114,476	174,755	1,909
	330,674	
(2,193)	213,033	
18,646	63,853	260
		23,026
89,884	89,884	
196,017	207,580	1,193,803
18,022	26,886	27,600
76,638	374,760	28,922
56,279	71,409	756
162,191	3,780,556	5,316
694,235	1,697,223	7,385
<b>\$2,080,770</b>	<b>\$11,508,608</b>	<b>\$2,294,937</b>
\$24,494	\$125,426	\$633
40,890	68,289	
	148,701	
4,102	75,035	
35,340	84,350	18,678
1,765	12,038	33,925
		89,884
418	418	
	1,343,114	
14,115	40,760	79,966
35,999	142,330	94,531
405,906	791,996	1,481,457
563,029	2,832,457	1,799,074
513,584	4,915,376	7,983
	55,839	
881	3,919	150,116
	15,353	
	134,457	
	57,514	
174,588	253,169	
348,989	348,989	
80,361	390,952	73,922
88,789	1,097,786	189,879
120,272	229,398	162
190,277	1,173,399	73,801
1,517,741	8,676,151	495,863
<b>\$2,080,770</b>	<b>\$11,508,608</b>	<b>\$2,294,937</b>

*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, 2007**  
*(dollars in thousands)*

**Program Revenues**

This column shows the full cost of the program.

**Charges for Services**      **Operating Grants and Contributions**      **Capital Grants and Contributions**

**Expenses**

**FUNCTIONS**

**Primary Government**

Governmental Activities

General Government	\$665,638	\$297,470	\$47,174	\$82
Public Safety and Correction	279,201	30,816	12,653	182
Health and Human Services	1,740,729	93,309	1,152,780	
Education	1,691,654	11,640	222,344	
Economic Development	664,031	239,728	377,672	
Natural Resources	212,732	145,349	237,385	1,217
Interest Expense	32,232			
<b>Total Governmental Activities</b>	<b>5,286,217</b>	<b>818,312</b>	<b>2,050,008</b>	<b>1,481</b>

Business-Type Activities

College and University	815,373	341,823	213,472	54,455
Unemployment Compensation	109,338	191,758	849	
Loan	954	13,942	13,299	
State Lottery	99,307	130,811		
Liquor Dispensary	105,126	120,117		
Correctional Industries	6,852	8,834		
<b>Total Business-Type Activities</b>	<b>1,136,950</b>	<b>807,285</b>	<b>227,620</b>	<b>54,455</b>

**Total Primary Government**

<b>\$6,423,167</b>	<b>\$1,625,597</b>	<b>\$2,277,628</b>	<b>\$55,936</b>
--------------------	--------------------	--------------------	-----------------

**Component Units**

Idaho Housing and Finance Association	\$79,435	\$87,979		
College and University Foundation	62,931	45,677	\$42,325	
Petroleum Clean Water Trust	3,416	1,432		
Health Reinsurance	6,388	3,953		
Bond Bank Authority	1,370	1,346	20	
Life and Health Insurance Guaranty	876	1,538		
<b>Total Component Units</b>	<b>\$154,416</b>	<b>\$141,925</b>	<b>\$42,345</b>	

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

An example of how this statement works: The total cost of the State's Health and Human Services activities was \$1,740.7 million. The State raised \$93.3 million from charges for services, and received \$1,152.8 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 \$494.6 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.*



<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
(\$320,912)		(\$320,912)	
(235,550)		(235,550)	
(494,640)		(494,640)	
(1,457,670)		(1,457,670)	
(46,631)		(46,631)	
171,219		171,219	
(32,232)		(32,232)	
<u>(2,416,416)</u>		<u>(2,416,416)</u>	
	(\$205,623)	(205,623)	
	83,269	83,269	
	26,287	26,287	
	31,504	31,504	
	14,991	14,991	
	1,982	1,982	
	<u>(47,590)</u>	<u>(47,590)</u>	
	<u>(2,416,416)</u>	<u>(2,464,006)</u>	
			\$8,544
			25,071
			(1,984)
			(2,435)
			(4)
			662
			<u>29,854</u>
1,296,040		1,296,040	
1,605,218		1,605,218	
232,025		232,025	
185,748		185,748	
27,328		27,328	
			81
35,430		35,430	
			3,439
<u>(213,699)</u>	213,699		
<u>3,168,090</u>	<u>213,699</u>	<u>3,381,789</u>	<u>3,520</u>
751,674	166,109	917,783	33,374
6,406,736	1,351,632	7,758,368	462,489
<u>\$7,158,410</u>	<u>\$1,517,741</u>	<u>\$8,676,151</u>	<u>\$495,863</u>

Are programs self supporting?

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.

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 \$751.7 million, and business-type activities net assets increased by \$166.1 million.

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

*State of Idaho*

**Balance Sheet  
Governmental Funds  
June 30, 2007**

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.

