

State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007

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State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2007
 (amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
ASSETS				
Cash/cash equivalents	\$ 21,599	\$ 40,286	\$ 11,944	\$ 73,829
Receivables (net)	2,454	1,385	1,396	5,235
Due from other funds	-	41	-	41
Equity in pooled investments	-	-	216,728	216,728
Long-term loans/notes receivable	28,313	-	-	28,313
Advances to other funds	2,916	-	-	2,916
Investments	1,145	-	5,412	6,557
Securities lending collateral	-	-	11,521	11,521
Total assets	<u>\$ 56,427</u>	<u>\$ 41,712</u>	<u>\$ 247,001</u>	<u>\$ 345,140</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	21	3,803	8	3,832
Interfund loans payable	-	42	-	42
Due to other funds	50	122	2,159	2,331
Due to component units	-	2	-	2
Advances from other funds	14,271	-	-	14,271
Deferred revenue	337	-	-	337
Securities lending liability	-	-	11,521	11,521
Total liabilities	<u>14,679</u>	<u>3,969</u>	<u>13,688</u>	<u>32,336</u>
Fund balances:				
Reserved for:				
Encumbrances	-	8	-	8
Long-term loans/notes receivable	28,313	-	-	28,313
Advances to other funds	2,916	-	-	2,916
Debt service	4,599	-	-	4,599
Trust principal	-	-	233,313	233,313
Unreserved, designated	10,331	-	-	10,331
Unreserved, undesignated	(4,411)	37,735	-	33,324
Total fund balances	<u>41,748</u>	<u>37,743</u>	<u>233,313</u>	<u>312,804</u>
Total liabilities and fund balances	<u>\$ 56,427</u>	<u>\$ 41,712</u>	<u>\$ 247,001</u>	<u>\$ 345,140</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
REVENUES				
Licenses/permits	\$ -	\$ -	\$ 431	\$ 431
Taxes:				
Natural resource	674	4,846	769	6,289
Fuel	-	-	14	14
Other	-	2,065	-	2,065
Charges for services/fines/forfeits/settlements	858	298	10,404	11,560
Investment earnings	8,949	1,103	13,892	23,944
Securities lending income	2	1	401	404
Sale of documents/merchandise/property	3,059	-	-	3,059
Rentals/leases/royalties	-	-	131	131
Total revenues	13,542	8,313	26,042	47,897
EXPENDITURES				
Current:				
Public safety/corrections	-	4,209	-	4,209
Education/cultural	-	-	6	6
Resource/recreation/environment	41	-	-	41
Debt service:				
Principal retirement	32,054	-	-	32,054
Interest/fiscal charges	18,130	-	-	18,130
Capital outlay	-	35,488	16	35,504
Securities lending	2	1	393	396
Total expenditures	50,227	39,698	415	90,340
Excess of revenue over (under) expenditures	(36,685)	(31,385)	25,627	(42,443)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	16,740	-	-	16,740
Bond premium	946	-	-	946
Payment to refunding bond escrow agent	(17,504)	-	-	(17,504)
General capital asset sale proceeds	-	-	2	2
Transfers in	39,175	26,507	9,095	74,777
Transfers out	(3,581)	(4,658)	(12,401)	(20,640)
Total other financing sources (uses)	35,776	21,849	(3,304)	54,321
Net change in fund balances	(909)	(9,536)	22,323	11,878
Fund balances - July 1 - as previously reported	42,654	47,279	210,990	300,923
Prior period adjustments	3	-	-	3
Fund balances - July 1 - as restated	42,657	47,279	210,990	300,926
Fund balances - June 30	\$ 41,748	\$ 37,743	\$ 233,313	\$ 312,804

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NONMAJOR DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for the payment of general long-term obligation principal and interest. A brief description of each debt service fund follows:

Coal Tax – This fund accounts for payments on special revenue renewable resource program (coal severance tax) bonds.

Long-Range Building Program – This fund accounts for payments on general obligation long-range building program bonds.

Water & Wastewater Development – This fund accounts for payments on the following general obligation bonds: wastewater treatment works revolving fund, renewable resource program, drinking water revolving fund, and water pollution control revolving fund.

Water Conservation – This fund accounts for payments on water conservation loans issued for the following projects: Little Dry and Petrolia.

Health Care – This fund accounts for payments on the following special revenue bonds: Montana State Hospital and Montana Developmental Center.

Information Technology – This fund accounts for payments on general obligation information technology bonds.

Energy Conservation Program – This fund accounts for payments on general obligation bonds issued for State Building Energy Conservation Projects.

Environmental Reclamation – This fund accounts for payments on the following general obligation bonds: hard rock mining reclamation and CERCLA program.

Highway – This fund accounts for payments on the U.S. Highway 93 GARVEES special revenue bonds.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	COAL TAX	LONG-RANGE BUILDING PROGRAM	WATER & WASTERWATER DEVELOPMENT	WATER CONSERVATION
ASSETS				
Cash/cash equivalents	\$ 7,498	\$ 1,788	\$ 8,484	\$ -
Receivables (net)	412	50	1,979	-
Due from other funds	-	-	-	-
Long-term loans/notes receivable	11,178	-	17,103	32
Advances to other funds	2,916	-	-	-
Investments	-	-	125	-
Total assets	<u>\$ 22,004</u>	<u>\$ 1,838</u>	<u>\$ 27,691</u>	<u>\$ 32</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	2	19	-
Due to other funds	-	-	50	-
Advances from other funds	-	-	14,271	-
Deferred revenue	62	-	275	-
Total liabilities	<u>62</u>	<u>2</u>	<u>14,615</u>	<u>-</u>
Fund balances:				
Reserved for:				
Long-term loans/notes receivable	11,178	-	17,103	32
Advances to other funds	2,916	-	-	-
Debt service	4,599	-	-	-
Unreserved, designated	3,635	1,836	-	-
Unreserved, undesignated	(386)	-	(4,027)	-
Total fund balances	<u>21,942</u>	<u>1,836</u>	<u>13,076</u>	<u>32</u>
Total liabilities and fund balances	<u>\$ 22,004</u>	<u>\$ 1,838</u>	<u>\$ 27,691</u>	<u>\$ 32</u>

	HEALTH CARE	ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	TOTAL
\$	3,283	\$ 282	\$ 264	\$ 21,599
	-	13	-	2,454
	-	-	-	-
	-	-	-	28,313
	-	-	-	2,916
	1,020	-	-	1,145
\$	4,303	\$ 295	\$ 264	\$ 56,427
	-	-	-	21
	-	-	-	50
	-	-	-	14,271
	-	-	-	337
	-	-	-	14,679
	-	-	-	28,313
	-	-	-	2,916
	-	-	-	4,599
	4,301	295	264	10,331
	2	-	-	(4,411)
	4,303	295	264	41,748
\$	4,303	\$ 295	\$ 264	\$ 56,427

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	COAL TAX	LONG-RANGE BUILDING PROGRAM	WATER & WASTERWATER DEVELOPMENT	WATER CONSERVATION
REVENUES				
Taxes:				
Natural resource	\$ -	\$ -	\$ 383	\$ -
Charges for services/fines/forfeits/settlements	-	-	8	-
Investment earnings	988	1,140	6,323	2
Securities lending income	1	1	-	-
Sale of documents/merchandise/property	3,059	-	-	-
Total revenues	4,048	1,141	6,714	2
EXPENDITURES				
Current:				
Resource/recreation/environment	-	-	-	-
Debt service:				
Principal retirement	3,095	9,920	4,650	4
Interest/fiscal charges	1,357	6,650	1,866	1
Securities lending	1	1	-	-
Total expenditures	4,453	16,571	6,516	5
Excess of revenue over (under) expenditures	(405)	(15,430)	198	(3)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	16,740	-	-
Bond premium	-	946	-	-
Payment to refunding bond escrow agent	-	(17,504)	-	-
Transfers in	-	15,924	1,885	-
Transfers out	(2,375)	-	(1,206)	-
Total other financing sources (uses)	(2,375)	16,106	679	-
Net change in fund balances	(2,780)	676	877	(3)
Fund balances - July 1 - as previously reported	24,722	1,157	12,199	35
Prior period adjustments	-	3	-	-
Fund balances - July 1 - as restated	24,722	1,160	12,199	35
Fund balances - June 30	\$ 21,942	\$ 1,836	\$ 13,076	\$ 32

HEALTH CARE	INFORMATION TECHNOLOGY	ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	HIGHWAY	TOTAL
\$ -	\$ -	\$ -	\$ 291	\$ -	\$ 674
-	98	752	-	-	858
296	-	200	-	-	8,949
-	-	-	-	-	2
-	-	-	-	-	3,059
296	98	952	291	-	13,542
-	-	38	3	-	41
1,465	6,075	575	140	6,130	32,054
1,476	580	256	197	5,747	18,130
-	-	-	-	-	2
2,941	6,655	869	340	11,877	50,227
(2,645)	(6,557)	83	(49)	(11,877)	(36,685)
-	-	-	-	-	16,740
-	-	-	-	-	946
-	-	-	-	-	(17,504)
2,751	6,557	-	181	11,877	39,175
-	-	-	-	-	(3,581)
2,751	6,557	-	181	11,877	35,776
106	-	83	132	-	(909)
4,197	-	212	132	-	42,654
-	-	-	-	-	3
4,197	-	212	132	-	42,657
\$ 4,303	\$ -	\$ 295	\$ 264	\$ -	\$ 41,748

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital project funds are used to account for financial resources used for the acquisition or construction of major governmental general capital assets. A brief description of each capital project fund follows:

Long-Range Building Program – This fund is maintained to account for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction, and improvement of major capital assets financed by general obligation bonds and interest earned on bond proceeds.

Information Technology Projects – This fund accounts for resources received and expended for information technology projects for various upgrade and replacement activities.

Federal/Private Construction Grants – This fund accounts for federal grants, private donations, and federal matching funds that are restricted to general capital asset construction.

Capital Land Grant – This fund accounts for revenues and expenditures from the Capital Land Grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a debt service fund for the payment of principal and interest on bonds issued for capital building construction.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	CAPITAL LAND GRANT	TOTAL
ASSETS				
Cash/cash equivalents	\$ 38,611	\$ 332	\$ 1,343	\$ 40,286
Receivables (net)	1,385	-	-	1,385
Due from other funds	41	-	-	41
Total assets	<u>\$ 40,037</u>	<u>\$ 332</u>	<u>\$ 1,343</u>	<u>\$ 41,712</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	3,658	145	-	3,803
Interfund loans payable	42	-	-	42
Due to other funds	115	7	-	122
Due to component units	2	-	-	2
Total liabilities	<u>3,817</u>	<u>152</u>	<u>-</u>	<u>3,969</u>
Fund balances:				
Encumbrances	-	8	-	8
Unreserved	36,220	172	1,343	37,735
Total fund balances	<u>36,220</u>	<u>180</u>	<u>1,343</u>	<u>37,743</u>
Total liabilities and fund balances	<u>\$ 40,037</u>	<u>\$ 332</u>	<u>\$ 1,343</u>	<u>\$ 41,712</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
REVENUES					
Taxes:					
Natural Resource	\$ 4,846	\$ -	\$ -	\$ -	\$ 4,846
Other	2,065	-	-	-	2,065
Charges for services/fines/forfeits/settlements	298	-	-	-	298
Investment earnings	1,103	-	-	-	1,103
Securities lending income	1	-	-	-	1
Other revenues	-	-	-	-	-
Total revenues	8,313	-	-	-	8,313
EXPENDITURES					
Current:					
Public safety/corrections	-	4,209	-	-	4,209
Capital outlay	35,300	180	8	-	35,488
Securities lending	1	-	-	-	1
Total expenditures	35,301	4,389	8	-	39,698
Excess of revenue over (under) expenditures	(26,988)	(4,389)	(8)	-	(31,385)
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	-	-	-
Transfers in	21,507	4,121	8	871	26,507
Transfers out	(3,670)	-	-	(988)	(4,658)
Total other financing sources (uses)	17,837	4,121	8	(117)	21,849
Net change in fund balances	(9,151)	(268)	-	(117)	(9,536)
Fund balances - July 1 - as previously reported	45,371	448	-	1,460	47,279
Prior period adjustments	-	-	-	-	-
Fund balances - July 1 - as restated	45,371	448	-	1,460	47,279
Fund balances - June 30	\$ 36,220	\$ 180	\$ -	\$ 1,343	\$ 37,743

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NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support state government programs. A brief description of each permanent fund follows:

Resource Indemnity – Taxes paid by persons engaging in or carrying on the business of mining, extracting, or producing minerals are deposited in this fund. Only the net earnings of the trust may be appropriated until the principal reaches \$100 million. Interest earnings are expended from a special revenue fund. This fund is administered by the Department of Revenue.

