

A Reader's Guide

Understanding Idaho's Comprehensive Annual Financial Report (CAFR) For the Fiscal Year Ended June 30, 2012

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 you may have. Finally, beginning on page 4 of this guide you will find illustrative financial statements with additional details 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 fiscal 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 remaining 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 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 legally separate organizations for which the State is financially accountable. The State's discretely presented component units are reported in the following funds: the Idaho Housing and Finance Association fund includes the Association and its component unit, The Housing Company; the College and University Foundation fund includes the foundations of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, and the University of Idaho; the Petroleum Clean Water Trust Fund; the Health Reinsurance fund, which includes the Idaho Individual High Risk Reinsurance Pool and the Idaho Small Employer Health Reinsurance Program; and the Idaho 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 those who use the goods and services. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide services or supplies to the general public; internal service funds report activities that provide services or supplies 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. 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).

Governmental Fund Balances

On the governmental funds Balance Sheet (p. 8) you will notice multiple fund balance categories. Governmental resource providers impose restrictions on how resources can be used. When the federal government provides funding to the State for health and welfare initiatives, for example, certain strings are attached to how the money may be spent. Additionally, the Legislature and Governor approve an annual budget which directs how every dollar must be used. Because of these imposed restrictions, governmental *funds* were established to show proper stewardship of resources and compliance with regulations or limitations.

As illustrated on page eight of this guide, each fund is used to account for *assets* (government-owned resources available to provide services) and *liabilities* (amounts that must be paid to entities outside the government). A *fund balance* is the difference between fund assets and fund liabilities. Or in other words, a fund balance is what is left after considering what resources (assets) the government has available to provide services to its citizens and the debts (liabilities) the government must pay to entities outside the government in order to provide those services.

Prior to fiscal year 2011, governmental fund balances were categorized as either *reserved* or *unreserved*. The definitions of these categories were very broad and often interpreted differently. The fund balance components have been expanded and more explicitly defined to improve consistency, comparability, and usefulness. The categories are presented in descending order from most limited to least limited.

- *Nonspendable* fund balances consist of resources that cannot be spent because they are in nonspendable form, such as inventories, prepaid items, and long-term receivables; or they are legally or contractually required to be maintained intact. An example of a legal or contractual requirement would be an endowment provided to the government with the stipulation that the money initially provided may only be invested and not spent; only the earnings on the invested amount may be spent.
- *Restricted* fund balances consist of amounts that are constrained by external parties (such as the federal government) or imposed by law through state constitutional provisions or legislative action. Restricted funds can only be used for specific stated purposes.
- *Committed* fund balances consist of amounts that are obligated by statutes enacted by the Legislature and approved by the Governor. The committed amounts

cannot be used for any other purposes unless subsequent legislation changes or removes the specified purposes.

- *Assigned* fund balances consist of amounts that are intended by the Legislature, an agency director, or a board to be used for specific purposes, and are neither restricted nor committed.
- The *Unassigned* fund balance is used to report any funds not required to be reported in any other category. These funds can be used for any purpose. However, only the General Fund may report a positive unassigned fund balance.

Notes to the Financial Statements

The notes to the financial statements (CAFR pages 38-102) 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, capital assets, 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 the financial statements are free of material misstatement.
- *Management's Discussion and Analysis* (MD&A on CAFR pages 4-12) gives an easily readable and objective analysis of the State's financial activities based on currently known facts, decisions, or conditions.
- *Required Supplementary Information* (CAFR pages 104-109) provides the following information: budgetary comparison schedules that present original and final appropriated operating activities, actual operating activities, and fund balances on a budgetary basis; roadway infrastructure condition and maintenance information; and information on pension and postemployment benefits to certain employees.
- *The Combining Financial Statements* (CAFR pages 111-141) provide more detail for nonmajor governmental and 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 143-174) 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 assess 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.

- **Sales Tax Revenue** – Sales tax revenues of \$1.2 billion for 2012 are presented on pages 16-17 of the CAFR. The 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 146-147, 150-153, and 156-157).
- **Individual and Corporate Income Tax Revenues** – Income tax revenues of \$1.4 billion for 2012, along with other state tax revenues, are presented on pages 16-17 of the CAFR. Income tax revenues increased \$93.7 million from the previous fiscal year. Additional data may be found on Schedules 2, 4, 5, 6, and 7 of the Statistical Section (CAFR pages 146-147 and 150-157).
- **Health and Human Services Spending** – Health and human services had \$2.4 billion in expenses in fiscal year 2012, a decrease of 7 percent over the prior fiscal year, due to a reduction in medical assistance payments for Medicaid and rehabilitation services. Medicaid assists those who are unable to pay for medical and dental services. 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 7-8 and 10). Health and Human Services generated revenues of \$1.9 billion (primarily from federal grants) leaving a net expense of \$538.9 million subsidized by general revenue. The Department of Health and Welfare's budget is discussed in the transmittal letter (CAFR page vii).
- **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 \$1.7 billion in fiscal year 2012. You can also see that colleges and universities spent \$969.4 million. Looking a bit further, you can see that colleges and universities generated revenues (over \$756.9 million—primarily from fees and federal grants) that offset their expenses, leaving a net expense of \$212.6 million, which was supported by general revenues. K through 12 education had less capacity to generate revenues, approximately \$315.1 million, leaving a net expense of \$1.4 billion to be supported by general revenues. More detailed college and university financial statements can be found on CAFR pages 26-31. Financial analysis of the college and university activity can be found in the MD&A on CAFR 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 133-137). Net assets for the pension trust funds decreased \$16.8 million in fiscal year 2012. You can see on CAFR pages 136-137 that additions to these funds came from a variety of sources, most significantly: employer contributions (\$310.1 million); member contributions (\$222.4 million); and interest, dividends, and other (\$304.3 million). Deductions were primarily for benefits and refunds paid to members (\$690.9 million). At \$12.7 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 76-81).
- **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 104-105. In fiscal year 2012 the General Fund had a negative variance stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations. Required Supplementary Information about budgetary reporting can be found on CAFR pages 106-107. Comparisons between budget and actual amounts for the nonmajor governmental and major permanent funds are on CAFR pages 116-122. 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 pages 10-11).

