

State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2006
 (amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
ASSETS				
Cash/cash equivalents	\$ 20,746	\$ 49,447	\$ 4,042	\$ 74,235
Receivables (net)	2,419	1,122	1,528	5,069
Due from other funds	1	93	-	94
Equity in pooled investments	-	-	200,285	200,285
Long-term loans/notes receivable	27,952	-	-	27,952
Advances to other funds	3,110	-	-	3,110
Investments	1,512	-	7,056	8,568
Securities lending collateral	155	708	11,945	12,808
Other assets	-	-	-	-
Total assets	<u>\$ 55,895</u>	<u>\$ 51,370</u>	<u>\$ 224,856</u>	<u>\$ 332,121</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	5	1,935	15	1,955
Interfund loans payable	-	1,361	-	1,361
Due to other funds	46	57	1,906	2,009
Due to component units	-	30	-	30
Advances from other funds	12,701	-	-	12,701
Deferred revenue	334	-	-	334
Securities lending liability	155	708	11,945	12,808
Total liabilities	<u>13,241</u>	<u>4,091</u>	<u>13,866</u>	<u>31,198</u>
Fund balances:				
Reserved for:				
Encumbrances	-	7	-	7
Long-term loans/notes receivable	27,952	-	-	27,952
Advances to other funds	3,110	-	-	3,110
Debt service	4,809	-	-	4,809
Trust principal	-	-	210,990	210,990
Unreserved, designated	7,420	-	-	7,420
Unreserved, undesignated	(637)	47,272	-	46,635
Total fund balances	<u>42,654</u>	<u>47,279</u>	<u>210,990</u>	<u>300,923</u>
Total liabilities and fund balances	<u>\$ 55,895</u>	<u>\$ 51,370</u>	<u>\$ 224,856</u>	<u>\$ 332,121</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
REVENUES				
Licenses/permits	\$ -	\$ -	\$ 412	\$ 412
Taxes:				
Natural resource	510	4,064	643	5,217
Fuel	-	-	13	13
Other	-	1,990	-	1,990
Charges for services/finances/forfeits/settlements	859	502	9,940	11,301
Investment earnings	8,454	516	1,269	10,239
Securities lending income	14	9	746	769
Sale of documents/merchandise/property	2,800	-	-	2,800
Rentals/leases/royalties	-	-	160	160
Grants/contracts/donations	-	-	90	90
Other revenues	-	(61)	-	(61)
Total revenues	12,637	7,020	13,273	32,930
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety/corrections	-	3,971	-	3,971
Education/cultural	-	-	10	10
Resource/recreation/environment	4	-	-	4
Debt service:				
Principal retirement	31,189	-	-	31,189
Interest/fiscal charges	18,523	-	-	18,523
Capital outlay	-	11,572	8	11,580
Securities lending	14	9	730	753
Total expenditures	49,730	15,552	748	66,030
Excess of revenue over (under) expenditures	(37,093)	(8,532)	12,525	(33,100)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	31,350	-	31,350
Bond premium	855	-	-	855
General capital asset sale proceeds	-	-	1	1
Transfers in	38,855	20,233	4,656	63,744
Transfers out	(4,985)	(4,626)	(11,307)	(20,918)
Total other financing sources (uses)	34,725	46,957	(6,650)	75,032
Net change in fund balances	(2,368)	38,425	5,875	41,932
Fund balances - July 1 - as previously reported	45,148	8,721	205,115	258,984
Prior period adjustments	(126)	133	-	7
Fund balances - July 1 - as restated	45,022	8,854	205,115	258,991
Fund balances - June 30	\$ 42,654	\$ 47,279	\$ 210,990	\$ 300,923

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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, 2006
(amounts expressed in thousands)**

	COAL TAX	LONG-RANGE BUILDING PROGRAM	WATER & WASTERWATER DEVELOPMENT	WATER CONSERVATION
ASSETS				
Cash/cash equivalents	\$ 8,277	\$ 1,159	\$ 7,784	\$ -
Receivables (net)	381	-	2,038	-
Due from other funds	-	1	-	-
Long-term loans/notes receivable	13,027	-	14,890	35
Advances to other funds	3,110	-	-	-
Investments	-	-	495	-
Securities lending collateral	125	-	27	-
Total assets	<u>\$ 24,920</u>	<u>\$ 1,160</u>	<u>\$ 25,234</u>	<u>\$ 35</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	3	-	-
Due to other funds	-	-	46	-
Advances from other funds	-	-	12,701	-
Deferred revenue	73	-	261	-
Securities lending liability	125	-	27	-
Total liabilities	<u>198</u>	<u>3</u>	<u>13,035</u>	<u>-</u>
Fund balances:				
Reserved for:				
Long-term loans/notes receivable	13,027	-	14,890	35
Advances to other funds	3,110	-	-	-
Debt service	4,809	-	-	-
Unreserved, designated	1,722	1,157	-	-
Unreserved, undesignated	2,054	-	(2,691)	-
Total fund balances	<u>24,722</u>	<u>1,157</u>	<u>12,199</u>	<u>35</u>
Total liabilities and fund balances	<u>\$ 24,920</u>	<u>\$ 1,160</u>	<u>\$ 25,234</u>	<u>\$ 35</u>