Parks Trust and Cultural Trust – A portion of coal severance taxes are credited to these funds by the Department of Revenue. Income from the trusts is used for the acquisition and maintenance of state parks and historical sites by the Department of Fish, Wildlife and Parks. The Montana Arts Council uses income from the trusts for the protection of works of art in the State Capitol and for other cultural projects.

Real Property Trust – Money received by the Department of Fish, Wildlife and Parks from the sale of real property; the exploration and development of oil, gas, and mineral deposits; and leasing department real property is deposited in this fund. Interest is recorded in a special revenue fund and used for developing and maintaining real property of the department.

Noxious Weed Management – The Department of Agriculture accounts for revenues and interest earned on fees charged for the control of noxious weeds.

Historical Society Trusts – The fund accounts for memorials, bequests, and various other contributions to the Montana Historical Society. Includes the following trust funds: James H. Bradley Memorial, Thomas Teakle, Merritt-Wheeler Memorial, Historical Society Acquisitions, Sobotka Memorial, and Edger I. and Jane R. Stewart.

PHHS Trusts – This fund provides services and activities related to a broad range of child abuse and neglect prevention activities operated by non-profit or public community educational and service organizations.

Tobacco Settlement Interest – This fund holds interest earned by investing the Tobacco Settlement Principal.

Zortman/Landusky Water Treatment – This fund provides for long-term or perpetual water treatment at the Zortman and Landusky mine sites.

**COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2007**
(amounts expressed in thousands)

	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY TRUST	NOXIOUS WEED MANAGEMENT
ASSETS					
Cash/cash equivalents	\$ 723	\$ 514	\$ 136	\$ 1,050	\$ 1,130
Receivables (net)	530	216	109	64	70
Equity in pooled investments	101,115	17,198	8,526	11,362	993
Investments	-	-	-	-	2,938
Securities lending collateral	4,477	762	378	503	1,964
Total assets	\$ 106,845	\$ 18,690	\$ 9,149	\$ 12,979	\$ 7,095
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	8
Due to other funds	1,231	119	105	86	255
Securities lending liability	4,477	762	378	503	1,964
Total liabilities	5,708	881	483	589	2,227
Fund balances:					
Reserved for:					
Trust principal	101,137	17,809	8,666	12,390	4,868
Total fund balances	101,137	17,809	8,666	12,390	4,868
Total liabilities and fund balances	\$ 106,845	\$ 18,690	\$ 9,149	\$ 12,979	\$ 7,095

HISTORICAL SOCIETY TRUSTS	DPHHS TRUSTS	TOBACCO SETTLEMENT INTEREST	ZORTMAN/ LANDUSKY WATER TREATMENT	TOTAL
\$ 111	\$ 7,734	\$ 493	\$ 53	\$ 11,944
3	-	404	-	1,396
1,317	-	76,217	-	216,728
-	-	-	2,474	5,412
62	-	3,375	-	11,521
<u>\$ 1,493</u>	<u>\$ 7,734</u>	<u>\$ 80,489</u>	<u>\$ 2,527</u>	<u>\$ 247,001</u>
-	-	-	-	8
-	-	363	-	2,159
62	-	3,375	-	11,521
62	-	3,738	-	13,688
1,431	7,734	76,751	2,527	233,313
1,431	7,734	76,751	2,527	233,313
<u>\$ 1,493</u>	<u>\$ 7,734</u>	<u>\$ 80,489</u>	<u>\$ 2,527</u>	<u>\$ 247,001</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR PERMANENT FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY TRUST	NOXIOUS WEED MANAGEMENT
REVENUES					
Licenses/permits	\$ -	\$ -	\$ -	\$ 431	\$ -
Taxes:					
Natural resource	-	513	256	-	-
Fuel	-	-	-	-	14
Charges for services/fines/forfeits/settlements	-	-	-	-	-
Investment earnings	6,665	1,120	553	712	218
Securities lending income	180	30	15	22	28
Rentals/leases/royalties	-	-	-	131	-
Total revenues	6,845	1,663	824	1,296	260
EXPENDITURES					
Current:					
Education/cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Securities lending	176	29	15	22	28
Total expenditures	176	29	15	22	28
Excess of revenue over (under) expenditures	6,669	1,634	809	1,274	232
OTHER FINANCING SOURCES (USES)					
General capital asset sale proceeds	-	-	-	-	-
Transfers in	-	-	-	7	155
Transfers out	(6,220)	(965)	(516)	(657)	(256)
Total other financing sources (uses)	(6,220)	(965)	(516)	(650)	(101)
Net change in fund balances	449	669	293	624	131
Fund balances - July 1 - as previously reported	100,688	17,140	8,373	11,766	4,737
Fund balances - June 30	\$ 101,137	\$ 17,809	\$ 8,666	\$ 12,390	\$ 4,868

HISTORICAL SOCIETY TRUSTS	DPHHS TRUSTS	TOBACCO SETTLEMENT INTEREST	ZORTMAN/ LANDUSKY WATER TREATMENT	TOTAL
\$ -	\$ -	\$ -	\$ -	431
-	-	-	-	769
-	-	-	-	14
-	-	10,404	-	10,404
171	-	4,348	105	13,892
2	-	121	3	401
-	-	-	-	131
173	-	14,873	108	26,042
6	-	-	-	6
16	-	-	-	16
2	-	118	3	393
24	-	118	3	415
149	-	14,755	105	25,627
2	-	-	-	2
-	7,733	-	1,200	9,095
-	-	(3,787)	-	(12,401)
2	7,733	(3,787)	1,200	(3,304)
151	7,733	10,968	1,305	22,323
1,280	1	65,783	1,222	210,990
\$ 1,431	\$ 7,734	\$ 76,751	\$ 2,527	\$ 233,313

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that provide goods or services to the public on a user charge basis. A brief description of each enterprise fund follows:

Liquor Warehouse – This fund accounts for activities related to the sale and distribution of alcoholic beverages and licensing within the State. Profits and license fees are used to finance General Fund expenditures.

Hail Insurance – Any producer engaged in the growing of crops subject to damage by hail may participate in the hail insurance program. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and benefits paid by the Department of Agriculture.

State Lottery – This fund accounts for the operations of Montana's lottery.

Prison Industries – These operations provide training and employment for inmates. The products produced are sold to state agencies, non-profit organizations, and other customers in accordance with state policies.

MUS Group Insurance – This fund accounts for employee contributions to the Montana University System's medical/dental self-insurance plan.

MUS Workers Compensation – This fund accounts for self-insured workers compensation coverage for employees of the Montana University System.

Subsequent Injury – This fund accounts for the assessments collected from employers and benefits paid to workers who are certified as vocationally handicapped and are injured on the job.

Secretary of State Business Services – This fund accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications – This fund accounts for the Historical Society's sales from "Montana, The Magazine of Western History"; books; publications; and merchandise from the Historical Society store.

Surplus Property – The Department of Administration accounts for intragovernmental sales of state and federal surplus property to state agencies, local governments, and designated non-profit organizations.

West Yellowstone Airport – This fund, administered by the Department of Transportation, accounts for operations of the airport at West Yellowstone. User airlines are assessed rental and landing fees.

Local Government Audits – This fund accounts for the costs incurred by the Department of Administration for audits of local governments, required under Sections 2-7-501 through 522 of the Montana Code Annotated, and the fees assessed the local governments for the audits.

Flexible Spending Administration – This fund accounts for the fees collected from the participants in the Flexible Spending Programs and the related administrative costs of the plans administered by the Department of Administration and the Office of the Commissioner of Higher Education.

HUD Section 8 Housing – This fund accounts for a program that provides rental assistance to low-income families throughout Montana.

Other Enterprise Funds – This category includes several small enterprise funds administered by various agencies.

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
ASSETS				
Current assets:				
Cash/cash equivalents	\$ 3,758	\$ 12,559	\$ 1,839	\$ 1,156
Receivables (net)	16,085	5,075	1,382	345
Due from other governments	-	-	-	-
Due from other funds	5	1	1	235
Due from component units	1	-	-	13
Inventories	64	-	1,614	5,065
Securities lending collateral	-	-	-	-
Other current assets	81	-	27	-
Total current assets	19,994	17,635	4,863	6,814
Noncurrent assets:				
Advances to other funds	75	-	-	-
Long-term investments	-	-	-	-
Long-term notes/loans receivable	-	-	-	-
Deferred charges	-	-	-	-
Other long-term assets	-	-	1,510	292
Capital assets:				
Land	-	-	-	690
Land improvements	-	-	-	240
Buildings/improvements	2,044	-	-	4,667
Equipment	362	-	422	3,810
Infrastructure	-	-	-	884
Construction in progress	-	-	-	430
Intangible assets	-	-	-	-
Less accumulated depreciation	(1,548)	-	(283)	(5,469)
Total capital assets	858	-	139	5,252
Total noncurrent assets	933	-	1,649	5,544
Total assets	20,927	17,635	6,512	12,358

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$ 30,102	\$ 7,731	\$ 127	\$ 3,942	\$ 241	\$ 10
475	14	15	21	20	47
-	-	-	-	-	-
-	-	2	8	8	12
2,019	169	-	3	-	-
-	-	-	44	429	113
-	-	474	-	-	-
-	-	-	27	-	1
32,596	7,914	618	4,045	698	183
-	-	-	-	-	-
-	653	1,005	-	-	-
-	-	-	-	-	-
-	9	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	118
-	-	-	341	11	146
-	-	-	-	-	-
-	-	-	20	-	-
-	-	-	271	-	-
-	-	-	(226)	(10)	(166)
-	-	-	406	1	98
-	662	1,005	406	1	98
32,596	8,576	1,623	4,451	699	281

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2007

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
ASSETS			
Current assets:			
Cash/cash equivalents	\$ 430	\$ 220	\$ 934
Receivables (net)	-	-	280
Due from other governments	-	-	-
Due from other funds	-	-	-
Due from component units	-	-	149
Inventories	-	-	-
Securities lending collateral	-	-	-
Other current assets	-	-	-
Total current assets	430	220	1,363
Noncurrent assets:			
Advances to other funds	-	-	-
Long-term investments	-	-	-
Long-term notes/loans receivable	-	-	-
Deferred charges	-	-	-
Other long-term assets	-	-	-
Capital assets:			
Land	110	-	-
Land improvements	2,103	-	-
Buildings/improvements	487	-	-
Equipment	71	-	-
Infrastructure	-	-	-
Construction in progress	9	-	-
Intangible assets	-	-	-
Less accumulated depreciation	(860)	-	-
Total capital assets	1,920	-	-
Total noncurrent assets	1,920	-	-
Total assets	2,350	220	1,363

