

A Reader's Guide

Understanding Idaho's Comprehensive Annual Financial Report (CAFR) For the Fiscal Year Ended June 30, 2008

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 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. 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, and the Bond Bank Authority.

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.

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

The notes to the financial statements (CAFR pages 38-95) provide 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 investments, postemployment benefits other than pensions, major financial commitments, pension benefit costs, and long-term debt.

Supporting Financial Statement Information

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

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

- *The Combining Financial Statements* (CAFR pages 105-137) provide more detail for nonmajor governmental, enterprise, internal service, and fiduciary funds. The total columns of these combining financial statements tie to the applicable combined fund financial statement.
- *The Statistical Section* (CAFR pages 139-170) 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 \$1,334.0 million for 2008 are presented on pages 16 and 17 of the CAFR. 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 142-143, 146-149 and 152-153).
- **Individual and Corporate Income Tax Revenues** – Income tax revenues of \$1,599.9 million for 2008, along with other state tax revenues, are presented on pages 16-17 of the CAFR. Income tax revenues decreased \$45.3 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 142-143 and 146-153).
- **Health and Human Services Spending** – Health and human services had \$1.8 billion in expenses, an increase of 3.9 percent, due to greater medical assistance payments, mainly related to Medicaid and rehabilitation services payments. Medicaid assists those who are unable to pay for medical and dental services because of low income,

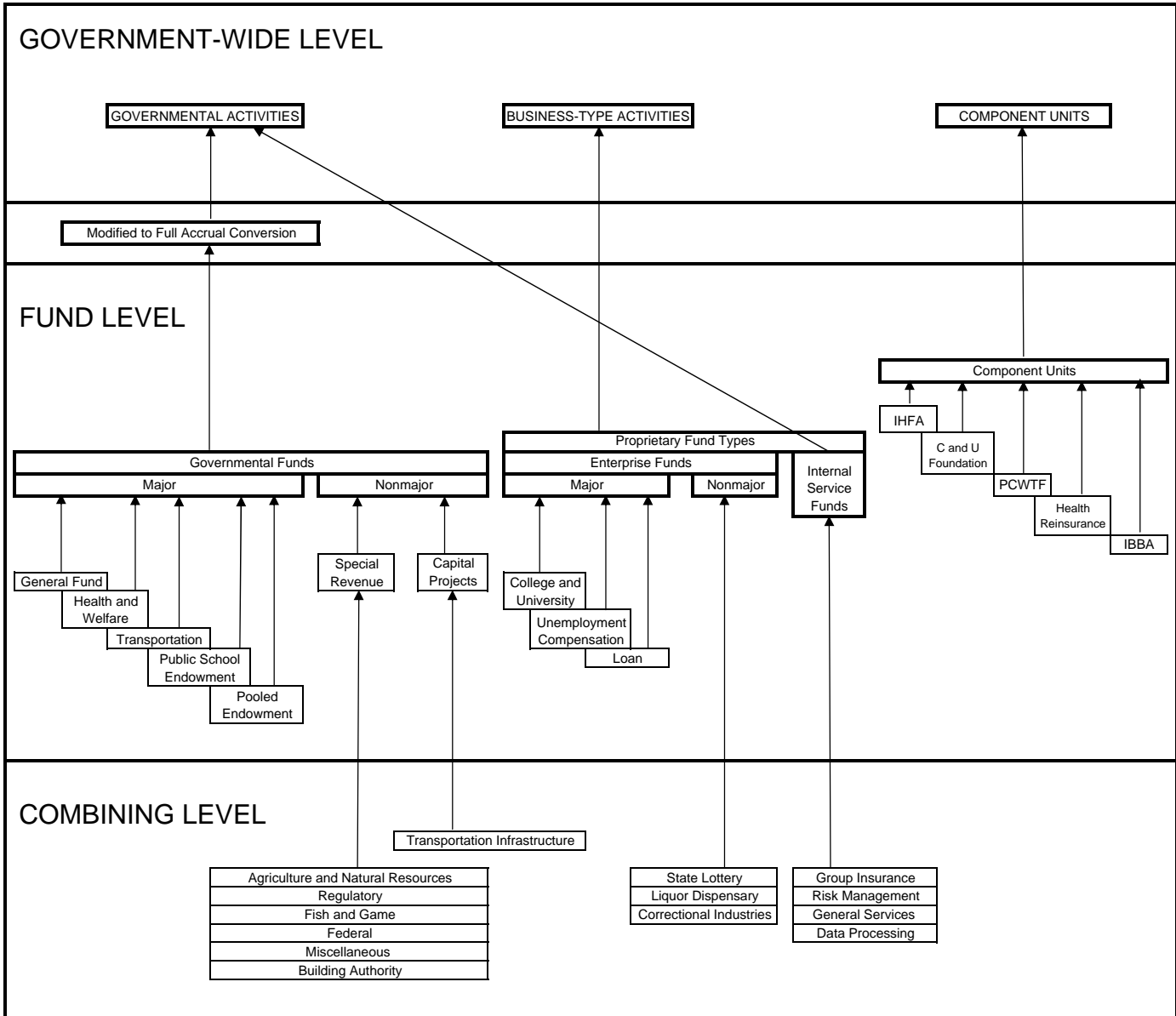
disability, or advanced age. You can see health and human services revenues and expenses on CAFR pages 16-17 and 22-23. More information on health and human services expenses can be found in the MD&A (CAFR pages 7 and 8). Health and Human Services generated revenues of \$1.3 billion (primarily from federal grants and contributions) leaving a net expense of \$554.8 million subsidized by general revenue. 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 \$1.8 billion in fiscal year 2008. You can also see that colleges and universities spent \$875.6 million in fiscal year 2008. Looking a bit further, you can see that colleges and universities generated revenues (over \$593.3 million—primarily from fees and federal grants) that offset their expenses, leaving a net expense of \$282.2 million, which was supported by general revenues. K through 12 education had less capacity to generate revenues, approximately \$249.4 million, leaving a net expense of \$1,546.8 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 \$22.1 million from the prior year, primarily due to an increase of \$15.6 million in grants and contributions and an increase of \$17.8 million in transfers from the General Fund (MD&A page 9).
- **PERSI** – If you are a public employer or public employee, you may be interested in the pension trust funds which are part of the fiduciary funds