*(dollars in thousands)*

	General	Health and Welfare
<b>ASSETS</b>		
Cash and Cash Equivalents	\$2	
Pooled Cash and Investments	777,372	\$43,712
Investments	101,874	
Securities Lending Collateral	1,183,732	
Accounts Receivable, Net	16,915	13,906
Taxes Receivable, Net	290,975	162
Interfund Receivables	5,909	12
Due from Other Entities	54	145,279
Inventories and Prepaid Items	6,958	5,104
Loans, Notes, and Pledges Receivable, Net		
Other Assets	69	16
Restricted Assets:		
Cash and Cash Equivalents	69,516	4,883
Investments		2,197
<b>Total Assets</b>	<b>\$2,453,376</b>	<b>\$215,271</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$23,152	\$15,039
Payroll and Related Liabilities	9,472	5,928
Medicaid Payable		148,701
Interfund Payables	807	2,019
Due to Other Entities	40,754	
Deferred Revenue	93,062	8,502
Amounts Held in Trust for Others	335	3,060
Obligations Under Securities Lending	1,183,732	
Other Accrued Liabilities	6,610	2,646
<b>Total Liabilities</b>	<b>1,357,924</b>	<b>185,895</b>
<b>Fund Balances</b>		
Reserved for:		
Bond Retirement		
Encumbrances	34,785	12,139
Inventories and Prepaid Items	6,958	5,104
Noncurrent Receivables	301	
Permanent Trusts	28,094	
Other Purposes	28,770	5,211
Unreserved, Reported in:		
General Fund	996,544	
Special Revenue Funds		6,922
Capital Projects		
Permanent Funds		
<b>Total Fund Balances</b>	<b>1,095,452</b>	<b>29,376</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,453,376</b>	<b>\$215,271</b>

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.

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.

*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 Governmental, turn to the combining financial statements on CAFR pages 104-105.

<b>Transportation</b>	<b>Public School Endowment</b>	<b>Pooled Endowment</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
\$7			\$10,594	\$10,603
71,803	\$3,563	\$14	153,228	1,049,692
24,483	760,213	372,730	36,792	1,296,092
	106,625	52,757		1,343,114
6,423	3,651	5,897	13,469	60,261
36,486			3,051	330,674
			2,662	8,583
32,537			35,163	213,033
15,625			12,625	40,312
498			11,065	11,563
177	847	1,465	1,281	3,855
36,016			187,707	298,122
			12,933	15,130
<b>\$224,055</b>	<b>\$874,899</b>	<b>\$432,863</b>	<b>\$480,570</b>	<b>\$4,681,034</b>
\$27,221	\$4,725	\$2,316	\$27,869	\$100,322
3,429			8,185	27,014
				148,701
233			4,296	7,355
30,173			6	70,933
16,999			17,494	136,057
5,185			1,693	10,273
	106,625	52,757		1,343,114
6,383			5,902	21,541
<b>89,623</b>	<b>111,350</b>	<b>55,073</b>	<b>65,445</b>	<b>1,865,310</b>
			124,023	124,023
20,498			16,369	83,791
15,625			12,625	40,312
			13,287	13,588
	662,501	315,713	2,689	1,008,997
			25,645	59,626
				996,544
98,309			220,462	325,693
			25	25
	101,048	62,077		163,125
<b>134,432</b>	<b>763,549</b>	<b>377,790</b>	<b>415,125</b>	<b>2,815,724</b>
<b>\$224,055</b>	<b>\$874,899</b>	<b>\$432,863</b>	<b>\$480,570</b>	<b>\$4,681,034</b>

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, 2007**

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**

\$2,815,724

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	\$935,071	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	828,831	
Infrastructure	2,470,416	
Historical Art and Collections	72	
Buildings and Improvements	603,098	
Improvements Other than Buildings	46,751	
Machinery, Equipment, and Other	317,896	
Accumulated Depreciation	(596,701)	
<b>Total Capital Assets</b>	<b>4,605,434</b>	

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. 97,918

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. 93,464

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 4,750

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	(11,869)	The governmental fund Balance Sheet does not report long-term liabilities; the government-wide Statement of Net Assets does.
Compensated Absences Payable	(55,947)	
Bonds and Notes Payable	(350,617)	
Accrued Interest on Bonds	(4,908)	
Claims and Judgments	(32,924)	
Other Long-Term Liabilities	(2,615)	
<b>Total Long-Term Liabilities</b>	<b>(458,880)</b>	

**Net Assets - Governmental Activities**

\$7,158,410

The governmental funds total fund balance of \$2,815.7 million (see CAFR page 19) reconciles to the \$7,158.4 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, 2007**

*(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**

	<b>General</b>	<b>Health and Welfare</b>	<b>Transportation</b>
Sales Tax	\$1,295,616		
Individual and Corporate Taxes	1,598,702		
Other Taxes	61,940	\$1,803	\$225,912
Licenses, Permits, and Fees	16,748	4,198	121,171
Sale of Goods and Services	61,675	81,645	5,239
Grants and Contributions	3,484	1,154,387	304,048
Investment Income	41,445	626	4,996
Tobacco Settlement	23,712		
Other Income	31,097	5,269	1,568
<b>Total Revenues</b>	<b>3,134,419</b>	<b>1,247,928</b>	<b>662,934</b>