Statement of Net Assets
June 30, 2012

(dollars in thousands)

The Statement of Net Assets reports what the government owns (assets), owes (liabilities), and what is remaining 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 | \$8,319 |
| | Pooled Cash and Investments | 1,103,081 |
| | Investments | 1,509,727 |
| | Securities Lending Collateral | 477,515 |
| | Accounts Receivable, Net | 90,602 |
| | Taxes Receivable, Net | 292,597 |
| | Internal Balances | 14,945 |
| | Due from Other Entities | 296,130 |
| | Inventories and Prepaid Items | 59,684 |
| | Due from Primary Government | |
| | Due from Component Unit | |
| | Loans, Notes, and Pledges Receivable, Net | 8,179 |
| | Deferred Outflows | 9,282 |
| | Other Assets | 8,745 |
| | Restricted Assets: | |
| | Cash and Cash Equivalents | 153,827 |
| | Investments | 164,156 |
| | Capital Assets: | |
| | Nondepreciable | 4,438,845 |
| | Depreciable, Net | 1,601,350 |
| | Total Assets | \$10,236,984 |
| Liabilities are shown in order of maturity or when cash is expected to be used to pay them. | → LIABILITIES | |
| | Accounts Payable | \$408,905 |
| | Payroll and Related Liabilities | 40,900 |
| | Medicaid Payable | 96,809 |
| | Due to Other Entities | 69,221 |
| | Unearned Revenue | 56,999 |
| | Amounts Held in Trust for Others | 25,917 |
| | Due to Primary Government | |
| | Due to Component Unit | |
| | Obligations Under Securities Lending | 477,515 |
| | Deferred Inflows | 9,282 |
| | Other Accrued Liabilities | 41,695 |
| | Long-Term Liabilities: | |
| | Due Within One Year | 256,808 |
| | Due in More Than One Year | 798,792 |
| | Total Liabilities | 2,282,843 |
| | NET ASSETS | |
| | Invested in Capital Assets, Net of Related Debt | 5,287,342 |
| | Restricted for: | |
| | Claims and Judgments | 28,212 |
| | Debt Service | 5,193 |
| | Intergovernmental Revenue Sharing | 19,121 |
| | Transportation | 235,426 |
| | Regulatory | 68,103 |
| | Natural Resources and Recreation | 130,662 |
| | Unemployment Compensation | |
| | Permanent Trust - Expendable | 191,670 |
| | Permanent Trust - Nonexpendable | 1,236,842 |
| | Other Purposes | 220,033 |
| | Unrestricted | 531,537 |
| | Total Net Assets | 7,954,141 |
| | Total Liabilities and Net Assets | \$10,236,984 |
| Total assets - total liabilities = total net assets \$10,236,984 - \$2,282,843 = \$7,954,141 | → | |

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 organizations for which the State is financially accountable, are presented in a column separate from the Primary Government. For more information regarding component units, see CAFR pages 34-37 and 39-40.

| Government | | |
|---------------------------------|--------------|------------------------|
| Business-Type Activities | Total | Component Units |
| \$322,857 | \$331,176 | \$63,838 |
| 117,564 | 1,220,645 | 798 |
| 289,342 | 1,799,069 | 968,087 |
| 72,058 | 549,573 | |
| 205,998 | 296,600 | 22,524 |
| | 292,597 | |
| (14,945) | | |
| 140 | 296,270 | |
| 25,221 | 84,905 | 2,285 |
| | | 754,912 |
| 78,535 | 78,535 | |
| 358,975 | 367,154 | 1,355,349 |
| | 9,282 | 116,976 |
| 15,405 | 24,150 | 18,438 |
| | | |
| 73,513 | 227,340 | 20,248 |
| 69,280 | 233,436 | 3,363 |
| | | |
| 190,426 | 4,629,271 | 5,442 |
| 969,769 | 2,571,119 | 37,782 |
| \$2,774,138 | \$13,011,122 | \$3,370,042 |
| | | |
| \$25,938 | \$434,843 | \$2,745 |
| 44,604 | 85,504 | 453 |
| | 96,809 | |
| 7,045 | 76,266 | |
| 45,575 | 102,574 | 18,421 |
| 2,441 | 28,358 | 33,138 |
| | | 78,535 |
| 577 | 577 | |
| 72,058 | 549,573 | |
| | 9,282 | |
| 21,069 | 62,764 | 233,507 |
| | | |
| 85,241 | 342,049 | 283,670 |
| 617,727 | 1,416,519 | 2,140,144 |
| 922,275 | 3,205,118 | 2,790,613 |
| | | |
| 698,601 | 5,985,943 | 18,357 |
| | 28,212 | |
| 553 | 5,746 | 145,448 |
| | 19,121 | |
| | 235,426 | |
| | 68,103 | |
| 440,843 | 571,505 | |
| 286,702 | 286,702 | |
| 45,426 | 237,096 | 123,617 |
| 74,859 | 1,311,701 | 211,642 |
| 53,077 | 273,110 | 1,398 |
| 251,802 | 783,339 | 78,967 |
| 1,851,863 | 9,806,004 | 579,429 |
| \$2,774,138 | \$13,011,122 | \$3,370,042 |

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 and 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, 2012

(dollars in thousands)

| FUNCTIONS | Program Revenues | | | |
|---------------------------------------|--------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$413,832 | \$97,411 | \$62,272 | \$33 |
| Public Safety and Correction | 335,493 | 33,502 | 17,386 | 32 |
| Health and Human Services | 2,396,437 | 70,603 | 1,711,129 | |
| Education | 1,712,567 | 14,150 | 300,714 | 253 |
| Economic Development | 820,530 | 266,320 | 452,860 | 1,959 |
| Natural Resources | 264,080 | 159,633 | 120,382 | 291 |
| Interest Expense | 50,372 | | | |
| Total Governmental Activities | 5,993,311 | 641,619 | 2,664,743 | 2,568 |
| Business-Type Activities | | | | |
| College and University | 969,419 | 436,208 | 295,717 | 24,944 |
| Unemployment Compensation | 358,283 | 351,781 | 172,713 | |
| Loan | 7,112 | 16,035 | 17,347 | |
| State Lottery | 134,055 | 176,547 | | |
| State Liquor | 123,656 | 150,941 | | |
| Correctional Industries | 8,030 | 8,459 | | |
| Total Business-Type Activities | 1,600,555 | 1,139,971 | 485,777 | 24,944 |
| Total Primary Government | \$7,593,866 | \$1,781,590 | \$3,150,520 | \$27,512 |
| Component Units | | | | |
| Idaho Housing and Finance Association | \$188,907 | \$149,880 | \$55,673 | |
| College and University Foundation | 60,954 | 1,977 | 56,894 | |
| Petroleum Clean Water Trust | 2,128 | 3,229 | | |
| Health Reinsurance | 12,129 | 7,109 | 1,025 | |
| Bond Bank Authority | 11,645 | 11,691 | | |
| Total Component Units | \$275,763 | \$173,886 | \$113,592 | \$0 |

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 \$2,396.4 million. The State raised \$70.6 million from charges for services, and received \$1,711.1 million from 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 \$614.7 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**

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Are programs self-supporting?