(CAFR pages 32-33 and 129-133). Net assets for the pension trust funds decreased \$576.1 million in fiscal year 2008. You can see on CAFR pages 132-133 that additions to these funds came from a variety of sources, most significantly: member contributions (\$205.9 million); employer contributions (\$305.7 million); and interest, dividends, and other (\$342.5 million). Deductions were primarily for benefits and refunds paid to members (\$519.4 million). At \$11.3 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 73-77).

- **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 98-99. Comparisons between budget and actual amounts for the nonmajor governmental and major permanent funds are on CAFR pages 110-117. Complete details about the budget process can be found in the Legal Basis report available online at www.sco.idaho.gov. General Fund budgetary highlights can be found in the MD&A (CAFR page 10).





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

State of Idaho
Statement of Net Assets
June 30, 2008
(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	\$9,864
	Pooled Cash and Investments	1,405,367
	Investments	1,365,660
	Securities Lending Collateral	692,889
	Accounts Receivable, Net	58,767
	Taxes Receivable, Net	298,139
Internal balances consist of short-term receivables and payables for activities occurring within the State.	Internal Balances	1,749
	Due from Other Entities	158,955
	Inventories and Prepaid Items	41,385
	Due from Primary Government	
	Due from Component Unit	23,195
	Loans, Notes, and Pledges Receivable, Net	13,163
	Other Assets	10,163
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.	Restricted Assets:	
	Cash and Cash Equivalents	134,154
	Investments	10,966
	Capital Assets:	
	Nondepreciable	3,837,595
	Depreciable, Net	1,047,648
	Total Assets	\$9,109,659
Liabilities are shown in order of maturity or when cash is expected to be used to pay them.	LIABILITIES	
	Accounts Payable	\$120,348
	Payroll and Related Liabilities	32,768
	Medicaid Payable	82,746
	Due to Other Entities	69,980
Unearned revenues are resources received that have not yet met the criteria for being recorded as revenues.	Unearned Revenue	56,094
	Amounts Held in Trust for Others	7,453
	Due to Primary Government	
	Due to Component Unit	
	Obligations Under Securities Lending	692,889
	Other Accrued Liabilities	29,558
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.	Long-Term Liabilities:	
	Due Within One Year	119,667
	Due in More Than One Year	447,106
	Total Liabilities	1,658,609
Constraints on the use of net assets that are imposed by creditors, grantors, contributors, or state law through the <i>Idaho Constitution</i> 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	4,450,353
	Restricted for:	
	Claims and Judgments	78,159
	Debt Service	68,531
	Intergovernmental Revenue Sharing	15,584
	Transportation	168,150
	Regulatory	60,765
	Natural Resources and Recreation	87,278
	Unemployment Compensation	
	Permanent Trust - Expendable	347,808
	Permanent Trust - Nonexpendable	985,615
	Other Purposes	122,565
Unrestricted net assets may be used at the State's discretion but often have limitations on use based on state statutes.	Unrestricted	1,066,242
Total assets - total liabilities = total net assets \$9,100,659 - \$1,658,609 = \$7,451,050	Total Net Assets	7,451,050
	Total Liabilities and Net Assets	\$9,109,659

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 34-37 and 39-41.

Government		
Business-Type Activities	Total	Component Units
\$231,262	\$241,126	\$37,721
68,796	1,474,163	635
319,137	1,684,797	1,102,873
72,468	765,357	
107,038	165,805	395
	298,139	
(1,749)	158,955	
22,420	63,805	892
		83,342
79,402	102,597	
224,191	237,354	1,627,290
16,502	26,665	58,392
75,577	209,731	27,306
59,720	70,686	764
189,663	4,027,258	4,072
768,747	1,816,395	8,139
\$2,233,174	\$11,342,833	\$2,951,821
\$32,454	\$152,802	\$1,221
35,772	68,540	
	82,746	
4,205	74,185	
38,546	94,640	21,914
1,970	9,423	30,258
		79,402
406	406	
72,468	765,357	
10,302	39,860	137,011
48,731	168,398	127,188
449,340	896,446	2,038,335
694,194	2,352,803	2,435,329
517,949	4,968,302	8,741
	78,159	
976	69,507	134,348
	15,584	
	168,150	
	60,765	
285,077	372,355	
300,127	300,127	
132,461	480,269	123,149
77,042	1,062,657	176,518
34,692	157,257	2,097
190,656	1,256,898	71,639
1,538,980	8,990,030	516,492
\$2,233,174	\$11,342,833	\$2,951,821

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.