HEALTH CARE	ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	TOTAL
\$ 3,180	\$ 214	\$ 132	\$ 20,746
-	-	-	2,419
-	-	-	1
-	-	-	27,952
-	-	-	3,110
1,017	-	-	1,512
-	3	-	155
<u>\$ 4,197</u>	<u>\$ 217</u>	<u>\$ 132</u>	<u>\$ 55,895</u>
-	2	-	5
-	-	-	46
-	-	-	12,701
-	-	-	334
-	3	-	155
-	5	-	13,241
-	-	-	27,952
-	-	-	3,110
-	-	-	4,809
4,197	212	132	7,420
-	-	-	(637)
<u>4,197</u>	<u>212</u>	<u>132</u>	<u>42,654</u>
<u>\$ 4,197</u>	<u>\$ 217</u>	<u>\$ 132</u>	<u>\$ 55,895</u>

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

NONMAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	COAL TAX	LONG-RANGE BUILDING PROGRAM	WATER & WASTERWATER DEVELOPMENT	WATER CONSERVATION
REVENUES				
Taxes:				
Natural resource	\$ -	\$ -	\$ 322	\$ -
Charges for services/fines/forfeits/settlements	-	-	2	-
Investment earnings	1,053	173	6,862	2
Securities lending income	7	3	2	-
Sale of documents/merchandise/property	2,800	-	-	-
Total revenues	3,860	176	7,188	2
EXPENDITURES				
Current:				
Resource/recreation/environment	-	-	-	-
Debt service:				
Principal retirement	4,630	9,695	4,020	4
Interest/fiscal charges	1,476	5,717	1,944	2
Securities lending	7	3	2	-
Total expenditures	6,113	15,415	5,966	6
Excess of revenue over (under) expenditures	(2,253)	(15,239)	1,222	(4)
OTHER FINANCING SOURCES (USES)				
Bond premium	-	855	-	-
Transfers in	897	15,361	1,450	-
Transfers out	(1,920)	-	(3,027)	-
Total other financing sources (uses)	(1,023)	16,216	(1,577)	-
Net change in fund balances	(3,276)	977	(355)	(4)
Fund balances - July 1 - as previously reported	27,998	180	12,558	39
Prior period adjustments	-	-	(4)	-
Fund balances - July 1 - as restated	27,998	180	12,554	39
Fund balances - June 30	\$ 24,722	\$ 1,157	\$ 12,199	\$ 35

HEALTH CARE	INFORMATION TECHNOLOGY	ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	HIGHWAY	TOTAL
\$ -	\$ -	\$ -	\$ 188	\$ -	\$ 510
-	99	758	-	-	859
265	-	99	-	-	8,454
-	-	2	-	-	14
-	-	-	-	-	2,800
265	99	859	188	-	12,637
-	-	3	1	-	4
1,415	5,820	560	85	4,960	31,189
1,533	855	141	152	6,703	18,523
-	-	2	-	-	14
2,948	6,675	706	238	11,663	49,730
(2,683)	(6,576)	153	(50)	(11,663)	(37,093)
-	-	-	-	-	855
2,726	6,576	-	182	11,663	38,855
-	-	(36)	(2)	-	(4,985)
2,726	6,576	(36)	180	11,663	34,725
43	-	117	130	-	(2,368)
4,154	-	217	2	-	45,148
-	-	(122)	-	-	(126)
4,154	-	95	2	-	45,022
\$ 4,197	\$ -	\$ 212	\$ 132	\$ -	\$ 42,654

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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, 2006
 (amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	CAPITAL LAND GRANT	TOTAL
ASSETS				
Cash/cash equivalents	\$ 47,509	\$ 478	\$ 1,460	\$ 49,447
Receivables (net)	1,122	-	-	1,122
Due from other funds	93	-	-	93
Securities lending collateral	707	1	-	708
Total assets	<u>\$ 49,431</u>	<u>\$ 479</u>	<u>\$ 1,460</u>	<u>\$ 51,370</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,907	28	-	1,935
Interfund loans payable	1,361	-	-	1,361
Due to other funds	55	2	-	57
Due to component units	30	-	-	30
Securities lending liability	707	1	-	708
Total liabilities	<u>4,060</u>	<u>31</u>	<u>-</u>	<u>4,091</u>
Fund balances:				
Encumbrances	7	-	-	7
Unreserved	45,364	448	1,460	47,272
Total fund balances	<u>45,371</u>	<u>448</u>	<u>1,460</u>	<u>47,279</u>
Total liabilities and fund balances	<u>\$ 49,431</u>	<u>\$ 479</u>	<u>\$ 1,460</u>	<u>\$ 51,370</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
REVENUES					
Taxes:					
Natural Resource	\$ 4,064	\$ -	\$ -	\$ -	\$ 4,064
Other	1,990	-	-	-	1,990
Charges for services/fines/forfeits/settlements	502	-	-	-	502
Investment earnings	516	-	-	-	516
Securities lending income	9	-	-	-	9
Other revenues	(61)	-	-	-	(61)
Total revenues	7,020	-	-	-	7,020
EXPENDITURES					
Current:					
Public safety/corrections	-	3,971	-	-	3,971
Capital outlay	10,772	486	314	-	11,572
Securities lending	9	-	-	-	9
Total expenditures	10,781	4,457	314	-	15,552
Excess of revenue over (under) expenditures	(3,761)	(4,457)	(314)	-	(8,532)
OTHER FINANCING SOURCES (USES)					
Bonds issued	31,350	-	-	-	31,350
Transfers in	14,045	3,875	723	1,590	20,233
Transfers out	(3,582)	(20)	-	(1,024)	(4,626)
Total other financing sources (uses)	41,813	3,855	723	566	46,957
Net change in fund balances	38,052	(602)	409	566	38,425
Fund balances - July 1 - as previously reported	7,186	1,050	(409)	894	8,721
Prior period adjustments	133	-	-	-	133
Fund balances - July 1 - as restated	7,319	1,050	(409)	894	8,854
Fund balances - June 30	\$ 45,371	\$ 448	\$ -	\$ 1,460	\$ 47,279