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	107,474		
Public Safety and Correction	218,437		
Health and Human Services	27,422	1,674,174	
Education	1,466,115		
Economic Development	25,029		163,250
Natural Resources	34,297		
Capital Outlay	107,650	4,959	314,264
Intergovernmental Revenue Sharing	207,654	36,243	136,094
Debt Service:			
Principal Retirement	131		2,426
Interest and Other Charges	4,709		6,766
<b>Total Expenditures</b>	<b>2,198,918</b>	<b>1,715,376</b>	<b>622,800</b>
<b>Revenues Over (Under) Expenditures</b>	<b>935,501</b>	<b>(467,448)</b>	<b>40,134</b>

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			
Payment to Refunded Bond Escrow Agent			
Sale of Capital Assets	352	63	5,678
Transfers In	165,914	494,595	
Transfers Out	(792,364)	(142)	(16,608)
<b>Total Other Financing Sources (Uses)</b>	<b>(626,098)</b>	<b>494,516</b>	<b>(10,930)</b>
<b>Net Change in Fund Balances</b>	<b>309,403</b>	<b>27,068</b>	<b>29,204</b>
<b>Fund Balances - Beginning of Year</b>	<b>786,049</b>	<b>2,308</b>	<b>105,228</b>
<b>Fund Balances - End of Year</b>	<b>\$1,095,452</b>	<b>\$29,376</b>	<b>\$134,432</b>

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

Several funds make up the Nonmajor Governmental column. To see greater detail of the individual funds summarized in this column, turn to the combining financial statements on CAFR pages 106 and 107.

Public School Endowment	Pooled Endowment	Nonmajor Governmental	Total
		\$4,800	\$1,300,416
			1,598,702
		128,108	417,763
		131,106	273,223
\$45,781	\$30,991	51,305	276,636
		422,180	1,884,099
108,152	53,087	17,411	225,717
			23,712
		27,604	65,538
153,933	84,078	782,514	6,065,806
		43,884	151,358
		51,437	269,874
		267	1,701,863
		217,139	1,683,254
		180,160	368,439
15,338	6,010	130,534	186,179
		66,768	493,641
		61,430	441,421
		9,846	12,403
		14,101	25,576
15,338	6,010	775,566	5,334,008
138,595	78,068	6,948	731,798
		155,463	155,463
		6,533	6,533
		(4,765)	(4,765)
		973	7,066
5,429	2,029	45,308	713,275
(24,648)	(11,197)	(83,282)	(928,241)
(19,219)	(9,168)	120,230	(50,669)
119,376	68,900	127,178	681,129
644,173	308,890	287,947	2,134,595
\$763,549	\$377,790	\$415,125	\$2,815,724

All 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.*





**State of Idaho**

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 Revenues, Expenditures, and Changes in Fund Balances (CAFR page 23).

**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, 2007**

*(dollars in thousands)*

**Net Change in Fund Balances - Governmental Funds**

\$681,129

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	\$286,904	
Depreciation Expense	(48,403)	
	238,501	238,501

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. (17,754)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 7,070

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	(155,463)	
Premium on Bonds Issued	(6,533)	
	(161,996)	(161,996)

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	11,449	
Bond Issue Costs	1,400	
Refunding Bond Payment	4,765	
Capital Leases	966	
	18,580	18,580

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	(1,248)	
Compensated Absences	(391)	
Other Long-Term Liabilities	17	
	(1,622)	(1,622)

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. (12,234)

**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).

\$751,674

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

**State of Idaho**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2007**  
*(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.

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 and 70-72) and the Required Supplementary Information (CAFR pages 99-100).

Additional details on noncurrent (long-term) liabilities can be found in the Notes to the Financial Statements (CAFR pages 45 and 83-88).