State of Idaho

**Statement of Activities
For the Fiscal Year Ended June 30, 2008**

(dollars in thousands)

FUNCTIONS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$463,125	\$92,457	\$58,322	
Public Safety and Correction	324,843	33,916	13,594	\$333
Health and Human Services	1,818,932	85,113	1,179,041	
Education	1,796,160	9,338	239,842	205
Economic Development	756,677	240,023	402,124	139
Natural Resources	243,925	150,752	62,313	229
Interest Expense	45,530			
Total Governmental Activities	5,449,192	611,599	1,955,236	906
Business-Type Activities				
College and University	875,586	337,699	226,166	29,478
Unemployment Compensation	171,918	126,575	3,718	
Loan	2,267	16,522	15,070	
State Lottery	102,065	137,664		
Liquor Dispensary	112,476	129,172		
Correctional Industries	7,574	7,734		
Total Business-Type Activities	1,271,886	755,366	244,954	29,478
Total Primary Government	\$6,721,078	\$1,366,965	\$2,200,190	\$30,384
Component Units				
Idaho Housing and Finance Association	\$99,712	\$89,557		
College and University Foundation	43,277	(2,223)	\$74,149	
Petroleum Clean Water Trust	3,188	2,644		
Health Reinsurance	8,079	5,214	960	
Bond Bank Authority	2,160	2,159		
Total Component Units	\$156,416	\$97,351	\$75,109	

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 \$1,818.9 million. The State raised \$85.1 million from charges for services, and received \$1,179.0 million of operating grants and contributions, most in the form of federal aid. When program revenues are subtracted from expenses for Health and Human Services, a net expense of \$554.8 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
- Unrestricted Investment Earnings
- Payment from State of Idaho

Permanent Endowment Contributions

Transfers

- Total General Revenues, Contributions, and Transfers**
- Change in Net Assets**
- Net Assets - Beginning of Year, as Restated**
- Net Assets - End of Year**

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
(\$312,346)		(\$312,346)	
(277,000)		(277,000)	
(554,778)		(554,778)	
(1,546,775)		(1,546,775)	
(114,391)		(114,391)	
(30,631)		(30,631)	
(45,530)		(45,530)	
(2,881,451)		(2,881,451)	
	(\$282,243)	(282,243)	
	(41,625)	(41,625)	
	29,325	29,325	
	35,599	35,599	
	16,696	16,696	
	160	160	
	(242,088)	(242,088)	
(2,881,451)	(242,088)	(3,123,539)	
			(\$10,155)
			28,649
			(544)
			(1,905)
			(1)
			16,044
1,334,032		1,334,032	
1,599,881		1,599,881	
228,786		228,786	
185,874		185,874	
28,631		28,631	
51,537		51,537	
			2,999
			253
(264,027)	264,027		
3,164,714	264,027	3,428,741	3,252
283,263	21,939	305,202	19,296
7,167,787	1,517,041	8,684,828	497,196
\$7,451,050	\$1,538,980	\$8,990,030	\$516,492

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 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 \$283.3 million, and business type activities net assets increased by \$21.9 million.

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

State of Idaho

**Balance Sheet
Governmental Funds
June 30, 2008**

(dollars in thousands)

The Governmental Funds 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.

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.

	General	Health and Welfare
ASSETS		
Cash and Cash Equivalents	\$2	
Pooled Cash and Investments	933,647	\$33,529
Investments	131,515	
Securities Lending Collateral	493,154	985
Accounts Receivable, Net	17,546	15,250
Taxes Receivable, Net	275,084	165
Interfund Receivables	5,644	
Due from Other Entities		106,833
Inventories and Prepaid Items	8,428	3,333
Due From Component Unit		
Loans, Notes, and Pledges Receivable, Net	482	
Other Assets	86	19
Restricted Assets:		
Cash and Cash Equivalents		6,036
Investments		2,295
Total Assets	\$1,865,588	\$168,445
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$30,675	\$17,772
Payroll and Related Liabilities	8,537	6,964
Medicaid Payable		82,746
Interfund Payables	2,043	1,131
Due to Other Entities	38,496	
Deferred Revenue	93,886	9,493
Amounts Held in Trust for Others	165	4,967
Obligations Under Securities Lending	493,154	985
Other Accrued Liabilities	8,059	3,106
Total Liabilities	675,015	127,164
Fund Balances		
Reserved for:		
Bond Retirement		
Encumbrances	52,254	4,724
Inventories and Prepaid Items	8,428	3,333
Noncurrent Receivables	759	
Permanent Trusts	50,900	
Other Purposes		5,212
Unreserved, Reported in:		
General Fund	1,078,232	
Special Revenue Funds		28,012
Capital Projects		
Permanent Funds		
Total Fund Balances	1,190,573	41,281
Total Liabilities and Fund Balances	\$1,865,588	\$168,445

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 106-107.

Transportation	Public School Endowment	Pooled Endowment	Nonmajor Governmental	Total
\$7			\$9,855	\$9,864
142,205	\$3,554	\$1,036	209,138	1,323,109
41,160	734,801	382,501	37,463	1,327,440
17,662	125,924	20,920	17,844	676,489
5,487	5,743	3,669	11,009	58,704
20,150			2,740	298,139
			2,178	7,822
19,394			32,728	158,955
14,240			12,321	38,322
			23,195	23,195
544			12,137	13,163
320	2,028	337	1,802	4,592
1,660			126,458	134,154
			8,671	10,966
\$262,829	\$872,050	\$408,463	\$507,539	\$4,084,914
\$17,861	\$3,785	\$834	\$48,763	\$119,690
4,129			12,654	32,284
				82,746
173			3,556	6,903
28,690			2,794	69,980
19,277			37,934	160,590
866			1,455	7,453
17,662	125,924	20,920	17,844	676,489
6,072			8,277	25,514
94,730	129,709	21,754	133,277	1,181,649
			68,531	68,531
16,841			24,089	97,908
14,240			12,321	38,322
			11,028	11,787
	633,149	301,566		985,615
			22,737	27,949
				1,078,232
137,018			235,505	400,535
			51	51
	109,192	85,143		194,335
168,099	742,341	386,709	374,262	2,903,265
\$262,829	\$872,050	\$408,463	\$507,539	\$4,084,914

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, 2008

(dollars in thousands)