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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.

Endowment for Children – 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, 2006
(amounts expressed in thousands)**

	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY TRUST	NOXIOUS WEED MANAGEMENT
ASSETS					
Cash/cash equivalents	\$ 506	\$ 469	\$ 136	\$ 645	\$ 1,263
Receivables (net)	636	218	108	90	59
Equity in pooled investments	100,665	16,534	8,182	8,895	-
Investments	-	-	-	2,195	3,646
Securities lending collateral	4,821	795	393	947	1,010
Total assets	\$ 106,628	\$ 18,016	\$ 8,819	\$ 12,772	\$ 5,978
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	2	4
Due to other funds	1,119	81	53	57	227
Securities lending liability	4,821	795	393	947	1,010
Total liabilities	5,940	876	446	1,006	1,241
Fund balances:					
Reserved for:					
Trust principal	100,688	17,140	8,373	11,766	4,737
Total fund balances	100,688	17,140	8,373	11,766	4,737
Total liabilities and fund balances	\$ 106,628	\$ 18,016	\$ 8,819	\$ 12,772	\$ 5,978

HISTORICAL SOCIETY TRUSTS	ENDOWMENT FOR CHILDREN	TOBACCO SETTLEMENT INTEREST	ZORTMAN/ LANDUSKY WATER TREATMENT	TOTAL
\$ 98	\$ 1	\$ 917	\$ 7	\$ 4,042
3	-	410	4	1,528
1,184	-	64,825	-	200,285
-	-	-	1,215	7,056
27	-	3,114	838	11,945
<u>\$ 1,312</u>	<u>\$ 1</u>	<u>\$ 69,266</u>	<u>\$ 2,064</u>	<u>\$ 224,856</u>
5	-	-	4	15
-	-	369	-	1,906
27	-	3,114	838	11,945
<u>32</u>	<u>-</u>	<u>3,483</u>	<u>842</u>	<u>13,866</u>
1,280	1	65,783	1,222	210,990
1,280	1	65,783	1,222	210,990
<u>\$ 1,312</u>	<u>\$ 1</u>	<u>\$ 69,266</u>	<u>\$ 2,064</u>	<u>\$ 224,856</u>

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

NONMAJOR PERMANENT FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY TRUST	NOXIOUS WEED MANAGEMENT
REVENUES					
Licenses/permits	\$ -	\$ -	\$ -	\$ 412	\$ -
Taxes:					
Natural resource	-	430	213	-	-
Fuel	-	-	-	-	13
Charges for services/fines/forfeits/settlements	-	-	-	-	-
Investment earnings	422	80	62	167	114
Securities lending income	350	57	25	48	58
Rentals/leases/royalties	-	-	-	160	-
Grants/contracts/donations	-	-	-	-	-
Total revenues	772	567	300	787	185
EXPENDITURES					
Current:					
Education/cultural	-	-	-	-	-
Capital outlay	-	-	-	-	-
Securities lending	344	56	25	47	55
Total expenditures	344	56	25	47	55
Excess of revenue over (under) expenditures	428	511	275	740	130
OTHER FINANCING SOURCES (USES)					
General capital asset sale proceeds	-	-	-	-	-
Transfers in	-	-	3,413	-	43
Transfers out	(6,147)	(867)	(447)	(570)	(227)
Total other financing sources (uses)	(6,147)	(867)	2,966	(570)	(184)
Net change in fund balances	(5,719)	(356)	3,241	170	(54)
Fund balances - July 1 - as previously reported	106,407	17,496	5,132	11,596	4,791
Fund balances - June 30	\$ 100,688	\$ 17,140	\$ 8,373	\$ 11,766	\$ 4,737

HISTORICAL SOCIETY TRUSTS	ENDOWMENT FOR CHILDREN	TOBACCO SETTLEMENT INTEREST	ZORTMAN/ LANDUSKY WATER TREATMENT	TOTAL
\$ -	\$ -	\$ -	\$ -	412
-	-	-	-	643
-	-	-	-	13
-	-	9,940	-	9,940
79	-	324	21	1,269
1	-	198	9	746
-	-	-	-	160
90	-	-	-	90
170	-	10,462	30	13,273
10	-	-	-	10
8	-	-	-	8
1	-	194	8	730
19	-	194	8	748
151	-	10,268	22	12,525
1	-	-	-	1
-	-	-	1,200	4,656
-	-	(3,049)	-	(11,307)
1	-	(3,049)	1,200	(6,650)
152	-	7,219	1,222	5,875
1,128	1	58,564	-	205,115
\$ 1,280	\$ 1	\$ 65,783	\$ 1,222	\$ 210,990

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.