| Governmental Activities | Business-Type Activities | Total | Component Units |
|----------------------------|-----------------------------|--------------------|--------------------|
| (\$254,116) | | (\$254,116) | |
| (284,573) | | (284,573) | |
| (614,705) | | (614,705) | |
| (1,397,450) | | (1,397,450) | |
| (99,391) | | (99,391) | |
| 16,226 | | 16,226 | |
| (50,372) | | (50,372) | |
| <u>(2,684,381)</u> | | <u>(2,684,381)</u> | |
| | (\$212,550) | (212,550) | |
| | 166,211 | 166,211 | |
| | 26,270 | 26,270 | |
| | 42,492 | 42,492 | |
| | 27,285 | 27,285 | |
| | 429 | 429 | |
| | 50,137 | 50,137 | |
| <u>(2,684,381)</u> | <u>50,137</u> | <u>(2,634,244)</u> | |
| | | | \$16,646 |
| | | | (2,083) |
| | | | 1,101 |
| | | | (3,995) |
| | | | 46 |
| | | | <u>11,715</u> |
| 1,213,623 | | 1,213,623 | |
| 1,390,226 | | 1,390,226 | |
| 216,249 | | 216,249 | |
| 240,757 | | 240,757 | |
| 21,103 | | 21,103 | |
| 17,365 | | 17,365 | |
| | | | 3,995 |
| | | | 1,687 |
| <u>(178,453)</u> | 178,453 | 3,099,323 | 5,682 |
| 2,920,870 | 178,453 | 3,099,323 | 5,682 |
| 236,489 | 228,590 | 465,079 | 17,397 |
| 7,717,652 | 1,623,273 | 9,340,925 | 562,032 |
| <u>\$7,954,141</u> | <u>\$1,851,863</u> | <u>\$9,806,004</u> | <u>\$579,429</u> |

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 \$236.5 million, and business-type activities' net assets increased by \$228.6 million.

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

State of Idaho

**Balance Sheet
Governmental Funds
June 30, 2012**

(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.

Fund balance is the difference between assets and liabilities. The definitions of the five fund balances can be found on page 2 of this document. Additional information about the nature and purpose of these fund balances can be found on CAFR pages 97-98.

| | General | Health and Welfare |
|--|--------------------|-------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$578 | |
| Pooled Cash and Investments | 681,177 | \$45,667 |
| Investments | 13,582 | |
| Securities Lending Collateral | 390,032 | 1,566 |
| Accounts Receivable, Net | 17,091 | 30,798 |
| Taxes Receivable, Net | 275,391 | 134 |
| Interfund Receivables | 12,332 | 9 |
| Due from Other Entities | 5 | 204,221 |
| Inventories and Prepaid Items | 8,787 | 3,656 |
| Loans, Notes, and Pledges Receivable, Net | 1,711 | |
| Other Assets | 93 | 18 |
| Restricted Assets: | | |
| Cash and Cash Equivalents | 9,618 | 7,780 |
| Investments | 142,740 | 4,007 |
| Total Assets | \$1,553,137 | \$297,856 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts Payable | \$279,159 | \$19,620 |
| Payroll and Related Liabilities | 14,028 | 8,292 |
| Medicaid Payable | | 96,809 |
| Interfund Payables | 1,652 | 467 |
| Due to Other Entities | 41,297 | |
| Deferred Revenue | 119,910 | 123,993 |
| Amounts Held in Trust for Others | 18,735 | 4,224 |
| Obligations Under Securities Lending | 390,032 | 1,566 |
| Other Accrued Liabilities | 1,661 | 1,286 |
| Total Liabilities | 866,474 | 256,257 |
| Fund Balances | | |
| Nonspendable: | | |
| Permanent Trusts | | |
| Inventories and Prepaid Items | 8,787 | 3,656 |
| Noncurrent Receivables | 50 | |
| Restricted | 184,434 | 37,892 |
| Committed | 185,098 | 51 |
| Assigned | 57,271 | |
| Unassigned | 251,023 | |
| Total Fund Balances | 686,663 | 41,599 |
| Total Liabilities and Fund Balances | \$1,553,137 | \$297,856 |

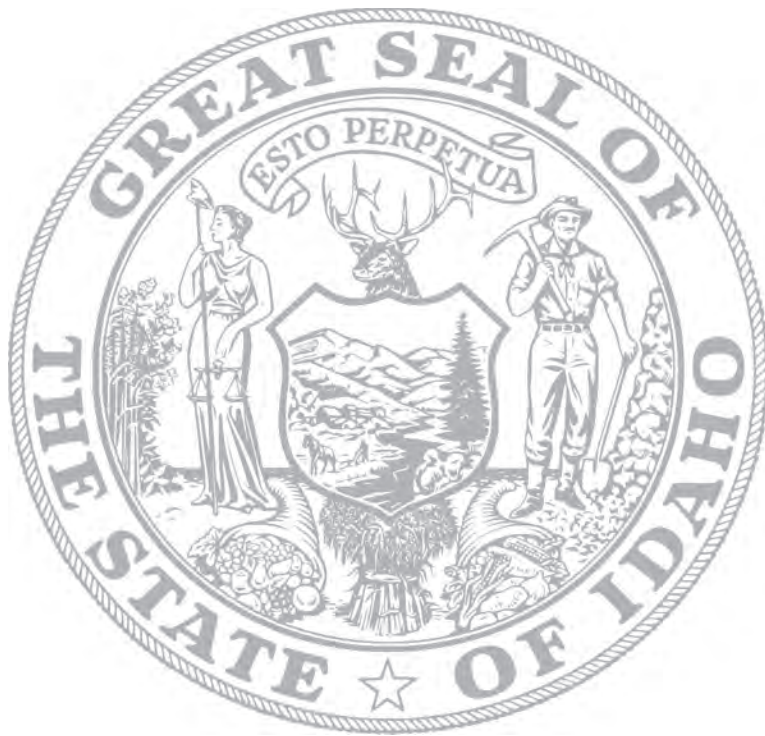
This statement can be found in the CAFR, pages 18 and 19.

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 112-113.

| Transportation | Land Endowments | Nonmajor Governmental | Total |
|-----------------------|------------------------|------------------------------|--------------------|
| \$7 | | \$7,734 | \$8,319 |
| 97,305 | \$1,181 | 239,944 | 1,065,274 |
| 117,199 | 1,276,032 | 67,302 | 1,474,115 |
| 45,808 | | 26,191 | 463,597 |
| 2,720 | 24,458 | 15,502 | 90,569 |
| 14,350 | | 2,722 | 292,597 |
| | | 2,356 | 14,697 |
| 26,826 | | 65,078 | 296,130 |
| 26,285 | 6,520 | 11,990 | 57,238 |
| 282 | | 6,091 | 8,084 |
| 531 | 4,083 | 1,017 | 5,742 |
| 33,447 | | 74,770 | 125,615 |
| | | 17,409 | 164,156 |
| \$364,760 | \$1,312,274 | \$538,106 | \$4,066,133 |
| \$27,632 | \$31,142 | \$50,881 | \$408,434 |
| 5,147 | | 12,789 | 40,256 |
| | | | 96,809 |
| 658 | | 3,795 | 6,572 |
| 27,924 | | | 69,221 |
| 15,636 | | 39,254 | 298,793 |
| 176 | | 2,782 | 25,917 |
| 45,808 | | 26,191 | 463,597 |
| 6,356 | | 2,045 | 11,348 |
| 129,337 | 31,142 | 137,737 | 1,420,947 |
| | 1,082,942 | 2,942 | 1,085,884 |
| 26,285 | 6,520 | 11,990 | 57,238 |
| | | 1,411 | 1,461 |
| 206,969 | 191,670 | 298,884 | 919,849 |
| 2,169 | | 82,904 | 270,222 |
| | | 2,238 | 59,509 |
| | | | 251,023 |
| 235,423 | 1,281,132 | 400,369 | 2,645,186 |
| \$364,760 | \$1,312,274 | \$538,106 | \$4,066,133 |