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

Total Fund Balances - Governmental Funds

\$2,903,265

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	\$948,599	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	968,930	
Infrastructure	2,550,142	
Historical Art and Collections	72	
Buildings and Improvements	642,470	
Improvements Other than Buildings	58,907	
Machinery, Equipment, and Other	321,286	
Accumulated Depreciation	(624,243)	
Total Capital Assets	4,866,163	

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. 117,262

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. 104,938

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 5,264

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	(11,833)	The Governmental Funds Balance Sheet does not report long-term liabilities; the government-wide Statement of Net Assets does.
Compensated Absences Payable	(55,887)	
Bonds and Notes Payable	(419,357)	
Accrued Interest on Bonds	(3,832)	
Claims and Judgments	(30,834)	
Other Long-Term Liabilities	(24,099)	
Total Long-Term Liabilities	(545,842)	

Net Assets - Governmental Activities

\$7,451,050

The governmental funds total fund balance of \$2,903.3 million (see CAFR page 19) reconciles to the \$7,451.1 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, 2008

(dollars in thousands)

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

REVENUES

	General	Health and Welfare
Sales Tax	\$1,328,218	
Individual and Corporate Taxes	1,587,694	
Other Taxes	65,757	\$1,813
Licenses, Permits, and Fees	20,225	4,499
Sale of Goods and Services	20,877	78,076
Grants and Contributions	4,805	1,179,461
Investment Income	60,758	777
Tobacco Settlement	28,504	
Other Income	34,561	111
Total Revenues	3,151,399	1,264,737

EXPENDITURES

Current:		
General Government	135,470	18
Public Safety and Correction	239,977	
Health and Human Services	29,319	1,746,290
Education	1,552,952	
Economic Development	29,279	
Natural Resources	50,654	
Capital Outlay	79,261	3,849
Intergovernmental Revenue Sharing	205,937	39,446
Debt Service:		
Principal Retirement	353	
Interest and Other Charges	18,406	50
Total Expenditures	2,341,608	1,789,653
Revenues Over (Under) Expenditures	809,791	(524,916)

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.

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		
Capital Lease Acquisitions	815	
Sale of Capital Assets	235	108
Transfers In	150,920	536,977
Transfers Out	(866,640)	(264)
Total Other Financing Sources (Uses)	(714,670)	536,821
Net Change in Fund Balances	95,121	11,905
Fund Balances - Beginning of Year, as Restated	1,095,452	29,376
Fund Balances - End of Year	\$1,190,573	\$41,281

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 108 and 109.

Transportation	Public School Endowment	Pooled Endowment	Nonmajor Governmental	Total
			\$4,800	\$1,333,018
				1,587,694
\$219,427			127,674	414,671
120,435			133,997	279,156
5,546	\$39,669	\$35,066	52,651	231,885
320,489			458,176	1,962,931
6,704	(16,423)	(7,362)	18,952	63,406
				28,504
5,305			21,553	61,530
677,906	23,246	27,704	817,803	5,962,795
			41,824	177,312
			60,129	300,106
				1,775,609
			224,738	1,777,690
175,552			185,593	390,424
	17,382	7,038	142,140	217,214
295,233	50		166,666	545,059
137,823			68,883	452,089
20,240			71,784	92,377
8,998			17,911	45,365
637,846	17,432	7,038	979,668	5,773,245
40,060	5,814	20,666	(161,865)	189,550
			160,617	160,617
			224	1,039
9,988			1,259	11,590
		352	43,525	731,774
(16,381)	(27,022)	(12,099)	(73,770)	(996,176)
(6,393)	(27,022)	(11,747)	131,855	(91,156)
33,667	(21,208)	8,919	(30,010)	98,394
134,432	763,549	377,790	404,272	2,804,871
\$168,099	\$742,341	\$386,709	\$374,262	\$2,903,265

The Public School Endowment and Nonmajor Governmental fund balances declined (expenditures and financing uses exceeded revenues and other financing sources). All other funds had positive changes in fund balances (revenues and other financing sources exceeded expenditures and financing uses).

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

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



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

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

State of Idaho

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008**

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds		\$98,394
<p>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:</p>		
Capital Outlay	\$339,349	
Depreciation Expense	<u>(50,553)</u>	288,796
<p>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.</p>		
		(27,413)
<p>Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		7,289
<p>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:</p>		
Bonds and Notes	(160,617)	
Capital Leases	<u>(1,039)</u>	(161,656)
<p>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:</p>		
Bond and Note Principal	91,164	
Bond Issue Costs	504	
Capital Leases	<u>1,073</u>	92,741
<p>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:</p>		
Accrued Interest and Amortization	1,174	
Compensated Absences	58	
Other Long-Term Liabilities	<u>(19,393)</u>	(18,161)
<p>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.</p>		
		3,273
Change in Net Assets - Governmental Activities		<u>\$283,263</u>

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).

State of Idaho

**Statement of Net Assets
Proprietary Funds
June 30, 2008**

(dollars in thousands)