State Nursery – This fund accounts for the Department of Natural Resource and Conservation's Forestry Division Nursery Program and produces and distributes seedlings for conservation plantings to private landowners, state, federal and tribal landowners, and other conservation organizations.

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

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
ASSETS				
Current assets:				
Cash/cash equivalents	\$ 3,975	\$ 10,435	\$ 2,365	\$ 1,501
Receivables (net)	14,245	3,104	905	388
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	1	9	-	152
Due from component units	1	-	-	4
Inventories	57	-	1,394	5,494
Securities lending collateral	-	155	34	-
Other current assets	80	-	27	-
Total current assets	18,359	13,703	4,725	7,539
Noncurrent assets:				
Advances to other funds	75	-	-	-
Long-term investments	-	-	-	-
Long-term notes/loans receivable	-	-	-	-
Deferred charges	-	-	-	-
Other long-term assets	-	-	1,394	292
Capital assets:				
Land	-	-	-	690
Land improvements	-	-	-	240
Buildings/improvements	2,044	-	-	4,652
Equipment	366	-	412	3,695
Infrastructure	-	-	-	884
Construction in progress	-	-	-	309
Intangible assets	-	-	-	-
Less accumulated depreciation	(1,478)	-	(286)	(5,152)
Total capital assets	932	-	126	5,318
Total noncurrent assets	1,007	-	1,520	5,610
Total assets	19,366	13,703	6,245	13,149

	MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$	28,134	\$ 3,685	\$ 299	\$ 3,830	\$ 157	\$ 33
	290	17	19	6	11	29
	4	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	47	10	8
	1,499	327	5	2	-	-
	-	-	-	20	466	215
	454	-	504	57	-	-
	3	215	-	12	-	1
	30,384	4,244	827	3,974	644	286
	-	-	-	-	-	-
	-	1,954	1,247	-	-	-
	-	-	-	-	-	-
	-	18	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	118
	-	-	-	322	9	157
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	397	-	-
	-	-	-	(192)	(10)	(154)
	-	-	-	527	(1)	121
	-	1,972	1,247	527	(1)	121
	30,384	6,216	2,074	4,501	643	407

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
ASSETS			
Current assets:			
Cash/cash equivalents	\$ 421	\$ 235	\$ 551
Receivables (net)	-	2	243
Interfund loans receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Due from component units	-	-	6
Inventories	-	-	-
Securities lending collateral	-	-	2
Other current assets	-	-	-
Total current assets	421	237	802
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	70	-	-
Infrastructure	-	-	-
Construction in progress	-	-	-
Intangible assets	-	-	-
Less accumulated depreciation	(737)	-	-
Total capital assets	2,033	-	-
Total noncurrent assets	2,033	-	-
Total assets	2,454	237	802

	HUD SECTION 8 HOUSING	STATE NURSERY	OTHER ENTERPRISE FUNDS	TOTAL
\$	5,809	\$ 29	\$ 283	\$ 61,742
	42	-	-	19,301
	-	-	-	4
	245	-	-	245
	1	-	11	239
	-	-	-	1,844
	-	-	111	7,757
	93	-	2	1,301
	1	-	-	339
	6,191	29	407	92,772
	-	-	-	75
	-	-	-	3,201
	268	-	-	268
	-	-	-	18
	-	-	-	1,686
	-	-	-	800
	-	-	-	2,343
	-	-	-	7,301
	68	56	12	5,167
	-	-	-	884
	-	-	-	309
	16	-	-	413
	(53)	(49)	(3)	(8,114)
	31	7	9	9,103
	299	7	9	14,351
	6,490	36	416	107,123

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 4,673	\$ 12	\$ 299	\$ 211
Lottery prizes payable	-	-	1,565	-
Interfund loans payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	9,885	68	2,716	28
Due to component units	-	-	-	-
Deferred revenue	1,380	3,123	204	15
Bonds/notes payable (net)	-	-	-	-
Amounts held in custody for others	80	-	-	1
Securities lending liability	-	155	34	-
Estimated insurance claims	-	94	-	-
Compensated absences payable	109	13	105	100
Other current liabilities	-	-	-	-
Total current liabilities	16,127	3,465	4,923	355
Noncurrent liabilities:				
Lottery prizes payable	-	-	1,242	-
Bonds/notes payable (net)	-	-	-	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	102	9	80	164
Other long-term liabilities	-	-	-	-
Total noncurrent liabilities	102	9	1,322	164
Total liabilities	16,229	3,474	6,245	519
NET ASSETS				
Invested in capital assets, net of related debt	932	-	126	5,320
Restricted for:				
Other purposes	-	10,229	-	-
Unrestricted	2,205	-	(126)	7,310
Total net assets	\$ 3,137	\$ 10,229	\$ -	\$ 12,630