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
\$	8,089	\$ 488	\$ 71,626
	97	1	23,857
	829	56	885
	1	98	371
	-	-	2,354
	-	114	7,443
	-	-	474
	20	-	156
	9,036	757	107,166
	-	-	75
	-	-	1,658
	539	-	539
	-	-	9
	-	-	1,802
	-	-	800
	-	-	2,343
	-	-	7,316
	52	68	5,283
	-	-	884
	-	-	459
	4	-	275
	(45)	(55)	(8,662)
	11	13	8,698
	550	13	12,781
	9,586	770	119,947

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2007

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 4,984	\$ 13	\$ 655	\$ 248
Lottery prizes payable	-	-	1,600	-
Interfund loans payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	11,127	99	2,863	59
Due to component units	-	-	-	-
Deferred revenue	1,047	4,859	107	34
Bonds/notes payable (net)	-	-	-	-
Amounts held in custody for others	585	-	-	-
Securities lending liability	-	-	-	-
Estimated insurance claims	-	519	-	-
Compensated absences payable	135	14	119	107
Total current liabilities	17,878	5,504	5,344	448
Noncurrent liabilities:				
Lottery prizes payable	-	-	1,106	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	115	13	62	164
Total noncurrent liabilities	115	13	1,168	164
Total liabilities	17,993	5,517	6,512	612
NET ASSETS				
Invested in capital assets, net of related debt	859	-	139	5,252
Restricted for:				
Other purposes	-	12,118	-	-
Unrestricted	2,075	-	(139)	6,494
Total net assets	\$ 2,934	\$ 12,118	\$ -	\$ 11,746

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$ 2,388	\$ 52	\$ 99	\$ 205	\$ 40	\$ 29
-	-	-	-	-	-
-	-	-	-	82	225
-	-	-	-	-	-
15	34	-	31	9	14
-	-	-	-	-	-
5	-	-	172	97	-
-	430	-	-	-	-
-	-	-	4	-	-
-	-	474	-	-	-
6,250	632	500	-	-	-
10	3	-	139	22	21
8,668	1,151	1,073	551	250	289
-	-	-	-	-	-
-	4,871	2,706	-	-	-
14	-	-	92	40	10
14	4,871	2,706	92	40	10
8,682	6,022	3,779	643	290	299
-	-	-	406	1	98
23,914	2,554	-	-	-	-
-	-	(2,156)	3,402	408	(116)
\$ 23,914	\$ 2,554	\$ (2,156)	\$ 3,808	\$ 409	\$ (18)

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2007

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 21	\$ 9	\$ 197
Lottery prizes payable	-	-	-
Interfund loans payable	-	-	-
Due to other governments	-	-	-
Due to other funds	1	1	-
Due to component units	-	-	-
Deferred revenue	-	-	-
Bonds/notes payable (net)	-	-	-
Amounts held in custody for others	1	-	-
Securities lending liability	-	-	-
Estimated insurance claims	-	-	-
Compensated absences payable	5	13	-
Total current liabilities	28	23	197
Noncurrent liabilities:			
Lottery prizes payable	-	-	-
Estimated insurance claims	-	-	-
Compensated absences payable	7	17	-
Total noncurrent liabilities	7	17	-
Total liabilities	35	40	197
NET ASSETS			
Invested in capital assets, net of related debt	1,919	-	-
Restricted for:			
Other purposes	396	-	1,166
Unrestricted	-	180	-
Total net assets	\$ 2,315	\$ 180	\$ 1,166

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
\$	56	\$ 177	\$ 9,173
	-	-	1,600
	-	-	307
	52	-	52
	21	9	14,283
	-	7	7
	-	-	6,321
	-	-	430
	-	-	590
	-	-	474
	-	-	7,901
	81	19	688
	210	212	41,826
	-	-	1,106
	-	-	7,577
	-	32	566
	-	32	9,249
	210	244	51,075
	11	13	8,698
	9,365	513	50,026
	-	-	10,148
\$	9,376	\$ 526	\$ 68,872

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Operating revenues:				
Charges for services	\$ 63,812	\$ -	\$ 41,567	\$ 5,600
Investment earnings	-	560	267	-
Securities lending income	-	1	-	-
Contributions/premiums	-	6,032	-	-
Grants/contracts/donations	-	-	-	-
Taxes	19,046	-	-	-
Other operating revenues	148	9	2	-
Total operating revenues	83,006	6,602	41,836	5,600
Operating expenses:				
Personal services	2,170	274	1,622	2,400
Contractual services	557	182	5,195	107
Supplies/materials	52,282	1	1,119	2,666
Benefits/claims	-	1,576	-	-
Depreciation	96	-	31	327
Amortization	-	-	-	-
Utilities/rent	154	6	113	183
Communications	77	5	708	18
Travel	26	27	52	15
Repair/maintenance	126	-	16	339
Grants	-	-	-	-
Lottery prize payments	-	-	21,417	-
Interest expense	-	-	-	-
Securities lending expense	-	1	-	-
Dividend expense	-	2,583	-	-
Other operating expenses	33	8	141	372
Total operating expenses	55,521	4,663	30,414	6,427
Operating income (loss)	27,485	1,939	11,422	(827)
Nonoperating revenues (expenses):				
Gain (loss) on sale of capital assets	(3)	-	(2)	-
Increase (decrease) value of livestock	-	-	-	(57)
Total nonoperating revenues (expenses)	(3)	-	(2)	(57)
Income (loss) before contributions and transfers	27,482	1,939	11,420	(884)
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(27,677)	(50)	(11,420)	-
Change in net assets	(195)	1,889	-	(884)
Total net assets - July 1 - as previously reported	3,137	10,229	-	12,630
Prior period adjustments	(8)	-	-	-
Total net assets - July 1 - as restated	3,129	10,229	-	12,630
Total net assets - June 30	\$ 2,934	\$ 12,118	\$ -	\$ 11,746

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$ -	\$ -	\$ 81	\$ 4,734	\$ 856	\$ 330
1,518	344	70	196	-	-
2	-	15	-	-	-
57,159	4,047	-	-	-	-
624	-	-	-	-	-
-	-	-	-	-	-
597	-	-	79	8	-
59,900	4,391	166	5,009	864	330
192	8	-	2,514	343	217
3,509	463	-	1,169	199	35
49	1	-	86	288	322
54,158	2,101	822	-	-	-
-	-	-	34	-	13
-	-	-	747	-	-
17	-	-	191	1	22
9	-	-	675	29	9
8	-	-	72	8	1
1	-	-	169	10	11
-	-	-	-	-	-
-	-	-	-	-	-
-	34	-	-	-	-
2	-	14	-	-	-
-	-	-	-	-	-
588	39	-	46	35	10
58,533	2,646	836	5,703	913	640
1,367	1,745	(670)	(694)	(49)	(310)
-	-	-	-	-	(11)
-	-	-	-	-	-
-	-	-	-	-	(11)
1,367	1,745	(670)	(694)	(49)	(321)
-	-	-	-	-	171
-	-	-	-	50	-
-	-	(44)	(1)	-	-
1,367	1,745	(714)	(695)	1	(150)
22,542	809	(1,442)	3,886	408	132
5	-	-	617	-	-
22,547	809	(1,442)	4,503	408	132
\$ 23,914	\$ 2,554	\$ (2,156)	\$ 3,808	\$ 409	\$ (18)

(Continued on Next Page)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Operating revenues:			
Charges for services	\$ 49	\$ 294	\$ 120
Investment earnings	-	-	20
Securities lending income	-	-	-
Contributions/premiums	-	-	10,285
Grants/contracts/donations	-	-	-
Taxes	-	-	-
Other operating revenues	112	-	-
Total operating revenues	161	294	10,425
Operating expenses:			
Personal services	112	193	-
Contractual services	20	17	107
Supplies/materials	(2)	4	-
Benefits/claims	-	-	9,783
Depreciation	124	-	-
Amortization	-	-	-
Utilities/rent	29	29	-
Communications	9	5	-
Travel	6	1	-
Repair/maintenance	18	2	-
Grants	-	-	-
Lottery prize payments	-	-	-
Interest expense	-	-	-
Securities lending expense	-	-	-
Dividend expense	-	-	-
Other operating expenses	2	21	123
Total operating expenses	318	272	10,013
Operating income (loss)	(157)	22	412
Nonoperating revenues (expenses):			
Gain (loss) on sale of capital assets	-	-	-
Increase (decrease) value of livestock	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Income (loss) before contributions and transfers	(157)	22	412
Capital contributions	-	-	-
Transfers in	29	-	-
Transfers out	-	-	-
Change in net assets	(128)	22	412
Total net assets - July 1 - as previously reported	2,443	158	754
Prior period adjustments	-	-	-
Total net assets - July 1 - as restated	2,443	158	754
Total net assets - June 30	\$ 2,315	\$ 180	\$ 1,166

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
\$	56	\$ 1,281	\$ 118,780
	393	6	3,374
	-	-	18
	-	-	77,523
	38,306	-	38,930
	-	-	19,046
	-	109	1,064
	38,755	1,396	258,735
	887	381	11,313
	162	533	12,255
	40	174	57,030
	31,249	1	99,690
	7	3	635
	12	-	759
	94	15	854
	42	7	1,593
	34	17	267
	13	20	725
	1,333	-	1,333
	-	-	21,417
	-	-	34
	-	-	17
	-	-	2,583
	95	25	1,538
	33,968	1,176	212,043
	4,787	220	46,692
	(2)	-	(18)
	-	-	(57)
	(2)	-	(75)
	4,785	220	46,617
	-	-	171
	-	-	79
	-	-	(39,192)
	4,785	220	7,675
	3,868	306	59,860
	723	-	1,337
	4,591	306	61,197
\$	9,376	\$ 526	\$ 68,872

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from sales and services	\$ 62,141	\$ 5,857	\$ 40,997	\$ 5,690
Payments to suppliers for goods and services	(42,026)	(191)	(7,497)	(3,518)
Payments to employees	(2,120)	(267)	(1,619)	(2,373)
Grant receipts	-	-	-	-
Grant payments	-	-	-	-
Cash payments for claims	-	(1,152)	-	-
Cash payments for prizes	-	-	(21,333)	-
Other operating revenues	148	-	-	-
Other operating payments	-	(2,583)	-	-
Net cash provided by (used for) operating activities	<u>18,143</u>	<u>1,664</u>	<u>10,548</u>	<u>(201)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	19,046	-	-	-
Transfers to other funds	(37,442)	(50)	(11,276)	-
Transfers from other funds	-	-	-	-
Proceeds from interfund loans/advances	-	-	-	-
Payments of interfund loans/advances	-	-	-	-
Payment of principal and interest on bonds and notes	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(18,396)</u>	<u>(50)</u>	<u>(11,276)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	38	-	(50)	(144)
Proceeds from sale of capital assets	(2)	-	3	-
Net cash used for capital and related financing activities	<u>36</u>	<u>-</u>	<u>(47)</u>	<u>(144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	-
Proceeds from sales or maturities of investments	-	-	-	-
Proceeds from securities lending transactions	-	1	-	-
Interest and dividends on investments	-	510	249	-
Payment of securities lending costs	-	(1)	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>510</u>	<u>249</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(217)	2,124	(526)	(345)
Cash and cash equivalents, July 1	3,975	10,435	2,365	1,501
Cash and cash equivalents, June 30	<u>\$ 3,758</u>	<u>\$ 12,559</u>	<u>\$ 1,839</u>	<u>\$ 1,156</u>