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

Business-Type Activities--Enterprise Funds

	College and University	Unemployment Compensation	Loan
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$90,658	\$138,044	
Pooled Cash and Investments	36,192	2,358	\$9,857
Investments	34,277		
Securities Lending Collateral		47,665	24,803
Accounts Receivable, Net	51,202	52,837	630
Interfund Receivables	3,486		
Inventories and Prepaid Items	8,598		
Due from Component Unit	2,360		
Loans, Notes, and Pledges Receivable, Net	3,142		8,746
Other Current Assets	940		3,907
Total Current Assets	230,855	240,904	47,943
Noncurrent Assets			
Restricted Cash and Cash Equivalents	8,194		32,759
Investments	173,784	111,076	
Restricted Investments	1,180		58,540
Due from Component Unit	77,042		
Loans, Notes, and Pledges Receivable, Net	23,477		188,826
Other Noncurrent Assets	11,655		
Capital Assets, Net	895,648		54,779
Total Noncurrent Assets	1,190,980	111,076	334,904
Total Assets	\$1,421,835	\$351,980	\$382,847
LIABILITIES			
Current Liabilities			
Accounts Payable	\$21,500	\$4,188	\$61
Payroll and Related Liabilities	35,206		
Interfund Payables	3,386		
Due to Other Entities			11
Unearned Revenue	21,711		16,820
Amounts Held in Trust for Others	1,970		
Due to Component Unit	406		
Obligations Under Securities Lending		47,665	24,803
Other Accrued Liabilities	6,491		320
Capital Leases Payable	393		
Capital Leases Payable to Component Unit	265		
Compensated Absences Payable	19,352		
Bonds and Notes Payable	15,829		12,130
Policy Claim Liabilities			
Total Current Liabilities	126,509	51,853	54,145
Noncurrent Liabilities			
Capital Leases Payable	568		
Capital Leases Payable to Component Unit	2,652		
Bonds and Notes Payable	431,591		6,095
Policy Claim Liabilities			
Other Long-Term Obligations	8,004		
Total Noncurrent Liabilities	442,815		6,095
Total Liabilities	569,324	51,853	60,240
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	473,590		36,554
Restricted for:			
Claims and Judgments			
Debt Service			976
Permanent Trust - Expendable	132,461		
Permanent Trust - Nonexpendable	77,042		
Other Purposes			
Unrestricted	169,418	300,127	285,077
Total Net Assets	852,511	300,127	322,607
Total Liabilities and Net Assets	\$1,421,835	\$351,980	\$382,847

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

Additional details on capital assets and infrastructure can be found in the Notes to the Financial Statements (CAFR pages 44-45 and 71-72) and the Required Supplementary Information (CAFR pages 101-102).

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

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

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

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$2,560	\$231,262		
20,389	68,796	\$82,258	
	34,277		
	72,468	16,400	
2,369	107,038	63	
151	3,637	830	
13,822	22,420	3,063	
	2,360		
	11,888		
	4,847	307	
39,291	558,993	102,921	
34,624	75,577		
	284,860	38,220	
	59,720		
	77,042		
	212,303		
	11,655		
7,983	958,410	19,080	
42,607	1,679,567	57,300	
\$81,898	\$2,238,560	\$160,221	
\$6,705	\$32,454	\$682	
566	35,772	484	
2,000	5,386		
4,194	4,205		
15	38,546	12,742	
	1,970		
	406		
	72,468	16,400	
3,491	10,302	212	
47	440	116	
	265		
715	20,067	712	
	27,959	95	
		9,047	
17,733	250,240	40,490	
131	699	48	
	2,652		
	437,686	3,444	
		11,117	
299	8,303	184	
430	449,340	14,793	
18,163	699,580	55,283	
7,805	517,949	15,377	
		78,159	
	976		
	132,461		
	77,042		
34,692	34,692		
21,238	775,860	11,402	
63,735	1,538,980	104,938	
\$81,898	\$2,238,560	\$160,221	

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

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 constraints placed on their use. Assets are reported as restricted when restrictions on asset use are imposed by law or external parties, and the constraints change the nature of normal understanding of the availability of the asset. 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, 2008

(dollars in thousands)

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

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

	Business-Type Activities--Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		\$116,523		
Licenses, Permits, and Fees	\$265,331		\$1,183	\$1
Scholarship Allowances	(46,378)			
Sale of Goods and Services	104,967		2,561	273,259
Grants and Contributions	179,358	3,718	15,070	
Other Income	8,422			72
Total Operating Revenues	511,700	120,241	18,814	273,332
OPERATING EXPENSES				
Personnel Costs	534,923			14,289
Services and Supplies	212,130		750	97,205
Benefits, Awards, and Premiums	46,292	169,663		81,464
Depreciation	46,728		151	627
Other Expenses	15,480	2,255		4,132
Total Operating Expenses	855,553	171,918	901	197,717
Operating Income (Loss)	(343,853)	(51,677)	17,913	75,615
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	46,808			
Investment Income	5,343	10,049	12,778	1,238
Interest Expense	(18,938)		(1,366)	(1)
Intergovernmental Distributions				(24,397)
Gain (Loss) on Sale of Capital Assets	(1,095)			
Other Nonoperating Revenues (Expenses)	14	3		
Total Nonoperating Revenues (Expenses)	32,132	10,052	11,412	(23,160)
Income (Loss) Before Contributions and Transfers	(311,721)	(41,625)	29,325	52,455
Capital Contributions	29,478			
Transfers In	304,343		14,650	
Transfers Out		(7,237)		(47,729)
Change in Net Assets	22,100	(48,862)	43,975	4,726
Total Net Assets - Beginning of Year, as Restated	830,411	348,989	278,632	59,009
Total Net Assets - End of Year	\$852,511	\$300,127	\$322,607	\$63,735

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

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

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

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

Governmental Activities

Internal Service Funds

Total	Internal Service Funds
\$116,523	
266,515	
(46,378)	
380,787	\$219,266
198,146	1,516
8,494	1,189
<u>924,087</u>	<u>221,971</u>
549,212	11,349
310,085	18,117
297,419	203,513
47,506	1,870
21,867	2,747
<u>1,226,089</u>	<u>237,596</u>
<u>(302,002)</u>	<u>(15,625)</u>
46,808	
29,408	7,642
(20,305)	(1,041)
(24,397)	
(1,095)	(107)
17	
<u>30,436</u>	<u>6,494</u>
(271,566)	(9,131)
29,478	
318,993	1,830
(54,966)	(1,455)
21,939	(8,756)
<u>1,517,041</u>	<u>113,694</u>
<u>\$1,538,980</u>	<u>\$104,938</u>