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$ 855	\$ 19	\$ 2	\$ 141	\$ 35	\$ 19
-	-	-	-	-	-
-	-	33	-	-	225
-	-	-	-	-	-
7	-	-	97	4	2
-	-	-	-	-	-
-	-	-	131	128	-
-	420	-	-	-	-
-	-	-	4	-	-
454	-	504	57	-	-
6,250	617	426	-	-	-
10	-	-	121	28	18
29	-	-	-	-	-
7,605	1,056	965	551	195	264
-	-	-	-	-	-
-	430	-	-	-	-
-	3,921	2,551	-	-	-
10	-	-	64	40	11
227	-	-	-	-	-
237	4,351	2,551	64	40	11
7,842	5,407	3,516	615	235	275
-	-	-	131	1	122
22,542	809	-	-	-	-
-	-	(1,442)	3,755	407	10
\$ 22,542	\$ 809	\$ (1,442)	\$ 3,886	\$ 408	\$ 132

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2006

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7	\$ 19	\$ 46
Lottery prizes payable	-	-	-
Interfund loans payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	1	-
Due to component units	-	-	-
Deferred revenue	-	-	-
Bonds/notes payable (net)	-	-	-
Amounts held in custody for others	1	-	-
Securities lending liability	-	-	2
Estimated insurance claims	-	-	-
Compensated absences payable	3	12	-
Other current liabilities	-	-	-
Total current liabilities	11	32	48
Noncurrent liabilities:			
Lottery prizes payable	-	-	-
Bonds/notes payable (net)	-	-	-
Estimated insurance claims	-	-	-
Compensated absences payable	-	47	-
Other long-term liabilities	-	-	-
Total noncurrent liabilities	-	47	-
Total liabilities	11	79	48
NET ASSETS			
Invested in capital assets, net of related debt	2,034	-	-
Restricted for:			
Other purposes	409	-	754
Unrestricted	-	158	-
Total net assets	\$ 2,443	\$ 158	\$ 754

	HUD SECTION 8 HOUSING	STATE NURSERY	OTHER ENTERPRISE FUNDS	TOTAL
\$	59	\$ 17	\$ 54	\$ 6,468
	-	-	-	1,565
	-	-	-	258
	406	-	-	406
	17	-	24	12,849
	-	-	-	-
	1,959	-	-	6,940
	-	-	-	420
	-	-	-	86
	93	-	2	1,301
	-	-	-	7,387
	58	9	-	586
	-	-	-	29
	2,592	26	80	38,295
	-	-	-	1,242
	-	-	-	430
	-	-	-	6,472
	30	22	18	597
	-	-	-	227
	30	22	18	8,968
	2,622	48	98	47,263
	29	-	10	8,705
	-	-	308	35,051
	3,839	(12)	-	16,104
\$	3,868	\$ (12)	\$ 318	\$ 59,860

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

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Operating revenues:				
Charges for services	\$ 58,822	\$ -	\$ 39,923	\$ 5,718
Investment earnings	-	363	200	-
Securities lending income	-	6	2	-
Contributions/premiums	-	3,048	-	-
Grants/contracts/donations	-	-	-	-
Taxes	17,317	-	-	-
Other operating revenues	173	9	6	-
Total operating revenues	76,312	3,426	40,131	5,718
Operating expenses:				
Personal services	2,053	238	1,619	2,156
Contractual services	529	186	5,826	130
Supplies/materials	47,414	4	1,110	2,144
Benefits/claims	-	2,442	-	-
Depreciation	97	-	668	271
Amortization	-	-	123	-
Utilities/rent	154	6	113	215
Communications	173	7	581	13
Travel	20	29	38	22
Repair/maintenance	41	-	11	351
Grants	-	-	-	-
Lottery prize payments	-	-	20,728	-
Interest expense	-	-	-	-
Securities lending expense	-	6	2	-
Dividend expense	-	1,706	-	-
Other operating expenses	33	7	202	340
Total operating expenses	50,514	4,631	31,021	5,642
Operating income (loss)	25,798	(1,205)	9,110	76
Nonoperating revenues (expenses):				
Increase (decrease) value of livestock	-	-	-	284
Total nonoperating revenues (expenses)	-	-	-	284
Income (loss) before contributions and transfers	25,798	(1,205)	9,110	360
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(25,067)	(69)	(9,110)	-
Change in net assets	731	(1,274)	-	360
Total net assets - July 1 - as previously reported	2,406	11,503	-	12,272
Prior period adjustments	-	-	-	(2)
Total net assets - July 1 - as restated	2,406	11,503	-	12,270
Total net assets - June 30	\$ 3,137	\$ 10,229	\$ -	\$ 12,630

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
\$ -	\$ -	\$ 128	\$ 3,866	\$ 830	\$ 299
1,095	166	45	107	-	-
19	-	25	2	-	-
54,164	3,543	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
508	-	4	33	9	-
55,786	3,709	202	4,008	839	299
292	-	-	2,042	423	184
3,151	387	-	451	217	43
39	-	-	138	193	273
48,163	2,515	737	-	-	-
-	-	-	39	-	12
-	-	-	113	-	-
17	-	-	186	33	25
7	-	-	147	58	10
4	-	-	50	10	1
1	-	-	18	10	3
-	-	-	-	-	-
-	-	-	-	-	-
-	46	-	-	-	-
19	-	25	2	-	-
-	-	-	-	-	-
446	30	-	40	39	10
52,139	2,978	762	3,226	983	561
3,647	731	(560)	782	(144)	(262)
-	-	-	-	-	-
-	-	-	-	-	-
3,647	731	(560)	782	(144)	(262)
-	-	-	-	-	378
-	-	-	-	51	-
-	-	(55)	-	-	-
3,647	731	(615)	782	(93)	116
18,895	78	(827)	3,104	501	19
-	-	-	-	-	(3)
18,895	78	(827)	3,104	501	16
\$ 22,542	\$ 809	\$ (1,442)	\$ 3,886	\$ 408	\$ 132