	<b>Business-Type Activities--Enterprise Funds</b>		
	<b>College and University</b>	<b>Unemployment Compensation</b>	<b>Loan</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$89,875	\$177,772	
Pooled Cash and Investments	26,990	1,954	\$16,519
Investments	34,729		
Accounts Receivable, Net	48,139	62,005	
Interfund Receivables	2,899	119	
Inventories and Prepaid Items	6,293		
Due from Component Unit	1,095		
Loans, Notes, and Pledges Receivable, Net	4,477		6,877
Other Current Assets	701	786	4,083
<b>Total Current Assets</b>	<b>215,198</b>	<b>242,636</b>	<b>27,479</b>
<b>Noncurrent Assets</b>			
Restricted Cash and Cash Equivalents	1,078		38,332
Investments	180,864	108,963	
Restricted Investments	8,853		47,426
Due from Component Unit	88,789		
Loans, Notes, and Pledges Receivable, Net	20,248		164,415
Other Noncurrent Assets	12,171		
Capital Assets, Net	822,445		28,927
<b>Total Noncurrent Assets</b>	<b>1,134,448</b>	<b>108,963</b>	<b>279,100</b>
<b>Total Assets</b>	<b>\$1,349,646</b>	<b>\$351,599</b>	<b>\$306,579</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$13,742	\$2,610	\$47
Payroll and Related Liabilities	40,433		
Interfund Payables	5,312		
Due to Other Entities			\$11
Unearned Revenue	18,463		16,820
Amounts Held in Trust for Others	1,765		
Due to Component Unit	418		
Other Accrued Liabilities	8,025		294
Capital Leases Payable	410		
Capital Leases Payable to Component Unit	255		
Compensated Absences Payable	17,628		
Bonds and Notes Payable	14,973		1,980
Policy Claim Liabilities			
<b>Total Current Liabilities</b>	<b>121,424</b>	<b>2,610</b>	<b>19,152</b>
<b>Noncurrent Liabilities</b>			
Capital Leases Payable	959		
Capital Leases Payable to Component Unit	2,917		
Bonds and Notes Payable	393,935		8,095
Policy Claim Liabilities			
<b>Total Noncurrent Liabilities</b>	<b>397,811</b>		<b>8,095</b>
<b>Total Liabilities</b>	<b>519,235</b>	<b>2,610</b>	<b>27,247</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	489,678		18,852
Restricted for:			
Claims and Judgments			
Debt Service			881
Permanent Trust - Expendable	80,361		
Permanent Trust - Nonexpendable	88,789		
Other Purposes			85,011
Unrestricted	171,583	348,989	174,588
<b>Total Net Assets</b>	<b>830,411</b>	<b>348,989</b>	<b>279,332</b>
<b>Total Liabilities and Net Assets</b>	<b>\$1,349,646</b>	<b>\$351,599</b>	<b>\$306,579</b>

*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 118).

<b>Governmental Activities</b>		
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
	\$267,647	\$86,122
\$18,909	64,372	
	34,729	
4,332	114,476	18
436	3,454	971
12,353	18,646	4,895
	1,095	
	11,354	
281	5,851	259
36,311	521,624	92,265
	76,638	
37,228	289,827	35,797
	56,279	
	88,789	
	184,663	
	12,171	
5,054	856,426	15,919
42,282	1,564,793	51,716
\$78,593	\$2,086,417	\$143,981
\$8,095	\$24,494	\$610
457	40,890	385
335	5,647	6
4,091	4,102	
57	35,340	10,871
	1,765	
	418	
5,796	14,115	196
	410	181
	255	
753	18,381	682
	16,953	104
		10,343
19,584	162,770	23,378
	959	159
	2,917	
	402,030	3,562
		23,418
	405,906	27,139
19,584	568,676	50,517
5,054	513,584	11,913
		55,839
	881	
	80,361	
	88,789	
35,261	120,272	
18,694	713,854	25,712
59,009	1,517,741	93,464
\$78,593	\$2,086,417	\$143,981

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 122).

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, 2007

(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
<b>OPERATING REVENUES</b>				
Assessments		\$181,352		
Licenses, Permits, and Fees	\$114,055		\$556	
Student Fees Pledged for Revenue Bonds	144,471			
Scholarship Allowances	(43,775)			
Sale of Goods and Services	26,994		1,472	\$258,410
Sale of Goods and Services Pledged for Revenue Bonds	71,770		908	
Grants and Contributions	171,001	849	13,299	
Grants and Contributions Pledged for Revenue Bonds	2,935			
Investment Income	190		5,674	
Other Income	6,197			96
Other Income Pledged for Revenue Bonds	1,636			
<b>Total Operating Revenues</b>	<b>495,474</b>	<b>182,201</b>	<b>21,909</b>	<b>258,506</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	495,353			12,756
Services and Supplies	200,429		503	91,593
Benefits, Awards, and Premiums	43,019	109,338		78,876
Depreciation	44,140		138	552
Other Expenses	14,325		19	3,617
<b>Total Operating Expenses</b>	<b>797,266</b>	<b>109,338</b>	<b>660</b>	<b>187,394</b>
<b>Operating Income (Loss)</b>	<b>(301,792)</b>	<b>72,863</b>	<b>21,249</b>	<b>71,112</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Gifts and Grants	39,536			
Investment Income	14,742	10,403	5,332	1,214
Investment Income Pledged for Revenue Bonds	5,296			
Interest Expense	(17,494)		(294)	
Intergovernmental Distributions				(23,891)
Gain (Loss) on Sale of Capital Assets	(613)			
Other Nonoperating Revenues (Expenses)	247	3		42
<b>Total Nonoperating Revenues (Expenses)</b>	<b>41,714</b>	<b>10,406</b>	<b>5,038</b>	<b>(22,635)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(260,078)</b>	<b>83,269</b>	<b>26,287</b>	<b>48,477</b>
Capital Contributions	54,455			
Transfers In	286,513		6,500	
Transfers Out	(6)	(10,645)	(22,071)	(46,592)
<b>Change in Net Assets</b>	<b>80,884</b>	<b>72,624</b>	<b>10,716</b>	<b>1,885</b>
<b>Total Net Assets - Beginning of Year, as Restated</b>	<b>749,527</b>	<b>276,365</b>	<b>268,616</b>	<b>57,124</b>
<b>Total Net Assets - End of Year</b>	<b>\$830,411</b>	<b>\$348,989</b>	<b>\$279,332</b>	<b>\$59,009</b>

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 119).