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, 2012

(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

\$2,645,186

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 | \$1,073,299 | 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. |
| Capital Assets in Progress | 967,816 | |
| Infrastructure | 3,277,169 | |
| Historical Art and Collections | 72 | |
| Buildings and Improvements | 913,874 | |
| Improvements Other Than Buildings | 97,015 | |
| Machinery, Equipment, and Other | 516,730 | |
| Accumulated Depreciation | (822,803) | |
| Total Capital Assets | 6,023,172 | |

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. 6,829

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. 255,319

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. 87,259

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 2,250

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 | (28,675) | The government-wide Statement of Net Assets reports long-term liabilities; the Governmental Funds Balance Sheet does not. |
| Compensated Absences Payable | (61,938) | |
| Bonds and Notes Payable | (728,858) | |
| Accrued Interest on Bonds | (30,194) | |
| Claims and Judgments | (178,173) | |
| Other Long-Term Liabilities | (38,036) | |
| Total Long-Term Liabilities | (1,065,874) | |

Net Assets - Governmental Activities

\$7,954,141

The governmental funds total fund balance of \$2,645.2 million (see CAFR page 19) reconciles to the \$7,954.1 million total of the governmental activities net assets reported on the 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, 2012

(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.

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 capital assets on the Statement of Net Assets and subtracts the cost over the useful life of the asset in the form of depreciation expense.

| | General | Health and Welfare |
|---|------------------|-------------------------------|
| REVENUES | | |
| Sales Tax | \$1,209,691 | |
| Individual and Corporate Taxes | 1,389,291 | |
| Other Taxes | 60,096 | \$62,806 |
| Licenses, Permits, and Fees | 21,018 | 20,964 |
| Sale of Goods and Services | 26,957 | 66,151 |
| Grants and Contributions | 16,010 | 1,698,755 |
| Investment Income | 14,173 | 461 |
| Tobacco Settlement | 24,922 | |
| Other Income | 56,458 | 1,190 |
| Total Revenues | 2,818,616 | 1,850,327 |
| EXPENDITURES | | |
| Current: | | |
| General Government | 108,025 | |
| Public Safety and Correction | 241,561 | 2,698 |
| Health and Human Services | 37,356 | 2,292,492 |
| Education | 1,403,893 | |
| Economic Development | 38,046 | |
| Natural Resources | 27,914 | |
| Capital Outlay | 25,199 | 50,565 |
| Intergovernmental Revenue Sharing | 199,769 | 43,437 |
| Debt Service: | | |
| Principal Retirement | 1,013 | |
| Interest and Other Charges | 12,210 | 3 |
| Total Expenditures | 2,094,986 | 2,389,195 |
| Revenues Over (Under) Expenditures | 723,630 | (538,868) |
| OTHER FINANCING SOURCES (USES) | | |
| Bonds and Notes Issued | | |
| Premium on Bonds Issued | | |
| Payment to Refunded Bond Excrow Agent | | |
| Sale of Capital Assets | 357 | 1,519 |
| Transfers In | 161,952 | 610,871 |
| Transfers Out | (864,560) | (171) |
| Total Other Financing Sources (Uses) | (702,251) | 612,219 |
| Net Change in Fund Balances | 21,379 | 73,351 |
| Fund Balances - Beginning of Year, as Restated | 665,284 | (31,752) |
| Fund Balances - End of Year | \$686,663 | \$41,599 |

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

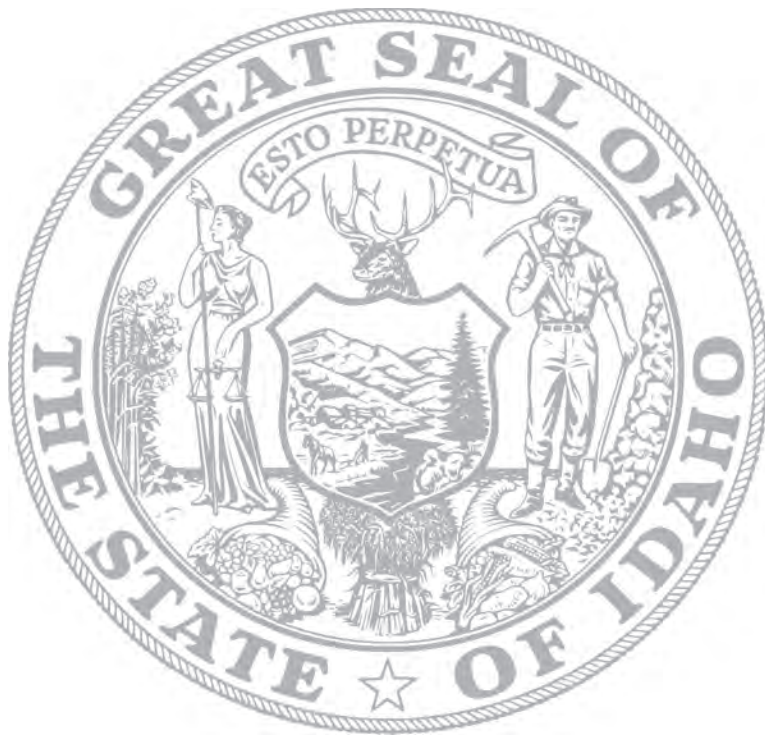
Several funds make up the Nonmajor Governmental column. To see greater detail of the individual funds summarized in this column, turn to the combining financial statements on CAFR pages 114 and 115.

| | Land | Nonmajor | |
|----------------|-------------|--------------|-------------|
| Transportation | Endowments | Governmental | Total |
| | | \$4,800 | \$1,214,491 |
| | | | 1,389,291 |
| \$208,765 | | 125,053 | 456,720 |
| 126,702 | | 142,144 | 310,828 |
| 7,209 | \$65,551 | 32,570 | 198,438 |
| 349,379 | | 574,426 | 2,638,570 |
| 6,169 | 12,889 | 17,572 | 51,264 |
| | | | 24,922 |
| 3,669 | 8,743 | 31,768 | 101,828 |
| 701,893 | 87,183 | 928,333 | 6,386,352 |
| | | 49,258 | 157,283 |
| | | 58,550 | 302,809 |
| | | | 2,329,848 |
| | | 283,191 | 1,687,084 |
| 166,349 | | 187,847 | 392,242 |
| | 28,081 | 159,359 | 215,354 |
| 333,428 | | 92,330 | 501,522 |
| 132,863 | | 77,730 | 453,799 |
| 19,957 | | 26,984 | 47,954 |
| 26,908 | | 11,683 | 50,804 |
| 679,505 | 28,081 | 946,932 | 6,138,699 |
| 22,388 | 59,102 | (18,599) | 247,653 |
| | | 146,219 | 146,219 |
| | | 7,219 | 7,219 |
| | | (88,044) | (88,044) |
| 13,051 | 525 | 1,419 | 16,871 |
| | | 42,218 | 815,041 |
| (15,610) | (46,425) | (69,047) | (995,813) |
| (2,559) | (45,900) | 39,984 | (98,507) |
| 19,829 | 13,202 | 21,385 | 149,146 |
| 215,594 | 1,267,930 | 378,984 | 2,496,040 |
| \$235,423 | \$1,281,132 | \$400,369 | \$2,645,186 |

All funds had positive changes in fund balances (revenues and other financing sources exceeded expenditures and other financing uses).