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
57,087 \$	4,205 \$	82 \$	4,805 \$	816 \$	478
(4,407)	-	-	(3,102)	(540)	(306)
(411)	(209)	-	(2,417)	(332)	(197)
-	-	-	-	-	-
-	-	-	-	-	-
(52,419)	(1,135)	(493)	-	-	-
-	(13)	-	-	-	-
597	-	-	79	8	-
-	(4)	-	-	-	-
447	2,844	(411)	(635)	(48)	(25)
-	(2)	-	-	-	-
-	-	(44)	(1)	-	-
-	-	-	-	50	-
-	-	(33)	-	82	-
3	-	-	-	-	-
-	(444)	-	-	-	-
3	(446)	(77)	(1)	132	-
-	-	-	552	-	-
-	-	-	-	-	2
-	-	-	552	-	2
-	-	-	-	-	-
-	1,304	241	-	-	-
2	-	15	-	-	-
1,518	344	74	196	-	-
(2)	-	(14)	-	-	-
1,518	1,648	316	196	-	-
1,968	4,046	(172)	112	84	(23)
28,134	3,685	299	3,830	157	33
30,102 \$	7,731 \$	127 \$	3,942 \$	241	10

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sales and services	\$ 49	\$ 296	\$ 10,227
Payments to suppliers for goods and services	(78)	(86)	(238)
Payments to employees	(94)	(225)	-
Grant receipts	-	-	-
Grant payments	-	-	-
Cash payments for claims	-	-	(9,624)
Cash payments for prizes	-	-	-
Other operating revenues	112	-	-
Other operating payments	-	-	-
Net cash provided by (used for) operating activities	(11)	(15)	365
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Collection of taxes	-	-	-
Transfers to other funds	-	-	-
Transfers from other funds	29	-	-
Proceeds from interfund loans/advances	-	-	-
Payments of interfund loans/advances	-	-	-
Payment of principal and interest on bonds and notes	-	-	-
Net cash provided by (used for) noncapital financing activities	29	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(9)	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used for capital and related financing activities	(9)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	-	-
Proceeds from sales or maturities of investments	-	-	-
Proceeds from securities lending transactions	-	-	-
Interest and dividends on investments	-	-	18
Payment of securities lending costs	-	-	-
Net cash provided by (used for) investing activities	-	-	18
Net increase (decrease) in cash and cash equivalents	9	(15)	383
Cash and cash equivalents, July 1	421	235	551
Cash and cash equivalents, June 30	\$ 430	\$ 220	\$ 934

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
\$	1	\$ 1,138	\$ 193,869
	(31,737)	(795)	(94,521)
	(891)	(281)	(11,436)
	36,137	-	36,137
	(1,333)	-	(1,333)
	-	(1)	(64,824)
	-	-	(21,346)
	-	109	1,053
	-	-	(2,587)
	<u>2,177</u>	<u>170</u>	<u>35,012</u>
	-	-	19,044
	-	-	(48,813)
	-	-	79
	-	-	49
	-	-	3
	-	-	(444)
	<u>-</u>	<u>-</u>	<u>(30,082)</u>
	(19)	-	368
	-	-	3
	<u>(19)</u>	<u>-</u>	<u>371</u>
	(271)	-	(271)
	-	-	1,545
	-	-	18
	393	6	3,308
	-	-	(17)
	<u>122</u>	<u>6</u>	<u>4,583</u>
	2,280	176	9,884
	5,809	312	61,742
<u>\$</u>	<u>8,089</u>	<u>\$ 488</u>	<u>\$ 71,626</u>

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 27,485	\$ 1,939	\$ 11,422	\$ (827)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	96	-	31	327
Amortization	-	-	-	-
Taxes	(19,046)	-	-	-
Interest expense	-	-	-	-
Securities lending expense	-	1	-	-
Investment earnings	-	(510)	(267)	-
Securities lending income	-	(1)	-	-
Change in assets and liabilities:				
Decr (incr) in accounts receivable	(1,842)	(1,970)	(576)	41
Decr (incr) in due from other funds	(4)	8	-	(82)
Decr (incr) in due from component units	-	-	-	(9)
Decr (incr) in due from other governments	-	-	-	-
Decr (incr) in inventories	(7)	-	(220)	371
Decr (incr) in other assets	(69)	-	(1)	(115)
Incr (decr) in accounts payable	311	1	357	38
Incr (decr) in lottery prizes payable	-	-	(101)	-
Incr (decr) in due to other funds	11,006	31	3	30
Incr (decr) in due to component units	-	-	-	-
Incr (decr) in due to other governments	-	-	-	-
Incr (decr) in deferred revenue	(333)	1,736	(97)	19
Incr (decr) in amounts held in custody for others	506	-	-	(1)
Incr (decr) in compensated absences payable	40	5	(3)	7
Incr (decr) in estimated claims	-	424	-	-
Net cash provided by (used for) operating activities	<u>\$ 18,143</u>	<u>\$ 1,664</u>	<u>\$ 10,548</u>	<u>\$ (201)</u>

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
1,367 \$	1,745 \$	(670) \$	(694) \$	(49) \$	(310)
-	-	-	34	-	13
-	9	-	747	-	-
-	-	-	-	-	-
-	24	-	-	-	-
2	-	14	-	-	-
(1,518)	(344)	(70)	(196)	-	-
(2)	-	(15)	-	-	-
(184)	-	-	(16)	(10)	(19)
-	-	(2)	39	2	(5)
(520)	158	5	1	-	-
-	-	-	-	-	-
-	-	-	(24)	37	272
3	215	-	(612)	-	(1)
1,533	38	97	63	5	10
-	-	-	-	-	-
(20)	-	-	(65)	4	13
-	34	-	-	-	-
-	-	-	-	-	-
4	-	-	41	(32)	-
-	-	-	-	-	-
4	-	-	47	(5)	2
(222)	965	230	-	-	-
447 \$	2,844 \$	(411) \$	(635) \$	(48) \$	(25)

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (157)	\$ 22	\$ 412
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	124	-	-
Amortization	-	-	-
Taxes	-	-	-
Interest expense	-	-	-
Securities lending expense	-	-	-
Investment earnings	-	-	(18)
Securities lending income	-	-	-
Change in assets and liabilities:			
Decr (incr) in accounts receivable	-	4	(37)
Decr (incr) in due from other funds	-	-	6
Decr (incr) in due from component units	-	-	(149)
Decr (incr) in due from other governments	-	-	-
Decr (incr) in inventories	-	-	-
Decr (incr) in other assets	-	-	-
Incr (decr) in accounts payable	12	(9)	151
Incr (decr) in lottery prizes payable	-	-	-
Incr (decr) in due to other funds	1	-	-
Incr (decr) in due to component units	-	-	-
Incr (decr) in due to other governments	-	-	-
Incr (decr) in deferred revenue	-	-	-
Incr (decr) in amounts held in custody for others	-	-	-
Incr (decr) in compensated absences payable	9	(32)	-
Incr (decr) in estimated claims	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (11)</u>	<u>\$ (15)</u>	<u>\$ 365</u>

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
\$	4,787	\$	220
		\$	46,692
	7	3	635
	12	-	768
	-	-	(19,046)
	-	-	24
	-	-	17
	(393)	(6)	(3,322)
	-	-	(18)
	(55)	(1)	(4,665)
	(1)	(86)	(125)
	-	-	(514)
	(584)	-	(584)
	-	(3)	426
	-	-	(580)
	(2)	98	2,703
	-	-	(101)
	4	(8)	10,999
	-	-	34
	(353)	(56)	(409)
	(1,236)	-	102
	-	-	505
	(9)	9	74
	-	-	1,397
<hr/>			
\$	2,177	\$	170
		\$	35,012

INTERNAL SERVICE FUNDS

Internal service funds are used to account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. A brief description of each internal service fund follows:

FWP Equipment – This fund is used to account for interdepartmental and intradepartmental sales and use of FWP equipment.

Highway Equipment – This fund is used to account for interdepartmental and intradepartmental sales and use of Department of Transportation equipment.

Employee Group Benefits – This fund receives employee (excluding higher education units) withholdings and state contributions to the medical self-insurance plan. The State contracted with Blue Cross and Blue Shield of Montana to oversee the administrative functions of the program.

Information Technology Services – State agencies and private users are assessed a fee for their use of the State's phone system, centralized data processing, and systems design services provided by the Department of Administration.

Administration Insurance – In this fund, the Department of Administration accounts for the State's property self-insurance program (including liability, property, flood, etc.).

Administration Supply – This fund is used by the Department of Administration to account for intragovernmental sales of office supplies and paper products to state agencies.

Motor Pool – State employee transportation is provided by the Department of Transportation through a pool of vehicles. The cost of operating the Motor Pool is recovered through rental rates charged to user agencies based on the average operating costs per mile for each class of vehicle.

Print & Mail Services – Agencies are assessed a fee for duplicating, typesetting, forms design, and graphic arts services.

Buildings & Grounds – Rental proceeds from state agencies are used to pay maintenance, security, and landscaping costs for state-owned property.

Central Service Funds – This fund group consists of four funds, used by the Department of Administration, the Department of Labor and Industry, the Department of Commerce, and the Office of Public Instruction, for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool – This fund is used to account for funds collected as indirect costs from the operating units of the Department of Environmental Quality and to fund the department's indirect cost pool operations that provide services to the department.

Payroll Processing – This fund accounts for the payments received from state agencies for the costs associated with the processing of payroll warrants.

Warrant Processing – This fund accounts for the payments received from state agencies for the costs associated with the processing of all warrants other than payroll.

Investment Division – This fund accounts for costs associated with operations of the Board of Investments (BOI). BOI assists agencies in the investment of state funds. Costs of administering and accounting for each investment fund are allocated based on the dollar volume of investments held by user agencies.

Aircraft Operation – This fund is used by the Department of State Lands to account for fees charged to users of state aircraft.

Justice Legal Services – The Attorney General's Office and the Department of Justice charge other state agencies a fee for legal assistance. The Department of Administration funds legal services with intradepartmental fees.

Personnel Training – This fund accounts for fees charged to state agencies for training state employees. The fees are used by the Department of Administration to pay instructors and purchase training materials.

Debt Collection – The debt collection component of this fund accounts for fees charged for the collection of bad debts.

Prison Industries – These operations provide training and employment for inmates, where the products produced are primarily sold to other state agencies.