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
\$181,352	
114,611	
144,471	
(43,775)	
286,876	\$191,120
72,678	
185,149	22
2,935	
5,864	
6,293	1,739
1,636	
958,090	192,881
508,109	11,399
292,525	19,811
231,233	177,625
44,830	1,360
17,961	2,765
1,094,658	212,960
(136,568)	(20,079)
39,536	
31,691	6,987
5,296	
(17,788)	(424)
(23,891)	
(613)	15
292	
34,523	6,578
(102,045)	(13,501)
54,455	
293,013	1,267
(79,314)	
166,109	(12,234)
1,351,632	105,698
\$1,517,741	\$93,464

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 123).

**Statement of Cash Flows  
Proprietary Funds  
for the Fiscal Year Ended June 30, 2007**  
(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.

	<b>Business- College and University</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Assessments	
Receipts from Customers	\$308,724
Receipts from Interfund Services	
Receipts from Grants and Contributions	173,893
Payments to Suppliers	(189,885)
Payments to Employees	(489,912)
Payments for Interfund Services	
Payments for Benefits, Awards, and Claims	(44,145)
Other Receipts (Payments)	(4,659)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(245,984)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Gifts, Grants, and Endowments Received	35,840
Intergovernmental Distributions	
Transfers In	286,513
Transfers Out	(6)
Interest Paid	
Other Receipts (Payments)	(200)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>322,147</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Grants and Contributions	38,558
Bonds Issued	94,246
Payment of Notes and Bonds	(10,369)
Payment of Interest	(17,526)
Capital Lease Payments	(690)
Proceeds from Disposition of Capital Assets	
Acquisition and Construction of Capital Assets	(88,616)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>15,603</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipt of Interest and Dividends	14,999
Purchase of Investments	(359,559)
Redemption of Investments	271,838
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(72,722)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash</b>	<b>19,044</b>
<b>Beginning Cash, Cash Equivalents, and Pooled Cash</b>	<b>98,899</b>
<b>Ending Cash, Cash Equivalents, and Pooled Cash</b>	<b>\$117,943</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	(\$301,792)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	44,194
Maintenance Costs Paid by Department of Public Works	59
Net Changes in Assets and Liabilities:	
Accounts Receivable/Interfund Receivables	922
Inventories and Prepaid Items	132
Notes Receivable	(193)
Other Current Assets	4,744
Accounts Payable/Interfund Payables	2,259
Unearned Revenue	
Compensated Absences	275
Policy Claim Liabilities	
Other Accrued Liabilities	3,416
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$245,984)</b>
<b>Noncash Transactions (dollars in thousands):</b> Investments increased in fair value by \$4,216 for the college and universities, \$424 for Unemployment Compensation, \$405 for the Loan fund and \$422 for internal services funds. Colleges and universities acquired capital assets through donation in the amount of \$32,555, state transfers in the amount of \$1,488, and disposed of capital assets at a loss of \$136. Colleges and universities defeased debt in the amount of \$43,341. Internal service funds acquired capital assets by capital lease in the amount of \$269 and entered into a sale-leaseback transaction in the amount of \$42 for equipment.	

Operating activities relate to providing services and the production and sales of goods.

Noncapital financing activities relate to grants, transfers, and borrowing money for purposes other than buying or building capital assets.

Capital and related financing activities relate to receipt and use of cash for purchase or construction of capital assets.

Investing activities relate to the sale, purchase, and earnings from investments.

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.

Noncash transactions are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets or in the Statement of Cash Flows.

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 120).