These fund balances 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 the 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, 2012**

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds

\$149,146

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 | \$242,952 | |
| Depreciation Expense | <u>(85,884)</u> | 157,068 |

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. (27,422)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (19,717)

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 | (146,219) | |
| Premiums on Bonds Issued | <u>(7,219)</u> | (153,438) |

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 | 44,253 | |
| Bond Issue Costs | 92 | |
| Refunding Bond Payment | 88,044 | |
| Capital Leases | <u>1,908</u> | 134,297 |

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 | 529 | |
| Compensated Absences | (1,550) | |
| Claims and Judgments | 2,600 | |
| Other Long-Term Liabilities | <u>(1,978)</u> | (399) |

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.

Change in Net Assets - Governmental Activities

(3,046)
\$236,489

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 recover their costs. Since they provide goods and 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, 2012

(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. Two types of proprietary funds are reported: enterprise and internal service. Enterprise funds account for goods or services provided outside of state government; internal service funds provide goods or services to state agencies on a cost-reimbursement basis. 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 | \$91,263 | \$228,048 | \$634 |
| Pooled Cash and Investments | 81,858 | 949 | 17,992 |
| Investments | 53,359 | | |
| Securities Lending Collateral | | 45,685 | 26,373 |
| Accounts Receivable, Net | 63,507 | 136,905 | 165 |
| Interfund Receivables | 2,953 | | |
| Due from Other Entities | | | 140 |
| Inventories and Prepaid Items | 10,758 | | |
| Due from Component Unit | 3,676 | | |
| Loans, Notes, and Pledges Receivable, Net | 3,662 | | 11,845 |
| Other Current Assets | 823 | | 6,917 |
| Total Current Assets | 311,859 | 411,587 | 64,066 |

Noncurrent Assets

| | | | |
|---|------------------|----------------|----------------|
| Restricted Cash and Cash Equivalents | 2,541 | | 30,905 |
| Investments | 119,096 | 116,887 | |
| Restricted Investments | 1,804 | | 67,476 |
| Due from Component Unit | 74,859 | | |
| Loans, Notes, and Pledges Receivable, Net | 21,564 | | 321,904 |
| Other Noncurrent Assets | 7,580 | | |
| Capital Assets, Net | 1,110,965 | | 32,943 |
| Total Noncurrent Assets | 1,338,409 | 116,887 | 453,228 |

Total Assets

LIABILITIES

Current Liabilities

| | | | |
|--|----------------|---------------|---------------|
| Accounts Payable | \$16,747 | | |
| Payroll and Related Liabilities | 43,842 | | |
| Interfund Payables | 7,025 | | |
| Due to Other Entities | | | |
| Unearned Revenue | 29,199 | | \$16,376 |
| Amounts Held in Trust for Others | 2,441 | | |
| Due to Component Unit | 577 | | |
| Obligations Under Securities Lending | | \$45,685 | 26,373 |
| Other Accrued Liabilities | 8,441 | 8,517 | 206 |
| Compensated Absences Payable | 21,904 | | |
| Bonds, Notes, and Capital Leases Payable | 18,730 | 43,425 | 400 |
| Policy Claim Liabilities | | | |
| Total Current Liabilities | 148,906 | 97,627 | 43,355 |

Noncurrent Liabilities

| | | | |
|--|----------------|----------------|--------------|
| Bonds, Notes, and Capital Leases Payable | 454,389 | 144,145 | 2,940 |
| Policy Claim Liabilities | | | |
| Other Long-Term Obligations | 15,782 | | |
| Total Noncurrent Liabilities | 470,171 | 144,145 | 2,940 |

Total Liabilities

NET ASSETS

| | | | |
|---|--------------------|------------------|------------------|
| Invested in Capital Assets, Net of Related Debt Restricted for: | 652,857 | | 29,603 |
| Claims and Judgments | | | |
| Debt Service | | | 553 |
| Unemployment Compensation | | 286,702 | |
| Permanent Trust - Expendable | 45,426 | | |
| Permanent Trust - Nonexpendable | 74,859 | | |
| Other Purposes | | | 440,843 |
| Unrestricted | 258,049 | | |
| Total Net Assets | 1,031,191 | 286,702 | 470,999 |
| Total Liabilities and Net Assets | \$1,650,268 | \$528,474 | \$517,294 |

The amount reported for total net assets on this statement differs from the amount reported for Business-Type Activities on the government-wide Statement of Net Assets because of a \$6,247 consolidation adjustment for internal service fund activities on the government-wide statement.

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

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 74-76) and the Required Supplementary Information (CAFR pages 107-108).

Additional details on noncurrent (long-term) liabilities can be found in the Notes to the Financial Statements (CAFR pages 45 and 90-97).

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 pages 123-124).

| | | Governmental Activities | |
|----------------------------------|--------------|--------------------------------|-----------|
| Nonmajor Enterprise Funds | Total | Internal Service Funds | |
| | \$2,912 | \$322,857 | |
| | 16,765 | 117,564 | \$37,807 |
| | | 53,359 | |
| | | 72,058 | 13,918 |
| | 5,421 | 205,998 | 33 |
| | 214 | 3,167 | 617 |
| | | 140 | |
| | 14,463 | 25,221 | 2,446 |
| | | 3,676 | |
| | | 15,507 | |
| | 74 | 7,814 | 165 |
| | 39,849 | 827,361 | 54,986 |
| | | | |
| | 40,067 | 73,513 | 28,212 |
| | | 235,983 | 35,612 |
| | | 69,280 | |
| | | 74,859 | |
| | | 343,468 | 95 |
| | 11 | 7,591 | 6 |
| | 16,287 | 1,160,195 | 17,023 |
| | 56,365 | 1,964,889 | 80,948 |
| | \$96,214 | \$2,792,250 | \$135,934 |
| | | | |
| | \$9,191 | \$25,938 | \$560 |
| | 762 | 44,604 | 644 |
| | 4,840 | 11,865 | 44 |
| | 7,045 | 7,045 | |
| | | 45,575 | 13,436 |
| | | 2,441 | |
| | | 577 | |
| | | 72,058 | 13,918 |
| | 3,905 | 21,069 | 153 |
| | 744 | 22,648 | 837 |
| | 38 | 62,593 | 284 |
| | | | 7,043 |
| | 26,525 | 316,413 | 36,919 |
| | | | |
| | 107 | 601,581 | 3,069 |
| | | | 8,407 |
| | 364 | 16,146 | 280 |
| | 471 | 617,727 | 11,756 |
| | 26,996 | 934,140 | 48,675 |
| | | | |
| | 16,141 | 698,601 | 13,675 |
| | | | 28,212 |
| | | 553 | |
| | | 286,702 | |
| | | 45,426 | |
| | | 74,859 | |
| | 53,077 | 493,920 | 42,618 |
| | | 258,049 | 2,754 |
| | 69,218 | 1,858,110 | 87,259 |
| | \$96,214 | \$2,792,250 | \$135,934 |

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 pages 127-128).