Other Internal Services – This category includes several small internal service funds administered by various agencies.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
ASSETS					
Current assets:					
Cash/cash equivalents	\$ 164	\$ 736	\$ 39,992	\$ 3,962	\$ 24,218
Receivables (net)	13	12	4,609	77	102
Interfund loans receivable	-	-	-	44	-
Due from other governments	1	-	-	-	-
Due from other funds	212	7	41	2,806	6
Due from component units	-	-	1	264	1
Inventories	-	1,627	-	-	-
Securities lending collateral	-	-	546	-	-
Other current assets	5	-	9	90	-
Total current assets	395	2,382	45,198	7,243	24,327
Noncurrent assets:					
Long-term investments	-	-	4,747	-	-
Capital assets:					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Buildings/improvements	-	-	-	793	-
Equipment	10,300	124,339	-	41,782	-
Construction in progress	-	5,639	-	-	-
Intangible assets	26	-	129	909	88
Less accumulated depreciation	(4,086)	(67,656)	-	(37,137)	-
Total capital assets	6,240	62,322	129	6,347	88
Total noncurrent assets	6,240	62,322	4,876	6,347	88
Total assets	6,635	64,704	50,074	13,590	24,415
LIABILITIES					
Current liabilities:					
Accounts payable	342	912	2,544	1,650	418
Interfund loans payable	575	900	-	170	-
Due to other funds	3	1	6	93	48
Due to component units	-	-	-	14	55
Deferred revenue	-	-	923	85	-
Securities lending liability	-	-	546	-	-
Estimated insurance claims	-	-	10,940	-	3,186
Compensated absences payable	9	476	43	957	66
Total current liabilities	929	2,289	15,002	2,969	3,773
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	-
Estimated insurance claims	-	-	1,568	-	11,935
Compensated absences payable	1	410	-	859	76
Total noncurrent liabilities	1	410	1,568	859	12,011
Total liabilities	930	2,699	16,570	3,828	15,784
NET ASSETS					
Invested in capital assets, net of related debt	6,240	62,323	129	6,347	88
Unrestricted	(535)	(318)	33,375	3,415	8,543
Total net assets	\$ 5,705	\$ 62,005	\$ 33,504	\$ 9,762	\$ 8,631

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 215	\$ 95	\$ 223	\$ 617	\$ 218	\$ 805	\$ 327	\$ 727
68	-	41	-	-	-	-	-
225	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
177	337	669	96	-	80	66	428
7	5	61	-	-	22	11	1
379	23	113	-	-	-	-	-
-	-	-	-	-	-	-	-
7	-	321	-	1	17	-	-
1,078	460	1,428	713	219	924	404	1,156
-	-	-	-	-	-	-	-
-	236	-	-	-	-	-	-
-	-	-	95	-	-	-	-
-	-	-	32	-	-	-	-
115	17,059	1,637	450	-	306	7	-
-	-	-	-	-	-	-	-
-	-	83	-	-	-	3	-
(100)	(5,846)	(852)	(211)	-	(228)	(4)	-
15	11,449	868	366	-	78	6	-
15	11,449	868	366	-	78	6	-
1,093	11,909	2,296	1,079	219	1,002	410	1,156
222	255	182	345	44	264	69	155
-	-	-	-	-	-	-	-
3	2,608	15	1	3	42	4	51
-	-	-	-	-	-	-	-
-	-	-	23	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24	24	67	85	40	290	79	118
249	2,887	264	454	87	596	152	324
-	7,812	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39	16	65	35	70	224	108	34
39	7,828	65	35	70	224	108	34
288	10,715	329	489	157	820	260	358
15	11,449	868	366	-	79	6	-
790	(10,255)	1,099	224	62	103	144	798
\$ 805	\$ 1,194	\$ 1,967	\$ 590	\$ 62	\$ 182	\$ 150	\$ 798

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued
INTERNAL SERVICE FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
ASSETS				
Current assets:				
Cash/cash equivalents	\$ 902	\$ 112	\$ -	\$ 768
Receivables (net)	1	-	-	-
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	261	-	59	26
Due from component units	7	-	17	28
Inventories	-	-	57	-
Securities lending collateral	-	-	-	-
Other current assets	34	-	-	72
Total current assets	<u>1,205</u>	<u>112</u>	<u>133</u>	<u>894</u>
Noncurrent assets:				
Long-term investments	-	-	-	-
Capital assets:				
Land	-	-	-	-
Land improvements	-	-	-	-
Buildings/improvements	-	-	-	-
Equipment	577	-	67	6
Construction in progress	-	-	-	-
Intangible assets	18	91	-	-
Less accumulated depreciation	(292)	-	(33)	(6)
Total capital assets	<u>303</u>	<u>91</u>	<u>34</u>	<u>-</u>
Total noncurrent assets	<u>303</u>	<u>91</u>	<u>34</u>	<u>-</u>
Total assets	<u>1,508</u>	<u>203</u>	<u>167</u>	<u>894</u>
LIABILITIES				
Current liabilities:				
Accounts payable	211	42	56	222
Interfund loans payable	-	-	-	-
Due to other funds	31	9	85	24
Due to component units	-	-	-	8
Deferred revenue	-	-	-	-
Securities lending liability	-	-	-	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	219	39	7	151
Total current liabilities	<u>461</u>	<u>90</u>	<u>148</u>	<u>405</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	149	35	5	159
Total noncurrent liabilities	<u>149</u>	<u>35</u>	<u>5</u>	<u>159</u>
Total liabilities	<u>610</u>	<u>125</u>	<u>153</u>	<u>564</u>
NET ASSETS				
Invested in capital assets, net of related debt	302	91	34	-
Unrestricted	596	(13)	(20)	330
Total net assets	<u>\$ 898</u>	<u>\$ 78</u>	<u>\$ 14</u>	<u>\$ 330</u>

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 141	\$ 48	\$ 32	\$ 193	\$ 772	\$ 40	\$ 75,307
-	-	4	-	32	-	4,959
-	-	-	-	-	-	269
6	-	-	-	-	-	7
132	85	5	63	279	10	5,845
-	1	-	-	-	-	426
-	-	-	-	184	126	2,509
-	-	-	-	-	-	546
-	-	-	-	-	-	556
279	134	41	256	1,267	176	90,424
-	-	-	-	-	-	4,747
-	-	-	-	-	-	236
-	-	-	-	-	-	95
-	-	-	-	2,820	-	3,645
41	-	-	-	1,251	93	198,030
-	-	-	-	-	-	5,639
-	-	-	-	-	-	1,347
(28)	-	-	-	(1,156)	(66)	(117,701)
13	-	-	-	2,915	27	91,291
13	-	-	-	2,915	27	96,038
292	134	41	256	4,182	203	186,462
99	60	9	8	89	17	8,215
-	-	-	-	-	2	1,647
-	3	2	1	192	1	3,226
-	-	-	-	-	-	77
-	-	-	-	-	-	1,031
-	-	-	-	-	-	546
-	-	-	-	-	-	14,126
43	73	18	5	59	1	2,893
142	136	29	14	340	21	31,761
-	-	-	-	-	-	7,812
-	-	-	-	-	-	13,503
30	96	12	-	19	-	2,442
30	96	12	-	19	-	23,757
172	232	41	14	359	21	55,518
12	-	-	-	2,915	28	91,292
108	(98)	-	242	908	154	39,652
\$ 120	\$ (98)	\$ -	\$ 242	\$ 3,823	\$ 182	\$ 130,944

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Operating revenues:					
Charges for services	\$ 2,304	\$ 24,633	\$ 129	\$ 38,460	\$ -
Investment earnings	-	-	2,002	-	1,267
Securities lending income	-	-	11	-	2
Contributions/premiums	-	-	106,576	-	13,974
Other operating revenues	-	142	1,056	105	-
Total operating revenues	2,304	24,775	109,774	38,565	15,243
Operating expenses:					
Personal services	111	6,752	632	12,667	862
Contractual services	85	646	4,970	6,119	4,791
Supplies/materials	1,151	6,115	96	1,857	33
Benefits/claims	-	-	96,110	-	2,701
Depreciation	599	5,897	-	2,400	-
Amortization	1	-	32	446	15
Utilities/rent	27	112	68	4,295	65
Communications	5	9	106	5,885	16
Travel	5	40	11	227	17
Repair/maintenance	702	3,324	9	2,001	1
Grants	-	-	-	-	117
Interest expense	-	-	-	8	-
Securities lending expense	-	-	11	-	1
Other operating expenses	(64)	169	491	958	104
Total operating expenses	2,622	23,064	102,536	36,863	8,723
Operating income (loss)	(318)	1,711	7,238	1,702	6,520
Nonoperating revenues (expenses):					
Insurance proceeds	-	-	-	-	376
Gain (loss) on sale of capital assets	(228)	(53)	-	-	-
Federal indirect cost recoveries	-	-	-	-	-
Total nonoperating revenues (expenses)	(228)	(53)	-	-	376
Income (loss) before contributions and transfers	(546)	1,658	7,238	1,702	6,896
Capital contributions	273	1,177	-	-	-
Transfers in	30	-	144	-	104
Transfers out	(215)	-	(410)	-	-
Change in net assets	(458)	2,835	6,972	1,702	7,000
Total net assets - July 1 - as previously reported	6,170	59,416	26,527	8,048	1,631
Prior period adjustments	(7)	(246)	5	12	-
Total net assets - July 1 - as restated	6,163	59,170	26,532	8,060	1,631
Total net assets - June 30	\$ 5,705	\$ 62,005	\$ 33,504	\$ 9,762	\$ 8,631

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 4,937	\$ 3,951	\$ 10,219	\$ 7,247	\$ 882	\$ 4,874	\$ 25	\$ 995
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3	-	-	-	-	1,061	6
4,937	3,954	10,219	7,247	882	4,874	1,086	1,001
378	326	1,269	1,343	757	4,520	1,105	1,162
44	405	114	2,813	42	494	28	329
4,321	1,628	4,909	146	8	189	47	81
-	-	-	-	-	-	-	-
2	1,889	174	30	-	19	1	-
-	-	2	-	-	-	2	-
99	82	179	2,451	33	367	88	216
19	3	3,023	22	11	65	14	82
-	1	5	1	3	22	12	8
7	244	435	996	3	45	2	16
-	-	-	139	-	-	-	-
-	387	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34	5	66	144	11	360	6	8
4,904	4,970	10,176	8,085	868	6,081	1,305	1,902
33	(1,016)	43	(838)	14	(1,207)	(219)	(901)
-	-	-	-	-	-	-	-
-	(221)	(23)	3	-	8	(3)	-
-	-	-	-	-	1,227	187	1,297
-	(221)	(23)	3	-	1,235	184	1,297
33	(1,237)	20	(835)	14	28	(35)	396
-	-	-	-	-	-	-	-
-	1,330	-	500	-	-	-	-
-	-	-	-	-	-	-	(1)
33	93	20	(335)	14	28	(35)	395
772	1,102	1,947	765	48	154	185	403
-	(1)	-	160	-	-	-	-
772	1,101	1,947	925	48	154	185	403
\$ 805	\$ 1,194	\$ 1,967	\$ 590	\$ 62	\$ 182	\$ 150	\$ 798

(Continued on Next Page)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
Operating revenues:				
Charges for services	\$ 2,738	\$ 453	\$ 812	\$ 3,179
Investment earnings	-	-	-	-
Securities lending income	-	-	-	-
Contributions/premiums	(97)	-	-	-
Other operating revenues	4	-	-	-
Total operating revenues	2,645	453	812	3,179
Operating expenses:				
Personal services	3,102	743	208	2,252
Contractual services	709	112	197	1,001
Supplies/materials	137	14	(49)	29
Benefits/claims	-	-	-	-
Depreciation	72	-	1	-
Amortization	5	21	-	-
Utilities/rent	214	28	13	148
Communications	45	15	429	44
Travel	37	2	-	33
Repair/maintenance	82	2	11	2
Grants	-	-	-	-
Interest expense	-	-	-	-
Securities lending expense	-	-	-	-
Other operating expenses	164	9	61	452
Total operating expenses	4,567	946	871	3,961
Operating income (loss)	(1,922)	(493)	(59)	(782)
Nonoperating revenues (expenses):				
Insurance proceeds	-	-	-	-
Gain (loss) on sale of capital assets	(2)	-	-	(1)
Federal indirect cost recoveries	1,713	-	-	-
Total nonoperating revenues (expenses)	1,711	-	-	(1)
Income (loss) before contributions and transfers	(211)	(493)	(59)	(783)
Capital contributions	-	-	-	-
Transfers in	-	407	-	900
Transfers out	(9)	-	-	(1)
Change in net assets	(220)	(86)	(59)	116
Total net assets - July 1 - as previously reported	1,156	165	73	214
Prior period adjustments (Note 3)	(38)	(1)	-	-
Total net assets - July 1 - as restated	1,118	164	73	214
Total net assets - June 30	\$ 898	\$ 78	\$ 14	\$ 330