Type Activities--Enterprise Funds			Governmental Activities	
Unemployment Compensation	Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$165,266			\$165,266	
	\$7,708	\$258,038	574,470	\$246
	380	56	436	191,754
849	13,299		188,041	22
	(25,209)	(96,472)	(311,566)	(21,784)
		(12,638)	(502,550)	(11,404)
	(26)	(224)	(250)	(2,452)
(109,061)		(75,581)	(228,787)	(179,867)
	(21)		(4,680)	287
57,054	(3,869)	73,179	(119,620)	(23,198)
			35,840	
		(24,607)	(24,607)	
	6,500		293,013	1,267
(10,645)	(22,071)	(46,592)	(79,314)	
	(294)		(294)	(202)
			(200)	
(10,645)	(15,865)	(71,199)	224,438	1,065
			38,558	
			94,246	
	(1,965)		(12,334)	(89)
			(17,526)	
			(690)	(195)
3		42	45	15
	(35)	(812)	(89,463)	(653)
3	(2,000)	(770)	12,836	(922)
9,768	4,921	1,215	30,903	6,545
(27,500)	(3,057)		(390,116)	(1,685)
			271,838	
(17,732)	1,864	1,215	(87,375)	4,860
28,680	(19,870)	2,425	30,279	(18,195)
151,046	74,721	53,712	378,378	104,317
\$179,726	\$54,851	\$56,137	\$408,657	\$86,122
\$72,863	\$21,249	\$71,112	(\$136,568)	(\$20,079)
	138	552	44,884	1,360
			59	
(16,091)		(3,248)	(18,417)	52
		(1,860)	(1,728)	(1,755)
	(24,146)		(24,339)	
	(1,044)	(79)	3,621	(1)
282	47	3,235	5,823	17
	(97)	52	(45)	(557)
		70	345	(8)
				(2,241)
	(16)	3,345	6,745	14
\$57,054	(\$3,869)	\$73,179	(\$119,620)	(\$23,198)

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 124-125).

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, 2007**

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
<b>ASSETS</b>				
Cash and Cash Equivalents	\$2,046		\$165	\$5,431
Pooled Cash and Investments	2,673			27,766
Investments:				
Pooled Short Term	499,245	\$409,735	7,918	
Fixed Income Investments	2,603,413	784,251		214,605
Marketable Securities	7,598,278			
Mutual Funds and Private Equities	727,363		100,527	
Mortgages and Real Estate	666,047	52,015		
Other Investments			14,701	8,121
Securities Lending Collateral		711,206		
Receivables:				
Investments Sold	1,103,980		11	
Contributions	4,040			
Interest and Dividends	43,947	6,239	32	70
Interfund Receivables	1,705			
Other Receivables	130		63	
Other Assets	35,126			
Capital Assets, Net	2,691			
<b>Total Assets</b>	<b>13,290,684</b>	<b>1,963,446</b>	<b>123,417</b>	<b>\$255,993</b>
<b>LIABILITIES</b>				
Accounts Payable	248	45	78	
Payroll and Related Liabilities				\$6,009
Interfund Payables	1,705			
Due to Other Entities				712
Amounts Held in Trust for Others				246,440
Obligations Under Securities Lending		711,206		
Investments Purchased	1,425,333		47	
Other Accrued Liabilities	10,085	5,481		2,832
<b>Total Liabilities</b>	<b>1,437,371</b>	<b>716,732</b>	<b>125</b>	<b>\$255,993</b>
<b>NET ASSETS</b>				
Held in Trust for:				
Employee Pension Benefits	11,619,822			
Postemployment Healthcare Benefits	233,491			
External Investment Pool Participants		1,246,714		
Trust Beneficiaries			123,292	
<b>Total Net Assets</b>	<b>\$11,853,313</b>	<b>\$1,246,714</b>	<b>\$123,292</b>	

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 128-129) and the Notes to the Financial Statements (CAFR pages 72-77).

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 132) and the Notes to the Financial Statements (CAFR pages 61-68).

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, 2007**

(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
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Member	\$189,587		
Employer	289,992		
Transfers In from Other Plans	8,512		
Participant Deposits		\$2,089,831	\$30,413
<b>Total Contributions</b>	<b>488,091</b>	<b>2,089,831</b>	<b>30,413</b>
<b>Investment Income:</b>			
Net Increase (Decrease) in Fair Value of Investments	1,658,445	10,846	9,234
Interest, Dividends, and Other	314,324	41,125	3,764
Securities Lending Income		709	
Less Investment Expense:			
Investment Activity Expense	(48,933)	(646)	
<b>Net Investment Income</b>	<b>1,923,836</b>	<b>52,034</b>	<b>12,998</b>
Miscellaneous Income	1,782		
<b>Total Additions</b>	<b>2,413,709</b>	<b>2,141,865</b>	<b>43,411</b>
<b>DEDUCTIONS</b>			
Benefits and Refunds Paid to Plan Members	473,259		
Transfers Out to Other Plans	6,258		
Administrative Expense	6,803		647
Earnings Distribution		48,915	
Participant Withdrawals		1,915,488	10,441
<b>Total Deductions</b>	<b>486,320</b>	<b>1,964,403</b>	<b>11,088</b>
<b>Change in Net Assets Held in Trust for:</b>			
Employee Pension Benefits	1,893,061		
Employee Postemployment Healthcare Benefits	34,328		
External Investment Pool Participants		177,462	
Trust Beneficiaries			32,323
<b>Net Assets - Beginning of Year</b>	<b>9,925,924</b>	<b>1,069,252</b>	<b>90,969</b>
<b>Net Assets - End of Year</b>	<b>\$11,853,313</b>	<b>\$1,246,714</b>	<b>\$123,292</b>

With the data in this statement, as well as the Notes (CAFR pages 72-77) and the required supplementary information (CAFR page 100), 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 130-131).