(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, 2006

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Operating revenues:			
Charges for services	\$ 27	\$ 274	\$ 103
Investment earnings	-	-	12
Securities lending income	-	-	-
Contributions/premiums	-	-	9,264
Grants/contracts/donations	-	-	-
Taxes	-	-	-
Other operating revenues	122	-	-
Total operating revenues	149	274	9,379
Operating expenses:			
Personal services	46	215	-
Contractual services	7	22	112
Supplies/materials	6	5	-
Benefits/claims	-	-	8,894
Depreciation	124	-	-
Amortization	-	-	-
Utilities/rent	40	28	-
Communications	4	5	-
Travel	1	-	-
Repair/maintenance	13	-	-
Grants	-	-	-
Lottery prize payments	-	-	-
Interest expense	-	-	-
Securities lending expense	-	-	-
Dividend expense	-	-	-
Other operating expenses	1	21	108
Total operating expenses	242	296	9,114
Operating income (loss)	(93)	(22)	265
Nonoperating revenues (expenses):			
Increase (decrease) value of livestock	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Income (loss) before contributions and transfers	(93)	(22)	265
Capital contributions	-	-	-
Transfers in	10	-	-
Transfers out	-	-	-
Change in net assets	(83)	(22)	265
Total net assets - July 1 - as previously reported	2,526	179	489
Prior period adjustments	-	1	-
Total net assets - July 1 - as restated	2,526	180	489
Total net assets - June 30	\$ 2,443	\$ 158	\$ 754

	HUD SECTION 8 HOUSING	STATE NURSERY	OTHER ENTERPRISE FUNDS	TOTAL
\$	-	\$ 382	\$ 309	\$ 110,681
	190	-	4	2,182
	3	-	-	57
	-	-	-	70,019
	35,679	-	-	35,679
	-	-	-	17,317
	-	-	58	922
	35,872	382	371	236,857
	823	295	92	10,478
	120	7	73	11,261
	41	58	63	51,488
	32,399	-	(1)	95,149
	8	1	2	1,222
	12	-	-	248
	89	16	2	924
	37	5	2	1,049
	29	1	19	224
	49	9	16	522
	1,395	-	-	1,395
	-	-	-	20,728
	-	-	-	46
	3	-	-	57
	-	-	-	1,706
	146	1	24	1,448
	35,151	393	292	197,945
	721	(11)	79	38,912
	-	-	-	284
	-	-	-	284
	721	(11)	79	39,196
	-	7	-	385
	-	17	-	78
	-	(25)	-	(34,326)
	721	(12)	79	5,333
	3,147	-	239	54,531
	-	-	-	(4)
	3,147	-	239	54,527
\$	3,868	\$ (12)	\$ 318	\$ 59,860

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from sales and services	\$ 56,752	\$ 5,460	\$ 40,470	\$ 5,655
Payments to suppliers for goods and services	(47,712)	(231)	(8,361)	(4,809)
Payments to employees	(1,985)	(234)	(1,599)	(2,084)
Grant receipts	-	-	-	-
Grant payments	-	-	-	-
Cash payments for claims	-	(2,540)	-	-
Cash payments for prizes	-	-	(20,632)	-
Other operating revenues	173	-	-	-
Other operating payments	-	(1,706)	-	-
Net cash provided by (used for) operating activities	7,228	749	9,878	(1,238)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	17,315	-	-	-
Transfers to other funds	(22,534)	(69)	(7,927)	-
Transfers from other funds	-	-	-	-
Proceeds from interfund loans/advances	-	-	-	-
Payments of interfund loans/advances	-	-	-	-
Collection of principal and interest on loans	-	-	-	-
Payment of principal and interest on bonds and notes	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(5,219)	(69)	(7,927)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	7	-	(49)	794
Proceeds from sale of capital assets	(1)	-	-	-
Net cash used for capital and related financing activities	6	-	(49)	794
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	-
Proceeds from sales or maturities of investments	-	-	-	-
Proceeds from securities lending transactions	-	6	-	-
Interest and dividends on investments	-	363	114	-
Payment of securities lending costs	-	(6)	-	-
Net cash provided by (used for) investing activities	-	363	114	-
Net increase (decrease) in cash and cash equivalents	2,015	1,043	2,016	(444)
Cash and cash equivalents, July 1	1,960	9,392	349	1,945
Cash and cash equivalents, June 30	\$ 3,975	\$ 10,435	\$ 2,365	\$ 1,501