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 976	\$ 1,336	\$ 263	\$ 140	\$ 3,523	\$ 196	\$ 112,272
-	-	-	-	-	-	3,269
-	-	-	-	-	-	13
-	-	-	-	-	-	120,453
1	-	-	-	-	18	2,396
977	1,336	263	140	3,523	214	238,403
791	1,043	172	31	1,047	95	41,368
77	233	28	7	8	12	23,264
348	20	19	1	2,151	99	23,350
-	-	-	-	-	-	98,811
3	-	-	-	208	8	11,303
-	-	-	-	-	-	524
118	61	25	2	115	8	8,814
8	16	6	5	2	2	9,832
27	8	10	-	-	1	470
466	4	1	-	49	17	8,419
-	-	-	-	-	-	256
-	-	-	-	-	-	395
-	-	-	-	-	-	12
5	9	5	-	5	3	3,005
1,843	1,394	266	46	3,585	245	229,823
(866)	(58)	(3)	94	(62)	(31)	8,580
-	-	-	-	-	-	376
-	-	-	-	-	-	(520)
-	-	-	-	-	-	4,424
-	-	-	-	-	-	4,280
(866)	(58)	(3)	94	(62)	(31)	12,860
-	-	-	-	-	-	1,450
811	-	-	-	-	-	4,226
-	-	-	-	-	-	(636)
(55)	(58)	(3)	94	(62)	(31)	17,900
175	(40)	3	148	3,885	213	113,160
-	-	-	-	-	-	(116)
175	(40)	3	148	3,885	213	113,044
\$ 120	\$ (98)	\$ -	\$ 242	\$ 3,823	\$ 182	\$ 130,944

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from sales and services	\$ 2,316	\$ 24,775	\$ 105,823	\$ 38,536	\$ 13,841
Payments to suppliers for goods and services	(1,742)	(10,526)	(6,050)	(19,176)	(5,308)
Payments to employees	(92)	(7,084)	(635)	(10,973)	14,254
Grant receipts	-	-	-	-	-
Cash payments for claims	-	-	(95,914)	-	(18,796)
Other operating revenues	-	-	1,568	116	-
Net cash provided by (used for) operating activities	482	7,165	4,792	8,503	3,991
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment of principal and interest on bonds and notes	-	-	-	-	-
Transfers to other funds	(215)	-	(410)	-	(118)
Transfers from other funds	30	-	105	-	104
Proceeds from interfund loans/advances	575	900	5	-	-
Payment of interfund loans/advances	(300)	(2,000)	-	24	-
Net cash provided by (used for) noncapital financing activities	90	(1,100)	(300)	24	(14)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	-	-	-	-	378
Acquisition of capital assets	(602)	(5,943)	(92)	(7,974)	(51)
Proceeds from sale of capital assets	-	-	-	-	-
Principal and interest payments on bonds and notes	-	-	-	(16)	-
Net cash used for capital and related financing activities	(602)	(5,943)	(92)	(7,990)	327
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales or maturities of investments	-	-	13,959	-	-
Proceeds from securities lending transactions	-	-	11	-	291
Interest and dividends on investments	-	-	2,064	-	1,267
Payment of securities lending costs	-	-	(11)	-	(290)
Net cash provided by (used for) investing activities	-	-	16,023	-	1,268
Net increase (decrease) in cash and cash equivalents	(30)	122	20,423	537	5,572
Cash and cash equivalents, July 1	194	614	19,569	3,425	18,646
Cash and cash equivalents, June 30	\$ 164	\$ 736	\$ 39,992	\$ 3,962	\$ 24,218

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 4,479	\$ 3,845	\$ 10,322	\$ 7,264	\$ 882	\$ 5,445	\$ 25	\$ 940
(3,980)	(2,439)	(9,115)	(6,588)	(116)	(1,720)	(258)	(717)
(373)	(336)	(1,110)	(1,321)	(744)	(5,014)	(1,071)	(1,042)
-	-	-	-	-	1,252	189	1,131
-	-	-	-	-	-	-	-
-	3	-	-	-	-	1,118	6
126	1,073	97	(645)	22	(37)	3	318
-	(387)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,330	-	500	-	-	-	-
(225)	(7,753)	-	-	-	-	-	-
225	8,099	-	5	-	-	50	-
-	1,289	-	505	-	-	50	-
-	-	-	-	-	-	-	-
-	(2,845)	(112)	(183)	-	(25)	-	-
-	315	(22)	-	-	1	-	-
-	-	-	-	-	-	-	-
-	(2,530)	(134)	(183)	-	(24)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
126	(168)	(37)	(323)	22	(61)	53	318
89	263	260	940	196	866	274	409
\$ 215	\$ 95	\$ 223	\$ 617	\$ 218	\$ 805	\$ 327	\$ 727

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from sales and services	\$ 2,516	\$ 453	\$ 828	\$ 3,192
Payments to suppliers for goods and services	(1,386)	(189)	(675)	(1,785)
Payments to employees	(2,919)	(700)	(196)	(2,097)
Grant receipts	1,707	-	-	-
Cash payments for claims	-	-	-	-
Other operating revenues	4	-	-	-
Net cash provided by (used for) operating activities	(78)	(436)	(43)	(690)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment of principal and interest on bonds and notes	-	-	-	-
Transfers to other funds	-	-	-	(1)
Transfers from other funds	(9)	407	-	900
Proceeds from interfund loans/advances	-	-	-	-
Payment of interfund loans/advances	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(9)	407	-	899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance	-	-	-	-
Acquisition of capital assets	(290)	(33)	(33)	-
Proceeds from sale of capital assets	-	-	-	-
Principal and interest payments on bonds and notes	-	-	-	-
Net cash used for capital and related financing activities	(290)	(33)	(33)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales or maturities of investments	-	-	-	-
Proceeds from securities lending transactions	-	-	-	-
Interest and dividends on investments	-	-	-	-
Payment of securities lending costs	-	-	-	-
Net cash provided by (used for) investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(377)	(62)	(76)	209
Cash and cash equivalents, July 1	1,279	174	76	559
Cash and cash equivalents, June 30	\$ 902	\$ 112	\$ -	\$ 768

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 870	\$ 1,354	\$ 260	\$ 140	\$ 3,529	\$ 190	\$ 231,825
(1,133)	(341)	(97)	(7)	(2,429)	(170)	(75,947)
(734)	(1,013)	(174)	(80)	(1,025)	(82)	(24,561)
-	-	-	-	-	-	4,279
-	-	-	-	-	-	(114,710)
1	-	-	-	-	18	2,834
(996)	-	(11)	53	75	(44)	23,720
-	-	-	-	-	-	(387)
-	-	-	-	-	-	(744)
810	-	-	-	-	-	4,177
-	-	-	-	-	-	(6,498)
-	-	-	-	-	-	6,103
810	-	-	-	-	-	2,651
-	-	-	-	-	-	378
-	-	-	-	-	-	(18,183)
-	-	-	-	-	-	294
-	-	-	-	-	-	(16)
-	-	-	-	-	-	(17,527)
-	-	-	-	-	-	13,959
-	-	-	-	-	-	302
-	-	-	-	-	-	3,331
-	-	-	-	-	-	(301)
-	-	-	-	-	-	17,291
(186)	-	(11)	53	75	(44)	26,135
327	48	43	140	697	84	49,172
\$ 141	\$ 48	\$ 32	\$ 193	\$ 772	\$ 40	\$ 75,307

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (318)	\$ 1,711	\$ 7,238	\$ 1,702	\$ 6,520
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation	599	5,897	-	2,400	-
Amortization	1	-	32	446	15
Interest expense	-	-	-	8	-
Securities lending expense	-	-	11	-	1
Investment earnings	-	-	(2,002)	-	(1,267)
Securities lending income	-	-	(11)	-	(2)
Federal indirect cost recoveries	-	-	-	-	-
Change in assets and liabilities:					
Decr (incr) in accounts receivable	-	(5)	(307)	(9)	(102)
Decr (incr) in due from other funds	39	4	(29)	308	111
Decr (incr) in due from component units	-	-	(1)	69	(1)
Decr (incr) in due from other governments	-	-	-	-	-
Decr (incr) in inventories	-	(276)	4	-	-
Decr (incr) in other assets	-	-	(16)	3,679	-
Incr (decr) in accounts payable	157	(212)	203	(340)	(165)
Incr (decr) in due to other funds	(1)	(1)	(304)	41	(47)
Incr (decr) in due to component units	-	(3)	-	4	21
Incr (decr) in deferred revenue	-	-	(2)	-	-
Incr (decr) in amounts held in custody for others	-	-	-	-	-
Incr (decr) in compensated absences payable	5	50	(15)	195	4
Incr (decr) in estimated claims	-	-	(9)	-	(1,097)
Net cash provided by (used for) operating activities	\$ 482	\$ 7,165	\$ 4,792	\$ 8,503	\$ 3,991
Schedule of noncash transactions:					
Capital contributions from other funds	\$ -	\$ 1,177	\$ -	\$ -	-
Total noncash transactions	\$ -	\$ 1,177	\$ -	\$ -	-

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 33	\$ (1,016)	\$ 43	\$ (838)	\$ 14	\$ (1,207)	\$ (219)	\$ (901)
2	1,886	174	30	-	19	1	-
-	-	2	-	-	-	2	-
-	387	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,227	187	1,297
141	-	(27)	9	-	-	-	-
(45)	(11)	160	12	-	67	(3)	(218)
12	(4)	(29)	4	-	(6)	(1)	(1)
-	1	-	-	-	-	-	-
25	2	113	-	-	-	-	-
-	(404)	(85)	9	-	-	-	-
(46)	(62)	(226)	16	6	(140)	12	102
(1)	288	(51)	153	(3)	(13)	(2)	23
-	-	-	-	-	-	-	-
-	-	-	(25)	-	-	-	-
-	-	-	(3)	-	-	-	-
5	6	23	(12)	5	16	26	16
-	-	-	-	-	-	-	-
<u>\$ 126</u>	<u>\$ 1,073</u>	<u>\$ 97</u>	<u>\$ (645)</u>	<u>\$ 22</u>	<u>\$ (37)</u>	<u>\$ 3</u>	<u>\$ 318</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (1,922)	\$ (493)	\$ (59)	\$ (782)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	72	-	1	-
Amortization	5	21	-	-
Interest expense	-	-	-	-
Securities lending expense	-	-	-	-
Investment earnings	-	-	-	-
Securities lending income	-	-	-	-
Federal indirect cost recoveries	1,713	-	-	-
Change in assets and liabilities:				
Decr (incr) in accounts receivable	1	-	-	-
Decr (incr) in due from other funds	32	-	6	11
Decr (incr) in due from component units	(1)	-	11	2
Decr (incr) in due from other governments	-	-	-	-
Decr (incr) in inventories	-	-	(57)	-
Decr (incr) in other assets	10	-	-	(10)
Incr (decr) in accounts payable	33	(6)	42	40
Incr (decr) in due to other funds	(32)	4	15	-
Incr (decr) in due to component units	-	(1)	-	2
Incr (decr) in deferred revenue	-	-	-	-
Incr (decr) in amounts held in custody for others	-	-	-	-
Incr (decr) in compensated absences payable	11	39	(2)	47
Incr (decr) in estimated claims	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ (78)</u>	<u>\$ (436)</u>	<u>\$ (43)</u>	<u>\$ (690)</u>
Schedule of noncash transactions:				
Capital contributions from other funds	\$ -	\$ -	\$ -	-
Total noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ (866)	\$ (58)	\$ (3)	94	\$ (62)	\$ (31)	8,580
3	-	-	-	208	8	11,300
-	-	-	-	-	-	524
-	-	-	-	-	-	395
-	-	-	-	-	-	12
-	-	-	-	-	-	(3,269)
-	-	-	-	-	-	(13)
-	-	-	-	-	-	4,424
7	-	(3)	-	(11)	-	(306)
(106)	30	(1)	(41)	17	(5)	338
-	-	1	-	-	-	55
(7)	-	-	-	-	-	(6)
-	-	-	-	(61)	(17)	(267)
-	-	-	-	(60)	-	3,123
(32)	4	(3)	-	9	3	(605)
-	(3)	-	(1)	21	-	86
-	-	-	-	-	-	23
-	-	-	-	-	-	(27)
-	-	-	-	-	-	(3)
5	27	(2)	1	14	(2)	462
-	-	-	-	-	-	(1,106)
\$ (996)	\$ -	\$ (11)	\$ 53	\$ 75	\$ (44)	\$ 23,720
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,177
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,177

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PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

These funds provide retirement, disability, death, and lump-sum payments to retirement system members. A brief description of each fund follows:

Public Employee Retirement System - Defined Benefit Retirement Plan – This fund provides retirement benefits to substantially all public employees not covered by another public system.