*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 statements 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, 2007  
(dollars in thousands)**

	<b>Idaho Housing and Finance Association</b>	<b>College and University Foundation</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$26,322	\$15,086
Pooled Cash and Equivalents		
Investments	174,627	12,148
Accounts Receivable, Net		1,900
Inventories and Prepaid Items		9
Due from Primary Government	17,440	673
Loans, Notes, and Pledges Receivable, Net	170,186	3,299
Other Current Assets	23,599	420
<b>Total Current Assets</b>	<b>412,174</b>	<b>33,535</b>
<b>Noncurrent Assets</b>		
Restricted Cash and Cash Equivalents		28,922
Investments	403,346	316,660
Restricted Investments		756
Due from Primary Government	1,741	3,172
Loans, Notes, and Pledges Receivable, Net	975,788	7,500
Other Noncurrent Assets		2,096
Capital Assets, Net	6,056	6,645
<b>Total Noncurrent Assets</b>	<b>1,386,931</b>	<b>365,751</b>
<b>Total Assets</b>	<b>\$1,799,105</b>	<b>\$399,286</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable		\$621
Unearned Revenue		3,673
Amounts Held in Trust for Others	\$10,055	14,856
Due to Primary Government		1,095
Other Accrued Liabilities	79,113	44
Bonds and Notes Payable	88,455	355
Policy Claim Liabilities		
<b>Total Current Liabilities</b>	<b>177,623</b>	<b>20,644</b>
<b>Noncurrent Liabilities</b>		
Amounts Held in Trust for Others		9,014
Due to Primary Government		88,789
Bonds and Notes Payable	1,425,314	14,270
Policy Claim Liabilities		
<b>Total Noncurrent Liabilities</b>	<b>1,425,314</b>	<b>112,073</b>
<b>Total Liabilities</b>	<b>1,602,937</b>	<b>132,717</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	6,056	1,927
Restricted for:		
Debt Service	150,116	
Permanent Trust - Expendable		73,922
Permanent Trust - Nonexpendable		189,879
Other Purposes	162	
Unrestricted	39,834	841
<b>Total Net Assets</b>	<b>196,168</b>	<b>266,569</b>
<b>Total Liabilities and Net Assets</b>	<b>\$1,799,105</b>	<b>\$399,286</b>

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 72).

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 83-88).

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  
\$1,799,105 - \$1,602,937 = \$196,168

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

<b>Petroleum Clean Water Trust</b>	<b>Health Reinsurance</b>	<b>Bond Bank Authority</b>	<b>Life and Health Insurance Guaranty</b>	<b>Total</b>
\$2,959	\$234		\$584	\$45,185
486				486
8,956		\$1	8,366	204,098
4	5			1,909
	251			260
		1,614		18,113
				175,099
311		1,129	45	25,504
12,716	490	2,744	8,995	470,654
				28,922
19,801	16,384			756,191
				756
				4,913
		35,416		1,018,704
				2,096
				12,701
19,801	16,384	35,416		1,824,283
\$32,517	\$16,874	\$38,160	\$8,995	\$2,294,937
	\$10		\$2	\$633
	14,999		6	18,678
				24,911
				1,095
\$112	28	\$345	324	79,966
		1,608		90,418
1,971	1,837		305	4,113
2,083	16,874	1,953	637	219,814
				9,014
				88,789
		36,206		1,475,790
5,667				5,667
5,667		36,206		1,579,260
7,750	16,874	38,159	637	1,799,074
				7,983
				150,116
				73,922
				189,879
				162
24,767		1	8,358	73,801
24,767	0	1	8,358	495,863
\$32,517	\$16,874	\$38,160	\$8,995	\$2,294,937

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, 2007**

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.

*(dollars in thousands)*

	<b>Idaho Housing and Finance Association</b>	<b>College and University Foundation</b>	<b>Petroleum Clean Water Trust</b>	<b>Health Reinsurance</b>
<b>OPERATING REVENUES</b>				
Licenses, Permits, and Fees	\$9,173		\$98	
Sale of Goods and Services		\$92		\$3,285
Grants and Contributions		42,325		
Investment Income	77,568	5,210		
Other Income	1,178	1,751		
<b>Total Operating Revenues</b>	<b>87,919</b>	<b>49,378</b>	<b>98</b>	<b>3,285</b>
<b>OPERATING EXPENSES</b>				
Personnel Costs	6,607	2,187		
Services and Supplies	3,987	3,410	1,426	261
Benefits, Awards, and Premiums	1,887	55,239	1,990	6,121
Interest Expense	66,516	56		
Depreciation	419	326		
Other Expenses	19	867		
<b>Total Operating Expenses</b>	<b>79,435</b>	<b>62,085</b>	<b>3,416</b>	<b>6,382</b>
<b>Operating Income (Loss)</b>	<b>8,484</b>	<b>(12,707)</b>	<b>(3,318)</b>	<b>(3,097)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Payment from State of Idaho		1,004		2,435
Investment Income		37,777	1,334	668
Interest Expense		(846)		(6)
Gain (Loss) on Sale of Capital Assets		772		
Other Nonoperating Revenues (Expenses)	60	75		
<b>Total Nonoperating Revenues (Expenses)</b>	<b>60</b>	<b>38,782</b>	<b>1,334</b>	<b>3,097</b>
<b>Income (Loss) Before Contributions</b>	<b>8,544</b>	<b>26,075</b>	<b>(1,984)</b>	
Contributions to Permanent Endowments		81		
<b>Change in Net Assets</b>	<b>8,544</b>	<b>26,156</b>	<b>(1,984)</b>	
<b>Total Net Assets - Beginning of Year</b>	<b>187,624</b>	<b>240,413</b>	<b>26,751</b>	
<b>Total Net Assets - End of Year</b>	<b>\$196,168</b>	<b>\$266,569</b>	<b>\$24,767</b>	<b>\$0</b>