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
52,375 \$	3,507 \$	376 \$	3,807 \$	849 \$	615
(3,566)	-	-	(969)	(552)	(368)
(103)	(215)	-	(2,015)	(430)	(184)
-	-	-	-	-	-
-	-	-	-	-	-
(46,506)	(1,115)	(563)	-	-	-
-	(228)	-	-	-	-
638	-	4	39	9	11
-	-	-	-	-	-
2,838	1,949	(183)	862	(124)	74
-	(3)	-	-	-	-
-	-	(55)	-	-	-
-	-	-	-	51	-
-	-	33	-	-	(67)
(4)	-	-	-	-	-
-	-	-	-	-	-
-	(445)	-	-	-	-
(4)	(448)	(22)	-	51	(67)
-	-	-	(36)	-	25
-	-	-	-	-	-
-	-	-	(36)	-	25
-	(775)	(224)	-	-	-
-	349	612	-	-	-
19	-	25	2	-	-
1,095	184	45	107	-	-
(19)	-	(25)	(2)	-	-
1,095	(242)	433	107	-	-
3,929	1,259	228	933	(73)	32
24,205	2,426	71	2,897	230	1
28,134 \$	3,685 \$	299 \$	3,830 \$	157	33

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from sales and services	\$ 27	\$ 272	\$ 9,566
Payments to suppliers for goods and services	(72)	(76)	(230)
Payments to employees	(48)	(209)	-
Grant receipts	-	-	-
Grant payments	-	-	-
Cash payments for claims	-	-	(9,105)
Cash payments for prizes	-	-	-
Other operating revenues	123	-	-
Other operating payments	-	-	-
Net cash provided by (used for) operating activities	30	(13)	231
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Collection of taxes	-	-	-
Transfers to other funds	-	-	-
Transfers from other funds	10	-	-
Proceeds from interfund loans/advances	9	-	-
Payments of interfund loans/advances	-	-	-
Collection of principal and interest on loans	-	-	-
Payment of principal and interest on bonds and notes	-	-	-
Net cash provided by (used for) noncapital financing activities	19	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash used for capital and related financing activities	-	-	-
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	-	-	12
Payment of securities lending costs	-	-	2
Net cash provided by (used for) investing activities	-	-	14
Net increase (decrease) in cash and cash equivalents	49	(13)	245
Cash and cash equivalents, July 1	372	248	306
Cash and cash equivalents, June 30	\$ 421	\$ 235	\$ 551

HUD SECTION 8 HOUSING	STATE NURSERY	OTHER ENTERPRISE FUNDS	TOTAL
\$ -	\$ 382	\$ 307	\$ 180,420
(32,904)	(116)	(267)	(100,233)
(831)	(279)	(66)	(10,282)
37,223	-	-	37,223
(1,395)	-	-	(1,395)
-	-	-	(59,829)
-	-	-	(20,860)
-	-	58	1,055
-	-	-	(1,706)
2,093	(13)	32	24,393
-	-	-	17,312
-	(25)	-	(30,610)
-	-	-	61
-	-	-	(25)
-	-	-	(4)
37	-	-	37
-	-	-	(445)
37	(25)	-	(13,674)
(1)	-	-	740
-	-	-	(1)
(1)	-	-	739
-	67	-	(932)
-	-	-	961
-	-	-	52
189	-	4	2,113
-	-	-	(50)
189	67	4	2,144
2,318	29	36	13,602
3,491	-	247	48,140
\$ 5,809	\$ 29	\$ 283	\$ 61,742

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(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)	\$ 25,798	\$ (1,205)	\$ 9,110	\$ 76
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	97	-	668	271
Amortization	-	-	123	-
Taxes	(17,317)	-	-	-
Interest expense	-	-	-	-
Securities lending expense	-	6	34	-
Investment earnings	-	(363)	(200)	-
Securities lending income	-	(6)	(34)	-
Change in assets and liabilities:				
Decr (incr) in accounts receivable	(2,006)	308	446	(20)
Decr (incr) in due from other funds	2	(9)	-	(67)
Decr (incr) in due from component units	-	-	-	(1)
Decr (incr) in due from other governments	-	-	-	-
Decr (incr) in inventories	(3)	-	(294)	(3,726)
Decr (incr) in other assets	-	-	13	2,198
Incr (decr) in accounts payable	3,137	-	(227)	-
Incr (decr) in lottery prizes payable	-	-	113	-
Incr (decr) in due to other funds	(2,534)	7	(1)	-
Incr (decr) in due to component units	-	-	-	-
Incr (decr) in deferred revenue	24	2,104	103	-
Incr (decr) in amounts held in custody for others	-	-	-	-
Incr (decr) in compensated absences payable	30	2	24	31
Incr (decr) in estimated claims	-	(95)	-	-
Net cash provided by (used for) operating activities	\$ 7,228	\$ 749	\$ 9,878	\$ (1,238)

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY
3,647 \$	731 \$	(560) \$	782 \$	(144) \$	(262)
-	-	-	39	-	12
-	-	-	113	-	-
-	-	-	-	-	-
-	46	-	-	-	-
19	-	25	2	-	-
(1,095)	(166)	(45)	(107)	-	-
(19)	-	(25)	(2)	-	-
(160)	-	-	-	15	(27)
-	-	-	(30)	(10)	12
(1,141)	(36)	48	1	-	-
-	-	-	-	-	-
-	-	-	(1)	9	386
-	(30)	199	(6)	-	-
-	3	(1)	13	-	-
-	-	-	-	-	-
-	-	2	69	-	(47)
(1)	-	-	-	-	-
-	-	-	(10)	10	-
-	-	-	(10)	-	-
(43)	-	-	9	(4)	-
1,631	1,401	174	-	-	-
2,838 \$	1,949 \$	(183) \$	862 \$	(124) \$	74