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

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

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

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

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

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

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

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008**
(dollars in thousands)

		Business- College and University
	CASH FLOWS FROM OPERATING ACTIVITIES	
Operating activities relate to providing services and the production and sales of goods.	Receipts from Assessments	
	Receipts from Customers	\$322,563
	Receipts from Interfund Services	
	Receipts from Grants and Contributions	178,237
	Payments to Suppliers	(204,298)
	Payments to Employees	(530,808)
	Payments for Interfund Services	
	Payments for Benefits, Awards, and Claims	(45,547)
	Other Receipts (Payments)	(6,662)
	Net Cash Provided (Used) by Operating Activities	(286,515)
	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Noncapital financing activities relate to grants, transfers, and borrowing money for purposes other than buying or building capital assets.	Gifts, Grants, and Endowments Received	45,479
	Intergovernmental Distributions	
	Transfers In	304,343
	Transfers Out	
	Interest Paid	
	Other Receipts (Payments)	(460)
	Net Cash Provided (Used) by Noncapital Financing Activities	349,362
	CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital and related financing activities relate to receipt and use of cash for purchase or construction of capital assets.	Capital Grants and Contributions	20,746
	Bonds Issued	53,653
	Payment of Notes and Bonds	(23,666)
	Payment of Interest	(18,662)
	Capital Lease Payments	
	Proceeds from Disposition of Capital Assets	18
	Acquisition and Construction of Capital Assets	(112,435)
	Net Cash Provided (Used) by Capital and Related Financing Activities	(80,346)
	CASH FLOWS FROM INVESTING ACTIVITIES	
Investing activities relate to the sale, purchase, and earnings from investments.	Receipt of Interest and Dividends	15,937
	Purchase of Investments	(247,457)
	Redemption of Investments	299,769
	Other Investing Activities	(33,649)
		Net Cash Provided (Used) by Investing Activities
	Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	17,101
	Beginning Cash, Cash Equivalents, and Pooled Cash	117,943
	Ending Cash, Cash Equivalents, and Pooled Cash	\$135,044
	Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
The reconciliation explains the differences between the flows of cash described here and the operating income (loss) reported on an accrual basis on the Statement of Revenues, Expenses and Changes in Fund Net Assets for proprietary funds.	Operating Income (Loss)	(\$343,853)
	Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
	Depreciation and Amortization	46,728
	Maintenance Costs Paid by Department of Public Works	7,887
	Net Changes in Assets and Liabilities:	
	Accounts Receivable/Interfund Receivables	(3,661)
	Inventories and Prepaid Items	(561)
	Notes Receivable	(1,375)
	Other Current Assets	(133)
	Accounts Payable/Interfund Payables	3,413
	Unearned Revenue	
	Compensated Absences	1,504
	Policy Claim Liabilities	
Other Accrued Liabilities	3,536	
	Net Cash Provided (Used) by Operating Activities	(\$286,515)
Noncash transactions are not reported on the Statement of Revenues, Expenses, and Changes in Fund Net Assets or in the Statement of Cash Flows.	Noncash Transactions (dollars in thousands): Investments decreased in fair value by \$10,724 for colleges and universities, increased in fair value by \$2,113 for Unemployment Compensation, \$840 for the Loan fund and \$683 for internal services funds. Colleges and universities acquired capital assets through donation in the amount of \$523 and through state transfers in the amount of \$709; disposed of capital assets at a loss of \$1,734; and defeased debt in the amount of \$60,315. Nonmajor enterprise funds acquired capital assets of \$194 through capital lease. Internal service funds acquired capital assets of \$4,334 through state transfers, disposed of capital assets at a loss of \$107, and reduced a prepaid item related to a prior-year capital lease for equipment in the amount of \$38.	

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

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

Type Activities--Enterprise Funds			Governmental Activities	
Unemployment Compensation	Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$125,723			\$125,723	
	\$1,599	\$272,914	597,076	
119	10		129	\$222,421
3,718	15,070		197,025	1,516
	(718)	(101,319)	(306,335)	(16,463)
		(13,918)	(544,726)	(11,036)
	(18)	(600)	(618)	(2,551)
(169,586)		(81,479)	(296,612)	(201,216)
			(6,662)	
(40,026)	15,943	75,598	(235,000)	(7,329)
			45,479	
		(24,294)	(24,294)	
	14,650		318,993	1,830
(7,237)		(47,729)	(54,966)	(1,455)
	(208)		(208)	(204)
			(460)	
(7,237)	14,442	(72,023)	284,544	171
			20,746	
	10,130		63,783	
	(1,980)	(17)	(25,663)	(127)
			(18,662)	
				(158)
3		23	44	
	(26,003)	(3,383)	(141,821)	(802)
3	(17,853)	(3,377)	(101,573)	(1,087)
7,936	12,876	1,238	37,987	6,945
	(44,697)		(292,154)	(1,740)
	8,143		307,912	
	(1,089)		(34,738)	(824)
7,936	(24,767)	1,238	19,007	4,381
(39,324)	(12,235)	1,436	(33,022)	(3,864)
179,726	54,851	56,137	408,657	86,122
\$140,402	\$42,616	\$57,573	\$375,635	\$82,258
(51,677)	\$17,913	\$75,615	(\$302,002)	(\$15,625)
	151	627	47,506	1,870
			7,887	
9,287	(630)	2,248	7,244	96
		(1,189)	(1,750)	1,794
			(1,375)	
786	(805)		(152)	(1)
1,578	14	(1,769)	3,236	66
	(700)	(42)	(742)	1,871
		(12)	1,492	30
				2,297
		120	3,656	273
(51,677)	15,943	75,598	(235,000)	(7,329)

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

This amount includes both unrestricted and restricted cash on the Proprietary Funds 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, 2008

(dollars in thousands)

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 the different funds combined in this column, turn to the combining financial statements (CAFR pages 130-131) and the Notes to the Financial Statements (CAFR pages 73-77).