Municipal Police Officers Retirement System – This fund provides retirement benefits to all municipal police officers covered by the plan.

Firefighters Unified Retirement System – This fund provides retirement benefits for firefighters employed by first and second- class cities and other cities that wish to adopt the plan.

Sheriffs Retirement System – This fund provides retirement benefits for sheriffs and State Department of Justice investigators.

Highway Patrol Officers Retirement System – This fund provides retirement benefits for all members of the Montana Highway Patrol.

Judges Retirement System – This fund provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge.

Game Wardens & Peace Officers Retirement System – This fund provides retirement benefits for all persons employed as game wardens, supervisory personnel, and state peace officers.

Volunteer Firefighters Compensation Act – This fund provides medical benefits and pension, disability, and death benefits for all volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas of the State.

Public Employee Retirement System - Defined Contribution Retirement Plan – Members of the defined contribution retirement plan decide how to invest their contributions and a portion of their employer contributions in the available investment options.

Public Employee 457 Plan – All employees of the State, Montana University System, and contracting political subdivisions are eligible to participate in this plan. The 457 plan is a voluntary, tax-deferred retirement plan designed to supplement state service retirement, Social Security, and other retirement plans and savings.

Teachers Retirement System – This fund provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the university system.

Voluntary Employee Benefit Association – This fund provides members with individual health care expense trust accounts to pay the qualified health care expenses of members and their dependents and beneficiaries.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**

JUNE 30, 2007

(amounts expressed in thousands)

	PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)					
	PUBLIC EMPLOYEES DEFINED BENEFIT	MUNICIPAL POLICE	FIRE- FIGHTERS UNIFIED	SHERIFFS	HIGHWAY PATROL	JUDGES
ASSETS						
Cash/cash equivalents	\$ 112,342	\$ 4,433	\$ 4,504	\$ 5,701	\$ 2,795	\$ 1,780
Receivables (net):						
Accounts receivable	1,164	105	84	129	-	-
Interest	7,994	390	370	378	198	120
Due from primary government	151	8,677	7,957	-	-	-
Due from other PERB plans	335	-	-	27	-	-
Long-term notes/loans receivable	85	-	-	-	-	-
Total receivables	9,729	9,172	8,411	534	198	120
Investments at fair value:						
Equity in pooled investments	3,936,420	197,708	188,022	190,690	99,833	60,036
Other investments	45,677	-	-	-	-	-
Total investments	3,982,097	197,708	188,022	190,690	99,833	60,036
Securities lending collateral	202,100	10,097	9,607	9,737	5,113	3,070
Capital assets:						
Land	-	-	-	-	-	-
Buildings/improvements	-	-	-	-	-	-
Equipment	5	-	-	-	-	-
Accumulated depreciation	(5)	-	-	-	-	-
Intangible assets	213	2	2	3	2	2
Total capital assets	213	2	2	3	2	2
Other assets	-	-	-	-	-	-
Total assets	4,306,481	221,412	210,546	206,665	107,941	65,008
LIABILITIES						
Accounts payable	399	6	2	5	-	-
Due to primary government	78	-	-	-	-	-
Due to other PERB plans	163	66	55	76	27	7
Deferred revenue	68	-	4	-	-	-
Securities lending liability	202,100	10,097	9,607	9,737	5,113	3,070
Compensated absences payable	237	1	-	-	-	-
Total liabilities	203,045	10,170	9,668	9,818	5,140	3,077
NET ASSETS						
Held in trust for pension benefits and other purposes	\$ 4,103,436	\$ 211,242	\$ 200,878	\$ 196,847	\$ 102,801	\$ 61,931

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)								
GAME WARDENS/ PEACE OFFICERS	VOLUNTEER FIRE- FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL		
\$ 2,551	\$ 2,204	\$ 1,454	\$ 472	\$ 88,436	\$ 550	\$	\$	227,222
-	-	-	2	15,159	39			16,682
142	50	6	2	6,215	-			15,865
-	-	-	-	170	-			16,955
-	-	136	-	-	-			498
-	-	-	-	-	-			85
142	50	142	4	21,544	39			50,085
70,659	25,298	-	-	3,059,618	-			7,828,284
-	-	40,420	288,538	39,637	840			415,112
70,659	25,298	40,420	288,538	3,099,255	840			8,243,396
3,619	1,302	-	-	157,025	-			401,670
-	-	-	-	35	-			35
-	-	-	-	158	-			158
-	-	-	-	147	-			152
-	-	-	-	(271)	-			(276)
3	2	3	56	246	-			534
3	2	3	56	315	-			603
-	-	-	-	10	65			75
76,974	28,856	42,019	289,070	3,366,585	1,494			8,923,051
2	-	8	164	128	-			714
-	-	2	1	17	-			98
46	49	7	2	-	-			498
-	-	-	-	-	-			72
3,619	1,302	-	-	157,025	-			401,670
-	-	14	14	140	-			406
3,667	1,351	31	181	157,310	-			403,458
\$ 73,307	\$ 27,505	\$ 41,988	\$ 288,889	\$ 3,209,275	\$ 1,494	\$	\$	8,519,593

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)

	PUBLIC EMPLOYEES DEFINED BENEFIT	MUNICIPAL POLICE	FIRE- FIGHTERS UNIFIED	SHERIFFS	HIGHWAY PATROL	JUDGES
ADDITIONS						
Contributions/premiums:						
Employer	\$ 66,901	\$ 4,283	\$ 3,520	\$ 4,386	\$ 3,634	\$ 1,249
Employee	69,053	2,709	2,619	4,849	988	339
Other contributions	835	8,677	7,957	72	302	-
Net investment earnings:						
Investment earnings	639,218	31,554	30,026	30,182	16,117	9,579
Administrative investment expense	(10,056)	(493)	(468)	(469)	(252)	(149)
Securities lending income	7,545	375	358	361	194	115
Securities lending expense	(7,148)	(355)	(339)	(342)	(184)	(109)
Charges for services	-	-	-	-	-	-
Other additions	2	-	-	-	-	-
Payment from State of Montana	-	-	-	-	-	-
Total additions	766,350	46,750	43,673	39,039	20,799	11,024
DEDUCTIONS						
Benefits	166,188	12,694	11,853	6,768	6,460	1,772
Refunds	13,556	717	241	1,014	278	-
Administrative expenses:						
Personal services	1,431	3	-	-	-	-
Contractual services	805	1	1	1	1	1
Supplies/materials	48	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Amortization	31	-	-	1	-	-
Utilities/rent	191	-	-	-	-	-
Communications	134	-	-	-	-	-
Travel	41	-	-	-	-	-
Repair/maintenance	1	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Other operating expenses	-	67	55	76	27	7
Local assistance	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Transfers to ORP	211	-	-	-	-	-
Transfers to PERS-DCRP	1,209	-	-	-	-	-
Total deductions	183,846	13,482	12,150	7,860	6,766	1,780
Change in net assets	582,504	33,268	31,523	31,179	14,033	9,244
Net assets - July 1 - as previously reported	3,520,983	177,974	169,355	165,668	88,768	52,687
Prior period adjustments	(51)	-	-	-	-	-
Net assets - July 1 - as restated	3,520,932	177,974	169,355	165,668	88,768	52,687
Net assets - June 30	\$ 4,103,436	\$ 211,242	\$ 200,878	\$ 196,847	\$ 102,801	\$ 61,931

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)						
GAME WARDENS/ PEACE OFFICERS	VOLUNTEER FIRE- FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL
\$ 2,638	\$ -	\$ 2,857	\$ 74	\$ 61,944	\$ 823	\$ 152,309
3,190	-	4,394	17,712	56,509	-	162,362
9	1,661	-	-	720	-	20,233
11,003	4,166	5,415	37,603	491,842	275	1,306,980
(172)	(65)	-	(501)	(7,616)	-	(20,241)
132	50	-	-	5,816	-	14,946
(125)	(47)	-	-	(5,510)	-	(14,159)
-	-	203	277	-	-	480
-	-	315	-	16	-	333
-	-	1,375	-	50,000	-	51,375
16,675	5,765	14,559	55,165	653,721	1,098	1,674,618
2,083	1,638	2,632	14,693	182,827	451	410,059
701	-	-	-	5,596	-	22,103
-	-	125	115	898	1	2,573
1	-	325	819	232	(5)	2,182
-	-	3	2	25	-	78
-	-	-	-	5	-	5
1	1	1	49	79	-	163
-	-	12	11	48	-	262
-	-	3	4	33	-	174
-	-	3	3	22	-	69
-	-	-	-	42	-	43
-	-	56	-	-	-	56
46	49	8	3	49	21	408
-	13	-	-	-	-	13
-	-	-	-	502	-	502
-	-	-	-	-	-	211
-	-	-	-	-	-	1,209
2,832	1,701	3,168	15,699	190,358	468	440,110
13,843	4,064	11,391	39,466	463,363	630	1,234,508
59,464	23,441	30,620	248,226	2,745,771	869	7,283,826
-	-	(23)	1,197	141	(5)	1,259
59,464	23,441	30,597	249,423	2,745,912	864	7,285,085
\$ 73,307	\$ 27,505	\$ 41,988	\$ 288,889	\$ 3,209,275	\$ 1,494	\$ 8,519,593

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PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings benefit individuals, private organizations, or other governments. A brief description of each private-purpose trust fund follows:

College Savings Plan – This fund accounts for monies contributed towards a “qualified tuition program” under section 529 of the Internal Revenue Code of 1986, as amended. This plan is a voluntary college savings plan whose participants are both Montana residents and out-of-state individuals.

Escheated Property – This fund accounts for property that has reverted to the State due to the absence of legal claimants or heirs and is held in trust for distribution to these heirs when identified.

Plan 1 Securities – This fund accounts for the unliquidated security bonds held on deposit from self-insured employers. These funds either revert to the employer at a later date or are cashed and assumed by the State to be used on the employee’s behalf.

Woodville Highway Replacement – This fund accounts for money paid to the Montana Department of Transportation by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities. This money is held on deposit for the city/county government and is distributed to them at their request.

Moore-Sipple Connector – Money is held in trust to ensure the continued operation of the Moore-Sipple Connector. The balance in this fund reverts to the railroad company if the line is in operation until 2010. As the result of a court order, until this date is reached, the interest earnings on this money are provided to Central Montana Rail, Inc. for use in operating the railroad.