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 generally 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 or normal understanding of the availability of the assets. Likewise, liabilities to be repaid from restricted assets are not included as part of current liabilities.

This total net assets amount is typically the same amount for business-type activities in the government-wide Statement of Net Assets (CAFR page 14) and the ending net assets shown on the Statement of Activities (CAFR page 17). See the bottom of page 16 for an explanation as to why the amounts are not equal.

The total net assets amount is the same as the ending net assets shown on the Statement of Revenues Expenditures, and Changes in Fund Net Assets (CAFR page 29).

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

Proprietary Funds

For the Fiscal Year Ended June 30, 2012

(dollars in thousands)

Proprietary funds report activities the State operates similar to a business. Proprietary activities charge a fee to users that covers most of the cost of providing the service.

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

Business-Type Activities--Enterprise Funds

| | College and University | Unemployment Compensation | Loan | Nonmajor Enterprise Funds |
|--|---------------------------|------------------------------|------|------------------------------|
|--|---------------------------|------------------------------|------|------------------------------|

OPERATING REVENUES

| | | | | |
|-----------------------------|-----------|-----------|---------|---------|
| Assessments | | \$345,718 | | |
| Licenses, Permits, and Fees | \$359,363 | | \$1,266 | \$2 |
| Scholarship Allowances | (64,744) | | | |
| Sale of Goods and Services | 126,725 | | 2,090 | 335,419 |
| Grants and Contributions | 158,126 | 157,881 | 17,347 | |
| Other Income | 11,256 | | | 231 |

Total Operating Revenues

| | | | | |
|--|---------|---------|--------|---------|
| | 590,726 | 503,599 | 20,703 | 335,652 |
|--|---------|---------|--------|---------|

OPERATING EXPENSES

| | | | | |
|--------------------------------|---------|---------|-------|---------|
| Personnel Costs | 559,331 | | | 14,127 |
| Services and Supplies | 227,690 | | 1,338 | 107,417 |
| Benefits, Awards, and Premiums | 81,841 | 348,300 | | 108,862 |
| Depreciation | 58,509 | | 208 | 1,526 |
| Other Expenses | 14,579 | | 2 | 5,650 |

Total Operating Expenses

| | | | | |
|--|---------|---------|-------|---------|
| | 941,950 | 348,300 | 1,548 | 237,582 |
|--|---------|---------|-------|---------|

Operating Income (Loss)

| | | | | |
|--|-----------|---------|--------|--------|
| | (351,224) | 155,299 | 19,155 | 98,070 |
|--|-----------|---------|--------|--------|

NONOPERATING REVENUES (EXPENSES)

| | | | | |
|--|----------|---------|---------|----------|
| Gifts and Grants | 137,591 | 14,832 | | |
| Investment Income | 59 | 6,063 | 12,302 | 295 |
| Interest Expense | (20,728) | (9,983) | (238) | (3) |
| Intergovernmental Distributions | | | (5,326) | (28,145) |
| Gain (Loss) on Sale of Capital Assets | (494) | | | (10) |
| Other Nonoperating Revenues (Expenses) | 3,549 | | 377 | (1) |

Total Nonoperating Revenues (Expenses)

| | | | | |
|--|---------|--------|-------|----------|
| | 119,977 | 10,912 | 7,115 | (27,864) |
|--|---------|--------|-------|----------|

Income (Loss) Before Contributions and Transfers

| | | | | |
|--|-----------|---------|--------|--------|
| | (231,247) | 166,211 | 26,270 | 70,206 |
|--|-----------|---------|--------|--------|

Capital Contributions

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

| | | | | |
|---------------|---------|----------|-------|----------|
| Transfers In | 24,944 | | 3,328 | |
| Transfers Out | 250,384 | | | |
| | (364) | (10,172) | | (64,723) |

Change in Net Assets

| | | | | |
|--|--------|---------|--------|-------|
| | 43,717 | 156,039 | 29,598 | 5,483 |
|--|--------|---------|--------|-------|

Total Net Assets - Beginning of Year, as Restated

| | | | | |
|--|---------|---------|---------|--------|
| | 987,474 | 130,663 | 441,401 | 63,735 |
|--|---------|---------|---------|--------|

Total Net Assets - End of Year

| | | | | |
|--|-------------|-----------|-----------|----------|
| | \$1,031,191 | \$286,702 | \$470,999 | \$69,218 |
|--|-------------|-----------|-----------|----------|

The \$6,247 difference between the \$234,837 reported as Change in Net Assets on this statement and the \$228,590 Change in Net Assets reported as Business-Type Activity on the government-wide Statement of Activities is due to a consolidation adjustment for internal service fund activities on the government-wide statement.

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 125).

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

Governmental Activities

| Internal | |
|--------------------|----------------------|
| Total | Service Funds |
| \$345,718 | |
| 360,631 | |
| (64,744) | |
| 464,234 | \$207,212 |
| 333,354 | 2,602 |
| 11,487 | 470 |
| 1,450,680 | 210,284 |
| 573,458 | 12,333 |
| 336,445 | 20,675 |
| 539,003 | 209,780 |
| 60,243 | 2,194 |
| 20,231 | 2,030 |
| 1,529,380 | 247,012 |
| (78,700) | (36,728) |
| 152,423 | |
| 18,719 | 2,418 |
| (30,952) | (544) |
| (33,471) | |
| (504) | 6 |
| 3,925 | 483 |
| 110,140 | 2,363 |
| 31,440 | (34,365) |
| 24,944 | |
| 253,712 | 2,687 |
| (75,259) | (368) |
| 234,837 | (32,046) |
| 1,623,273 | 119,305 |
| \$1,858,110 | \$87,259 |

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 whether or not 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 indicates 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.

The State has several internal service funds. To see greater detail of the individual funds aggregated in this column, turn to the combining financial statements (CAFR page 129).