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	\$1,406		\$230	\$6,733
Pooled Cash and Investments	2,836			29,847
Investments:				
Pooled Short Term	705,391	\$677,085	9,784	
Fixed Income Investments	3,041,343	894,561		222,842
Marketable Securities	6,017,085			
Mutual Funds and Private Equities	1,025,132		117,257	
Mortgages and Real Estate	797,114	47,580		
Other Investments			11,337	5,715
Securities Lending Collateral		416,998		2,452
Receivables:				
Investments Sold	978,654			
Contributions	5,361			
Interest and Dividends	47,978	8,614	208	45
Interfund Receivables	1,585			
Other Receivables	109			
Other Assets	38,216			
Capital Assets, Net	2,551			
Total Assets	12,664,761	2,044,838	138,816	\$267,634
LIABILITIES				
Accounts Payable	642	53	79	
Payroll and Related Liabilities				\$4,009
Interfund Payables	1,585			
Due to Other Entities				734
Amounts Held in Trust for Others				255,638
Obligations Under Securities Lending		416,998		2,452
Investments Purchased	1,375,705		75	
Other Accrued Liabilities	9,646	4,915		4,801
Total Liabilities	1,387,578	421,966	154	\$267,634
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	11,066,655			
Postemployment Healthcare Benefits	210,528			
External Investment Pool Participants		1,622,872		
Trust Beneficiaries			138,662	
Total Net Assets	\$11,277,183	\$1,622,872	\$138,662	

The Investment Trust fund reports the portion of the State's investment pools that belongs to other governments, allowing localities to earn income from spare cash until it is needed. To learn more about the different funds combined in this column, turn to the combining financial statements (CAFR page 134) and the Notes to the Financial Statements (CAFR pages 60-68).

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, 2008

(dollars in thousands)

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

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

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

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	\$205,924		
Employer	305,702		
Transfers In from Other Plans	8,946		
Participant Deposits		\$2,830,389	\$32,298
Total Contributions	<u>520,572</u>	<u>2,830,389</u>	<u>32,298</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(858,757)	15,096	(8,090)
Interest, Dividends, and Other	342,502	55,155	4,064
Securities Lending Income		22,635	
Less Investment Expense:			
Investment Activity Expense	(49,501)	(671)	
Securities Lending Interest Expense		(22,098)	
Net Investment Income	<u>(565,756)</u>	<u>70,117</u>	<u>(4,026)</u>
Miscellaneous Income	1,763		
Total Additions	<u>(43,421)</u>	<u>2,900,506</u>	<u>28,272</u>
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	519,415		
Transfers Out to Other Plans	7,273		
Administrative Expense	6,021		806
Earnings Distribution		62,338	
Participant Withdrawals		2,462,010	12,096
Total Deductions	<u>532,709</u>	<u>2,524,348</u>	<u>12,902</u>
Change in Net Assets Held in Trust for:			
Employee Pension Benefits	(553,167)		
Employee Postemployment Healthcare Benefits	(22,963)		
External Investment Pool Participants		376,158	
Trust Beneficiaries			15,370
Net Assets - Beginning of Year	<u>11,853,313</u>	<u>1,246,714</u>	<u>123,292</u>
Net Assets - End of Year	<u>\$11,277,183</u>	<u>\$1,622,872</u>	<u>\$138,662</u>

With the data in this statement, as well as the Notes (CAFR pages 73-77) and the required supplementary information (CAFR page 102), you can begin to assess the fiscal health of the pension plan. Are the assets growing or declining? How much are the earnings from investments? Is the State making the necessary contributions as an employer? This column includes several Pension Trust funds. To find greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR pages 132-133).

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

Discretely presented component units are legally separate from the State but are financially accountable to the State, or their relationship with the State is such that their exclusion would cause the State's financial 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, 2008
(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation
ASSETS		
Cash and Cash Equivalents	\$20,405	\$13,678
Pooled Cash and Equivalents		
Investments	719,635	334,497
Accounts Receivable, Net		
Inventories and Prepaid Items		8
Due from Primary Government	79,631	3,711
Loans, Notes, and Pledges Receivable, Net	1,514,838	43,882
Other Current Assets	53,015	2,680
Restricted Assets:		
Cash and Cash Equivalents	7,582	19,724
Investments		764
Capital Assets:		
Nondepreciable	665	3,407
Depreciable, Net	6,217	1,922
Total Assets	\$2,401,988	\$424,273
LIABILITIES		
Accounts Payable		\$1,198
Unearned Revenue		2,512
Amounts Held in Trust for Others	\$9,665	20,593
Due to Primary Government		79,402
Other Accrued Liabilities	135,694	42
Long-Term Liabilities:		
Due Within One Year	119,335	365
Due in More Than One Year	1,951,281	13,905
Total Liabilities	2,215,975	118,017
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	6,881	1,860
Restricted for:		
Debt Service	134,348	
Permanent Trust - Expendable		123,149
Permanent Trust - Nonexpendable		176,518
Other Purposes	2,097	
Unrestricted	42,687	4,729
Total Net Assets	186,013	306,256
Total Liabilities and Net Assets	\$2,401,988	\$424,273

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 85-91).