Environmental Reclamation – This fund accounts for environmental reclamation bonds held in trust to be either returned to the company upon successful reclamation of mining properties and related impacts or to be used by the State to complete the related reclamation process.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2007
 (amounts expressed in thousands)

	COLLEGE SAVINGS PLAN	ESCHEATED PROPERTY	PLAN 1 SECURITIES	WOODVILLE HIGHWAY REPLACEMENT
ASSETS				
Cash/cash equivalents	\$ 117,117	\$ 914	\$ -	\$ 45
Receivables (net):				
Interest	-	4	-	-
Total receivables	-	4	-	-
Investments at fair value:				
Other investments	88,441	-	-	-
Total investments	88,441	-	-	-
Other assets	-	-	5,169	-
Total assets	205,558	918	5,169	45
LIABILITIES				
Accounts payable	-	2	-	-
Total liabilities	-	2	-	-
NET ASSETS				
Held in trust for other purposes	\$ 205,558	\$ 916	\$ 5,169	\$ 45

MOORE-SIPPLE CONNECTOR		ENVIRONMENTAL RECLAMATION		TOTAL
\$	241	\$	3,390	\$ 121,707
	1		3	8
	1		3	8
	-		-	88,441
	-		-	88,441
	-		2,761	7,930
	242		6,154	218,086
	-		3	5
	-		3	5
\$	242	\$	6,151	\$ 218,081

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(amounts expressed in thousands)**

	COLLEGE SAVINGS PLAN	ESCHEATED PROPERTY	PLAN 1 SECURITIES	WOODVILLE HIGHWAY REPLACEMENT
ADDITIONS				
Participant contributions	\$ 35,047	\$ -	\$ -	\$ -
Net investment earnings:				
Investment earnings	5,088	38	-	3
Other additions	-	2,457	-	-
Total additions	40,135	2,495	-	3
DEDUCTIONS				
Distributions	16,920	2,295	-	-
Administrative expenses:				
Grants	-	-	-	-
Contractual services	545	-	-	-
Total deductions	17,465	2,295	-	-
Change in net assets	22,670	200	-	3
Net assets - July 1 - as previously reported	-	716	5,169	42
Prior period adjustments	182,888	-	-	-
Net assets - July 1 - as restated	182,888	716	5,169	42
Net assets - June 30	\$ 205,558	\$ 916	\$ 5,169	\$ 45

	MOORE- SIPPLE CONNECTOR		ENVIRONMENTAL RECLAMATION		TOTAL
\$	-	\$	-	\$	35,047
	13		41		5,183
	-		2,650		5,107
	13		2,691		45,337
	-		812		20,027
	13		-		13
	-		-		545
	13		812		20,585
	-		1,879		24,752
	242		4,272		10,441
	-		-		182,888
	242		4,272		193,329
\$	242	\$	6,151	\$	218,081

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AGENCY FUNDS

Agency funds are used to account for assets held by the State as an agent for individuals, private organizations, and other governments. A brief description of each agency fund follows:

Performance Deposits – This fund accounts for deposits held by the State pending compliance with performance agreements.

Central Payroll – This fund accounts for the accumulation of state employee payroll and withholding by the Department of Administration, pending remittance to employees and other appropriate third parties.

Criminal Offender Restitution – Accounts for restitution payments received from prisoners and disbursed to their victims.

Custodial Accounts – This fund accounts for monies belonging to state institution residents, students of the School for the Deaf and Blind, and participants in the foster children and protective services programs. The fund also accounts for balances held by the Office of the Commissioner of Higher Education for remittance, on behalf of eligible employees of the Montana University System, to the TIAA-CREF (Teachers Insurance and Annuity Association-College Retirement Equities Fund) retirement fund. Department of Transportation employee union pension monies are held in this fund, awaiting remittance to the corresponding union. This fund also accounts for wages collected from employers on behalf of employee wage complaints filed under authority of the Montana Wages and Wage Protection Act.

Child Support Collections – This fund accounts for payments from parents under the Child Support Enforcement Program administered by the Department of Public Health and Human Services.

Uncleared Collections – This fund accounts for resources held pending distribution to other funds and local governments. The balances in this fund related to other fund types are distributed to those funds each fiscal year-end. Balances remaining relate to external parties.

Intergovernmental – This fund accounts for resources that flow through state agencies to federal and local governments.

Debt Collection – This fund accounts for amounts due to the State which have been written off as uncollectible by the receiving agency. The Department of Revenue continues to attempt to collect amounts owing for a period of time after they are deemed uncollectible by the receiving agency.

Milk Passthrough – This fund accounts for the distribution of the proceeds from the sale of pooled milk.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2007

(amounts amounts expressed in thousands)

	PERFORMANCE DEPOSITS	CENTRAL PAYROLL	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	CHILD SUPPORT COLLECTIONS
ASSETS					
Cash/cash equivalents	\$ 2,078	\$ 1,863	\$ 183	\$ 1,439	\$ 841
Receivables (net):					
Accounts receivable	-	-	-	15	286
Interest receivable	-	-	-	1	-
Total receivables	-	-	-	16	286
Other assets	12,374	-	-	-	-
Total assets	<u>14,452</u>	<u>1,863</u>	<u>183</u>	<u>1,455</u>	<u>1,127</u>
LIABILITIES					
Accounts payable	26	-	19	49	86
Amounts held in custody for others	14,426	1,863	164	1,406	1,041
Total liabilities	<u>14,452</u>	<u>1,863</u>	<u>183</u>	<u>1,455</u>	<u>1,127</u>
NET ASSETS					
Held in trust for pension benefits and other purposes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNCLEARED COLLECTIONS	INTER- GOVERNMENTAL	DEBT COLLECTION	MILK PASS- THROUGH	TOTAL
\$ 382	\$ 150	\$ 108	\$ 4	7,048
-	-	14	-	315
-	-	-	-	1
-	-	14	-	316
-	-	-	-	12,374
382	150	122	4	19,738
331	108	-	-	619
51	42	122	4	19,119
382	150	122	4	19,738
\$ -	\$ -	\$ -	\$ -	-

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

FUND	BALANCE JUNE 30, 2006		ADDITIONS	DEDUCTIONS		BALANCE JUNE 30, 2007	
PERFORMANCE DEPOSITS:							
ASSETS							
Cash/cash equivalents	\$	2,556	\$ 108,173	\$ 108,651	\$	2,078	
Receivables (net)		-	67	67		-	
Other assets		10,592	2,019	237		12,374	
Total assets	\$	13,148	\$ 110,259	\$ 108,955	\$	14,452	
LIABILITIES							
Accounts payable	\$	110	\$ 2,296	\$ 2,380	\$	26	
Amounts held in custody for others		13,038	8,699	7,311		14,426	
Total liabilities	\$	13,148	\$ 10,995	\$ 9,691	\$	14,452	
CENTRAL PAYROLL:							
ASSETS							
Cash/cash equivalents	\$	263	\$ 715,457	\$ 713,857	\$	1,863	
Receivables (net)		1	-	1		-	
Total assets	\$	264	\$ 715,457	\$ 713,858	\$	1,863	
LIABILITIES							
Accounts payable	\$	-	\$ 11,112	\$ 11,112	\$	-	
Amounts held in custody for others		264	715,886	714,287		1,863	
Total liabilities	\$	264	\$ 726,998	\$ 725,399	\$	1,863	
CRIMINAL OFFENDER RESTITUTION:							
ASSETS							
Cash/cash equivalents	\$	303	\$ 4,226	\$ 4,346	\$	183	
Total assets	\$	303	\$ 4,226	\$ 4,346	\$	183	
LIABILITIES							
Accounts payable	\$	2	4,230	4,213	\$	19	
Amounts held in custody for others		301	4,226	4,363		164	
Total liabilities	\$	303	\$ 8,456	\$ 8,576	\$	183	
CUSTODIAL ACCOUNTS:							
ASSETS							
Cash/cash equivalents	\$	1,269	\$ 5,831	\$ 5,661	\$	1,439	
Receivables (net)		28	44	56		16	
Securities lending collateral		2	-	2		-	
Total assets	\$	1,299	\$ 5,875	\$ 5,719	\$	1,455	
LIABILITIES							
Accounts payable	\$	110	\$ 1,646	\$ 1,707	\$	49	
Amounts held in custody for others		1,187	9,217	8,998		1,406	
Securities lending liability		2	-	2		-	
Total liabilities	\$	1,299	\$ 10,863	\$ 10,707	\$	1,455	

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FUND	BALANCE JUNE 30, 2006		ADDITIONS		DEDUCTIONS		BALANCE JUNE 30, 2007	
CHILD SUPPORT COLLECTIONS:								
ASSETS								
Cash/cash equivalents	\$	788	\$	78,564	\$	78,511	\$	841
Receivables (net)		366		-		80		286
Total assets	\$	1,154	\$	78,564	\$	78,591	\$	1,127
LIABILITIES								
Accounts payable	\$	120	\$	42,614	\$	42,648	\$	86
Amounts held in custody for others		1,034		78,399		78,392		1,041
Total liabilities	\$	1,154	\$	121,013	\$	121,040	\$	1,127
UNCLEARED COLLECTIONS:								
ASSETS								
Cash/cash equivalents	\$	234	\$	13,558,556	\$	13,558,408	\$	382
Receivables (net)		-		164,074		164,074		-
Investments		-		184		184		-
Equity in pooled investments		-		1,800		1,800		-
Total assets	\$	234	\$	13,724,614	\$	13,724,466	\$	382
LIABILITIES								
Accounts payable	\$	226	\$	2,776	\$	2,671	\$	331
Amounts held in custody for others		8		14,283		14,240		51
Total liabilities	\$	234	\$	17,059	\$	16,911	\$	382
INTERGOVERNMENTAL:								
ASSETS								
Cash/cash equivalents	\$	137	\$	2,453	\$	2,440	\$	150
Receivables (net)		-	\$	5	\$	5	\$	-
Total assets	\$	137	\$	2,458	\$	2,445	\$	150
LIABILITIES								
Accounts payable	\$	99	\$	2,361	\$	2,352	\$	108
Amounts held in custody for others		38		1,751		1,747		42
Total liabilities	\$	137	\$	4,112	\$	4,099	\$	150
DEBT COLLECTION:								
ASSETS								
Cash/cash equivalents	\$	231	\$	2,988	\$	3,111	\$	108
Receivables (net)		13		2		1		14
Total assets	\$	244	\$	2,990	\$	3,112	\$	122
LIABILITIES								
Accounts payable	\$	-	\$	3,318	\$	3,318	\$	-
Amounts held in custody for others		244		2,409		2,531		122
Total liabilities	\$	244	\$	5,727	\$	5,849	\$	122

(Continued on Next Page)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(amounts expressed in thousands)

FUND	BALANCE JUNE 30, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
MILK PASSTHROUGH:				
ASSETS				
Cash/cash equivalents	\$ 54	\$ 718	\$ 768	\$ 4
Total assets	<u>\$ 54</u>	<u>\$ 718</u>	<u>\$ 768</u>	<u>\$ 4</u>
LIABILITIES				
Accounts payable	\$ -	\$ 767	\$ 767	\$ -
Amounts held in custody for others	54	718	768	4
Total liabilities	<u>\$ 54</u>	<u>\$ 1,485</u>	<u>\$ 1,535</u>	<u>\$ 4</u>

TOTAL - ALL AGENCY FUNDS

ASSETS

Cash/cash equivalents	\$ 5,835	\$ 14,476,966	\$ 14,475,753	\$ 7,048
Receivables (net)	408	164,192	164,284	316
Investments	-	1,800	1,800	-
Securities lending collateral	2	-	2	-
Other assets	10,592	2,019	237	12,374
Total assets	<u>\$ 16,837</u>	<u>\$ 14,644,977</u>	<u>\$ 14,642,076</u>	<u>\$ 19,738</u>

LIABILITIES

Accounts payable	\$ 667	\$ 71,120	\$ 71,168	\$ 619
Amounts held in custody for others	16,168	835,588	832,637	19,119
Securities lending liability	2	-	2	-
Total liabilities	<u>\$ 16,837</u>	<u>\$ 906,708</u>	<u>\$ 903,807</u>	<u>\$ 19,738</u>