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

<b>Life and Health</b>		
<b>Bond Bank Authority</b>	<b>Insurance Guaranty</b>	<b>Total</b>
		\$9,271
	\$57	3,434
\$20		42,345
1,346		84,124
	1,029	3,958
1,366	1,086	143,132
	84	8,878
	85	9,169
	329	65,566
1,347		67,919
		745
23	378	1,287
1,370	876	153,564
(4)	210	(10,432)
		3,439
	452	40,231
		(852)
		772
		135
	452	43,725
(4)	662	33,293
		81
(4)	662	33,374
5	7,696	462,489
\$1	\$8,358	\$495,863

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, 2007**

(dollars in thousands)

	<b>General</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Sales Tax	\$1,268,063	\$1,268,063	\$1,268,063	-
Individual and Corporate Taxes	1,841,791	1,841,791	1,841,791	-
Other Taxes	62,340	62,340	62,340	-
Licenses, Permits, and Fees	16,747	16,747	16,747	-
Sale of Goods and Services	27,892	27,892	27,892	-
Grants and Contributions	3,478	3,478	3,478	-
Investment Income	41,027	41,027	41,027	-
Tobacco Settlement	23,712	23,712	23,712	-
Other Income	13,400	13,400	13,400	-
<b>Total Revenues</b>	<b>3,298,450</b>	<b>3,298,450</b>	<b>3,298,450</b>	<b>-</b>
<b>EXPENDITURES</b>				
General Government	707,493	718,952	642,953	\$75,999
Public Safety and Correction	231,068	231,695	221,486	10,209
Health and Human Services	30,239	30,239	28,371	1,868
Education	1,538,335	1,794,704	1,757,403	37,301
Economic Development	46,976	46,990	30,606	16,384
Natural Resources	56,388	56,407	46,279	10,128
<b>Total Expenditures</b>	<b>\$2,610,499</b>	<b>\$2,878,987</b>	<b>2,727,098</b>	<b>\$151,889</b>
<b>Revenues Over (Under) Expenditures</b>			571,352	
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets			352	
Transfers In			165,914	
Transfers Out			(792,364)	
<b>Total Other Financing Sources (Uses)</b>			<b>(626,098)</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>			<b>(54,746)</b>	
<b>Reconciling Items</b>				
Changes Affected by Accrued Revenues			(164,031)	
Changes Affected by Accrued Expenditures			528,180	
<b>Fund Balances - Beginning of Year</b>			<b>786,049</b>	
<b>Fund Balances - End of Year</b>			<b>\$1,095,452</b>	

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 pages 98-99 and the Legal Basis Financial Report at www.sco.idaho.gov for more information on the State's budget.

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.

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).

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
\$1,809	\$1,809	\$1,809	-	\$224,603	\$224,603	\$224,603	-
4,171	4,171	4,171	-	120,379	120,379	120,379	-
79,603	79,603	79,603	-	4,229	4,229	4,229	-
1,021,310	1,021,310	1,021,310	-	298,891	298,891	298,891	-
598	598	598	-	4,411	4,411	4,411	-
471	471	471	-	989	989	989	-
1,107,962	1,107,962	1,107,962		653,502	653,502	653,502	
1,694,321	1,658,621	1,608,868	\$49,753	752,143	754,617	623,660	\$130,957
<u>\$1,694,321</u>	<u>\$1,658,621</u>	<u>1,608,868</u>	<u>\$49,753</u>	<u>\$752,143</u>	<u>\$754,617</u>	<u>623,660</u>	<u>\$130,957</u>
		(500,906)				29,842	
		63				5,678	
		494,595				(16,608)	
		(142)				(10,930)	
		<u>494,516</u>				<u>(10,930)</u>	
		(6,390)				18,912	
		139,966				9,432	
		(106,508)				860	
		2,308				105,228	
		<u>\$29,376</u>				<u>\$134,432</u>	

This statement can be found in the CAFR, pages 96 and 97.