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

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

Total assets - total liabilities = total net assets \$2,401,988 - \$2,215,975 = \$186,013

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

Petroleum Clean Water Trust	Health Reinsurance	Bond Bank Authority	Total
\$1,196	\$2,442		\$37,721
635			635
29,742	18,999		1,102,873
389	6		395
	884		892
		\$68,570	83,342
		2,088	1,627,290
358	251		58,392
			27,306
			764
			4,072
			8,139
\$32,320	\$22,582	\$70,658	\$2,951,821
	\$23		\$1,221
	19,220	\$182	21,914
			30,258
			79,402
\$176	285	814	137,011
1,969	3,054	2,465	127,188
5,952		67,197	2,038,335
8,097	22,582	70,658	2,435,329
			8,741
			134,348
			123,149
			176,518
			2,097
24,223			71,639
24,223			516,492
\$32,320	\$22,582	\$70,658	\$2,951,821

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, 2008

This statement reports the details of the component units' activities during 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)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	\$7,263	\$3,819		
Services and Supplies	5,031	5,090	\$1,481	\$326
Benefits, Awards, and Premiums	1,027	31,213	1,707	7,751
Interest Expense	85,833	486		2
Depreciation	440	72		
Other Expenses	118	2,597		
Total Expenses	99,712	43,277	3,188	8,079
PROGRAM REVENUES				
Charges for Services				
Licenses, Permits, and Fees	12,398		877	
Sale of Goods and Services				3,952
Investment Income	73,301	(5,263)	1,767	1,262
Other Income	3,858	3,040		
Operating Grants and Contributions		74,149		960
Total Program Revenues	89,557	71,926	2,644	6,174
Net Revenues (Expenses)	(10,155)	28,649	(544)	(1,905)
GENERAL REVENUES				
Payment from State of Idaho		1,094		1,905
Total General Revenues		1,094		1,905
Contributions to Permanent Endowments		253		
Change in Net Assets	(10,155)	29,996	(544)	
Net Assets - Beginning of Year, as Restated	196,168	276,260	24,767	
Net Assets - End of Year	\$186,013	\$306,256	\$24,223	

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

Bond Bank

Authority	Total
	\$11,082
	11,928
	41,698
\$2,157	88,478
	512
3	2,718
<u>2,160</u>	<u>156,416</u>
	13,275
	3,952
2,085	73,152
74	6,972
	<u>75,109</u>
<u>2,159</u>	<u>172,460</u>
<u>(1)</u>	<u>16,044</u>
	2,999
	<u>2,999</u>
	253
<u>(1)</u>	<u>19,296</u>
<u>1</u>	<u>497,196</u>
	<u><u>\$516,492</u></u>

Total expenses show the full cost of each component unit.

Program revenues display the extent to which programs are self-funded. Program revenues reduce the net expense of programs to each component unit.

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

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, 2008**

(dollars in thousands)

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		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Sales Tax	\$1,334,492	\$1,334,492	\$1,334,492	-
Individual and Corporate Taxes	1,917,616	1,917,616	1,917,616	-
Other Taxes	65,508	65,508	65,508	-
Licenses, Permits, and Fees	19,439	19,439	19,439	-
Sale of Goods and Services	52,930	52,930	52,930	-
Grants and Contributions	5,187	5,187	5,187	-
Investment Income	61,793	61,793	61,793	-
Tobacco Settlement	28,504	28,504	28,504	-
Other Income	15,423	15,423	15,423	-
Total Revenues	\$3,500,892	\$3,500,892	3,500,892	-
EXPENDITURES				
General Government	\$978,672	\$981,611	805,674	\$175,937
Public Safety and Correction	264,757	267,080	252,605	14,475
Health and Human Services	30,360	30,360	29,989	371
Education	1,903,013	1,903,029	1,859,354	43,675
Economic Development	65,759	68,456	35,066	33,390
Natural Resources	72,999	73,721	57,380	16,341
Total Expenditures	\$3,315,560	\$3,324,257	3,040,068	\$284,189
Revenues Over (Under) Expenditures			460,824	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			815	
Sale of Capital Assets			235	
Transfers In			150,920	
Transfers Out			(866,640)	
Total Other Financing Sources (Uses)			(714,670)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(253,846)	
Reconciling Items				
Changes Affected by Accrued Revenues			(349,493)	
Changes Affected by Accrued Expenditures			698,460	
Fund Balances - Beginning of Year			1,095,452	
Fund Balances - End of Year			\$1,190,573	

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 100-101 and the Legal Basis Financial Report at www.sco.idaho.gov for more information on the State's budget.

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

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

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
\$1,812	\$1,812	\$1,812	-	\$223,021	\$223,021	\$223,021	-
4,485	4,485	4,485	-	120,240	120,240	120,240	-
77,985	77,985	77,985	-	4,300	4,300	4,300	-
1,101,253	1,101,253	1,101,253	-	332,767	332,767	332,767	-
677	677	677	-	5,525	5,525	5,525	-
15,011	15,011	15,011	-	4,409	4,409	4,409	-
<u>\$1,201,223</u>	<u>\$1,201,223</u>	<u>1,201,223</u>		<u>\$690,262</u>	<u>\$690,262</u>	<u>690,262</u>	
	\$68	18	\$50				
\$1,778,575	1,798,332	1,749,868	48,464				
				\$772,400	\$782,249	646,785	\$135,464
<u>\$1,778,575</u>	<u>\$1,798,400</u>	<u>1,749,886</u>	<u>\$48,514</u>	<u>\$772,400</u>	<u>\$782,249</u>	<u>646,785</u>	<u>\$135,464</u>
		<u>(548,663)</u>				<u>43,477</u>	
		108				9,988	
		536,977					
		(264)				(16,381)	
		<u>536,821</u>				<u>(6,393)</u>	
		(11,842)				37,084	
		63,514				(12,356)	
		(39,767)				8,939	
		29,376				134,432	
		<u>\$41,281</u>				<u>\$168,099</u>	

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