State of Idaho

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(dollars in thousands)

This statement shows how the proprietary funds met or did not meet their cash needs.

| | | 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 | \$414,816 |
| | Receipts from Interfund Services | |
| | Receipts from Grants and Contributions | 155,640 |
| | Payments to Suppliers | (232,654) |
| | Payments to Employees | (549,471) |
| | Payments for Interfund Services | |
| | Payments for Benefits, Awards, and Claims | (78,412) |
| | Other Receipts (Payments) | 2,120 |
| | Net Cash Provided (Used) by Operating Activities | (287,961) |
| 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 | 135,627 |
| | Intergovernmental Distributions | |
| | Transfers In | 250,020 |
| | Transfers Out | |
| | Proceeds from Bonds, Notes, and Loans | 216,246 |
| | Repayments of Bonds, Notes, and Loans | (212,529) |
| | Interest Payments | |
| | Net Cash Provided (Used) by Noncapital Financing Activities | 389,364 |
| 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 | 19,641 |
| | Proceeds from Bonds and Notes | 43,787 |
| | Principal Payments | (38,529) |
| | Interest Payments | (19,960) |
| | Proceeds from Disposition of Capital Assets | 29 |
| | Acquisition and Construction of Capital Assets | (94,492) |
| | Net Cash Provided (Used) by Capital and Related Financing Activities | (89,524) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investing activities relate to the sale, purchase, and earnings from investments. | Receipt of Interest and Dividends | 3,117 |
| | Purchase of Investments | (351,625) |
| | Redemption of Investments | 300,967 |
| | Other Investing Activities | |
| | | Net Cash Provided (Used) by Investing Activities |
| | Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash | (35,662) |
| | Beginning Cash, Cash Equivalents, and Pooled Cash | 211,324 |
| | Ending Cash, Cash Equivalents, and Pooled Cash | \$175,662 |
| 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) | (\$351,224) |
| | Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| | Depreciation and Amortization | 58,509 |
| | Maintenance Costs Paid by Department of Public Works | 3,532 |
| | Net Changes in Assets and Liabilities: | |
| | Accounts Receivable/Interfund Receivables | (2,208) |
| | Inventories and Prepaid Items | 1,198 |
| | Notes Receivable | (64) |
| | Other Assets | (755) |
| | Accounts Payable/Interfund Payables | (3,106) |
| | Unearned Revenue | |
| | Compensated Absences | 457 |
| | Policy Claim Liabilities | |
| Other Accrued Liabilities | 5,700 | |
| | Net Cash Provided (Used) by Operating Activities | (\$287,961) |
| 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 \$2,106 for colleges and universities and by \$1,094 for the Loan Fund. Investments increased in fair value by \$1,573 for Unemployment Compensation and by \$386 for internal service funds. Colleges and universities acquired assets of \$468 through capital leases, \$4,498 through donations, and through state transfers in the amount of \$1,618. The Loan fund forgave loans in the amount of \$5,326. Nonmajor enterprise funds recorded an interfund payable of \$3,175 due on July 1, 2012, acquired capital assets by capital lease for \$87, and disposed of capital assets at a loss of \$11. Internal service funds Payments for Benefits, Awards, and Claims decreased by \$5,176 due to a decrease in a prior period, acquired capital assets by capital lease for \$58, disposed of capital assets at a loss of \$1, and eliminated capital assets of \$594 in a prior period. | |

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 126).

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 130-131).

| Type Activities--Enterprise Funds | | | Governmental Activities | |
|-----------------------------------|----------|---------------------------|-------------------------|------------------------|
| Unemployment Compensation | Loan | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| \$340,459 | | | \$340,459 | |
| | \$3,727 | \$331,734 | 750,277 | \$11,448 |
| | | 3,304 | 3,304 | 193,073 |
| 157,881 | 17,347 | | 330,868 | 2,602 |
| | (1,425) | (111,664) | (345,743) | (19,833) |
| | | (14,047) | (563,518) | (12,089) |
| | (18) | (410) | (428) | (2,980) |
| (352,718) | | (110,429) | (541,559) | (208,199) |
| | (140) | | 1,980 | |
| 145,622 | 19,491 | 98,488 | (24,360) | (35,978) |
| 14,832 | | | 150,459 | |
| | | (27,202) | (27,202) | |
| | 3,328 | | 253,348 | 2,687 |
| (10,172) | | (67,898) | (78,070) | (368) |
| 187,570 | | | 403,816 | |
| (202,402) | | | (414,931) | |
| (8,804) | | | (8,804) | (352) |
| (18,976) | 3,328 | (95,100) | 278,616 | 1,967 |
| | | | 19,641 | |
| | | 70 | 43,857 | |
| | (380) | (45) | (38,954) | (321) |
| | (220) | (3) | (20,183) | (180) |
| | | 1 | 30 | 7 |
| | (1) | (4,162) | (98,655) | (571) |
| | (601) | (4,139) | (94,264) | (1,065) |
| 4,490 | 9,923 | 295 | 17,825 | 2,027 |
| | (38,671) | | (390,296) | (578) |
| | 17,311 | | 318,278 | 3,405 |
| | (39) | | (39) | (20) |
| 4,490 | (11,476) | 295 | (54,232) | 4,834 |
| 131,136 | 10,742 | (456) | 105,760 | (30,242) |
| 97,861 | 38,789 | 60,200 | 408,174 | 96,261 |
| \$228,997 | \$49,531 | \$59,744 | \$513,934 | \$66,019 |
| \$155,299 | \$19,155 | \$98,070 | (\$78,700) | (\$36,728) |
| | 208 | 1,526 | 60,243 | 2,194 |
| | | | 3,532 | |
| (9,341) | 1,068 | (622) | (11,103) | 104 |
| | | (342) | 856 | (690) |
| | | | (64) | |
| | | (3,090) | (3,845) | (1) |
| | (103) | 3,049 | (160) | 645 |
| | (697) | | (697) | (3,263) |
| | | 49 | 506 | 130 |
| | | | | 1,581 |
| (336) | (140) | (152) | 5,072 | 50 |
| \$145,622 | \$19,491 | \$98,488 | (\$24,360) | (\$35,978) |

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, 2012

(dollars in thousands)

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 Notes to the Financial Statements (CAFR pages 64-71) and the combining financial statements (CAFR page 138).

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.

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust | Agency |
|---------------------------------------|---------------------|--------------------|---------------------------------------|------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$1,133 | | \$293 | \$9,068 |
| Pooled Cash and Investments | 2,777 | | | 20,003 |
| Investments: | | | | |
| Pooled Short Term | 420,342 | \$436,734 | 11,313 | |
| Fixed Income Investments | 3,018,933 | 967,912 | | 263,285 |
| Marketable Securities | 6,732,730 | | | |
| Mutual Funds and Private Equities | 1,592,083 | | 213,388 | |
| Mortgages and Real Estate | 1,017,829 | 73,270 | | |
| Other Investments | 3,490 | | 6,103 | |
| Securities Lending Collateral | | 619,957 | | |
| Receivables: | | | | |
| Investments Sold | 673,448 | | | |
| Contributions | 4,081 | | | |
| Interest and Dividends | 39,600 | 3,124 | 1 | |
| Interfund Receivables | 1,575 | | | |
| Other Receivables | 136 | | | |
| Other Assets | 50,866 | | | |
| Capital Assets, Net | 2,915 | | | |
| Total Assets | 13,561,938 | 2,100,997 | 231,098 | \$292,356 |
| LIABILITIES | | | | |
| Accounts Payable | 495 | 2,278 | 144 | |
| Interfund Payables | 1,575 | | | |
| Due to Other Entities | | | | \$757 |
| Amounts Held in Trust for Others | | | | 291,599 |
| Obligations Under Securities Lending | | 619,957 | | |
| Investments Purchased | 866,217 | | 46 | |
| Other Accrued Liabilities | 10,048 | 616 | | |
| Total Liabilities | 878,335 | 622,851 | 190 | \$292,356 |
| NET ASSETS | | | | |
| Held in Trust for: | | | | |
| Employee Pension Benefits | 12,400,085 | | | |
| Postemployment Healthcare Benefits | 283,518 | | | |
| External Investment Pool Participants | | 1,478,146 | | |
| Trust Beneficiaries | | | 230,908 | |
| Total Net Assets | \$12,683,603 | \$1,478,146 | \$230,908 | |

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 Notes to the Financial Statements (CAFR pages 76-81) and the combining financial statements (CAFR pages 133-135).

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

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 the fund has no net assets. To learn more about the different funds combined in this column, turn to the combining financial statements (CAFR page 140).

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, 2012

(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.

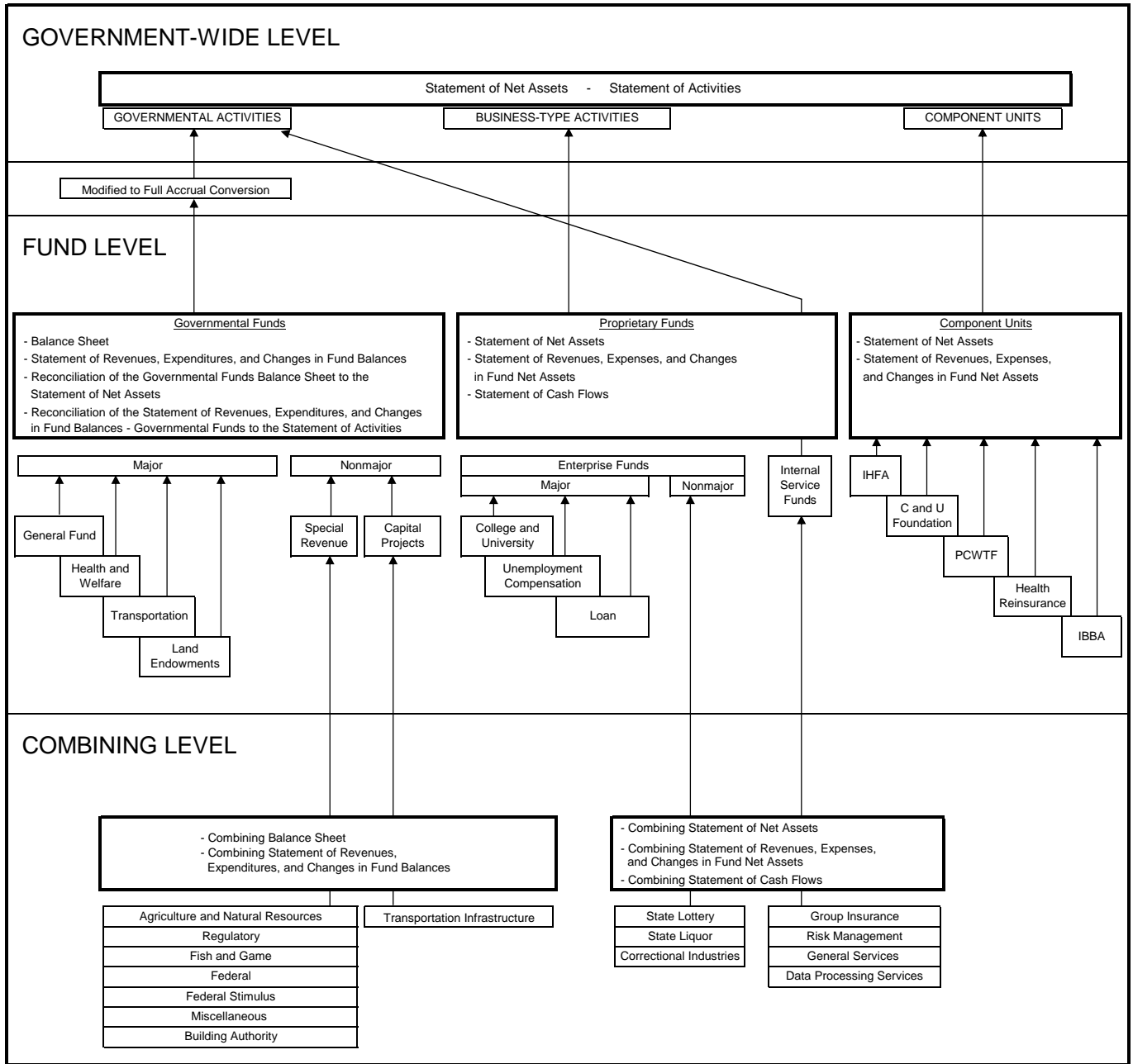
Deductions reduce net assets and primarily take the form of benefit payments, distributions to participants, and general administrative costs.

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust |
|--|---------------------|---------------------|---|
| ADDITIONS | | | |
| Contributions: | | | |
| Member | \$222,425 | | |
| Employer | 310,081 | | |
| Transfers In from Other Plans | 19,158 | | |
| Participant Deposits | | \$3,073,823 | \$35,059 |
| Total Contributions | 551,664 | 3,073,823 | 35,059 |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | (105,526) | (12,309) | 434 |
| Interest, Dividends, and Other | 304,297 | 20,462 | 5,647 |
| Securities Lending Income | | 1,673 | |
| Less Investment Expense: | | | |
| Investment Activity Expense | (42,522) | (752) | |
| Securities Lending Interest Expense | | (1,202) | |
| Net Investment Income | 156,249 | 7,872 | 6,081 |
| Miscellaneous Income | 1,594 | | |
| Total Additions | 709,507 | 3,081,695 | 41,140 |
| DEDUCTIONS | | | |
| Benefits and Refunds Paid to Plan Members | 690,862 | | |
| Transfers Out to Other Plans | 14,943 | | |
| Administrative Expense | 6,345 | | 1,396 |
| Earnings Distribution | | 6,101 | |
| Participant Withdrawals | 13,917 | 2,895,498 | 19,992 |
| Total Deductions | 726,067 | 2,901,599 | 21,388 |
| Change in Net Assets Held in Trust for: | | | |
| Employee Pension Benefits | (25,118) | | |
| Employee Postemployment Healthcare Benefits | 8,346 | | |
| External Investment Pool Participants | | 180,096 | |
| Trust Beneficiaries | | | 19,752 |
| Net Assets - Beginning of Year | 12,700,375 | 1,298,050 | 211,156 |
| Net Assets - End of Year | \$12,683,603 | \$1,478,146 | \$230,908 |

With the data in this statement, as well as the Notes (CAFR pages 76-81) and the Required Supplementary Information (CAFR page 109), 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 136-137).

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

CAFR Fund Structure



IHFA - Idaho Housing and Finance Association, including its component unit, The Housing Company
 C and U Foundation - College and University Foundation
 PCWTF - Petroleum Clean Water Trust Fund
 Health Reinsurance - Idaho Individual High Risk Reinsurance Pool and Idaho Small Employer Health Reinsurance Program
 IBBA - Idaho Bond Bank Authority