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(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)	\$ (93)	\$ (22)	\$ 265
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	-	-	(12)
Securities lending income	-	-	-
Change in assets and liabilities:			
Decr (incr) in accounts receivable	-	(2)	(31)
Decr (incr) in due from other funds	-	-	(6)
Decr (incr) in due from component units	-	-	-
Decr (incr) in due from other governments	-	-	-
Decr (incr) in inventories	-	-	-
Decr (incr) in other assets	-	-	(19)
Incr (decr) in accounts payable	-	7	-
Incr (decr) in lottery prizes payable	-	-	-
Incr (decr) in due to other funds	(1)	(1)	-
Incr (decr) in due to component units	-	-	-
Incr (decr) in deferred revenue	-	-	-
Incr (decr) in amounts held in custody for others	-	-	-
Incr (decr) in compensated absences payable	-	5	-
Incr (decr) in estimated claims	-	-	34
Net cash provided by (used for) operating activities	<u>\$ 30</u>	<u>\$ (13)</u>	<u>\$ 231</u>

	HUD SECTION 8 HOUSING	STATE NURSERY	OTHER ENTERPRISE FUNDS	TOTAL
\$	721	\$ (11)	\$ 79	\$ 38,912
	8	-	2	1,221
	12	-	-	248
	-	-	-	(17,317)
	-	-	-	46
	-	-	-	86
	(190)	-	(4)	(2,182)
	-	-	-	(86)
	-	-	-	(1,477)
	(1)	-	(1)	(110)
	-	-	-	(1,129)
	59	-	-	59
	-	-	(42)	(3,671)
	-	(2)	-	2,353
	-	-	-	2,932
	-	-	-	113
	-	-	-	(2,506)
	-	-	-	(1)
	1,484	-	-	3,715
	-	-	-	(10)
	-	-	2	56
	-	-	(4)	3,141
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$	2,093	\$ (13)	\$ 32	\$ 24,393

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 Division – 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, 2006
 (amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES DIVISION	ADMIN INSURANCE
ASSETS					
Current assets:					
Cash/cash equivalents	\$ 194	\$ 614	\$ 19,569	\$ 3,425	\$ 18,646
Receivables (net)	13	8	4,302	68	-
Interfund loans receivable	-	-	5	24	-
Due from other governments	1	-	-	-	-
Due from other funds	250	11	12	3,114	1
Due from component units	-	-	-	334	-
Inventories	-	1,351	-	-	-
Securities lending collateral	-	-	285	-	290
Other current assets	5	-	11	197	-
Total current assets	463	1,984	24,184	7,162	18,937
Noncurrent assets:					
Long-term investments	-	-	18,706	-	-
Capital assets:					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Buildings/improvements	-	-	-	793	-
Equipment	9,907	122,035	-	38,689	-
Construction in progress	-	4,358	-	33	-
Intangible assets	-	-	70	619	52
Less accumulated depreciation	(3,708)	(64,994)	-	(34,744)	-
Total capital assets	6,199	61,399	70	5,390	52
Total noncurrent assets	6,199	61,399	18,776	5,390	52
Total assets	6,662	63,383	42,960	12,552	18,989
LIABILITIES					
Current liabilities:					
Accounts payable	183	1,125	2,338	1,995	583
Interfund loans payable	300	2,000	-	-	-
Due to other funds	4	1	310	52	96
Due to component units	-	3	-	9	34
Deferred revenue	-	-	926	88	-
Lease/installment purchase payable	-	-	-	738	-
Amounts held in custody for others	-	-	-	-	-
Securities lending liability	-	-	285	-	290
Estimated insurance claims	-	-	9,707	-	2,959
Compensated absences payable	5	475	44	883	50
Total current liabilities	492	3,604	13,610	3,765	4,012
Noncurrent liabilities:					
Advances from other funds	-	-	-	-	-
Estimated insurance claims	-	-	2,809	-	13,257
Compensated absences payable	-	363	14	739	89
Total noncurrent liabilities	-	363	2,823	739	13,346
Total liabilities	492	3,967	16,433	4,504	17,358
NET ASSETS					
Invested in capital assets, net of related debt	6,181	61,399	70	6,128	52
Unrestricted	(11)	(1,983)	26,457	1,920	1,579
Total net assets	\$ 6,170	\$ 59,416	\$ 26,527	\$ 8,048	\$ 1,631

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 89	\$ 263	\$ 260	\$ 940	\$ 196	\$ 866	\$ 274	\$ 409
209	-	14	4	-	-	-	-
225	-	-	5	-	-	50	-
-	1	-	-	-	-	-	-
132	323	830	108	-	147	63	210
20	2	32	4	-	16	10	-
404	25	225	-	-	-	-	-
-	-	-	-	-	-	-	-
7	-	339	1	-	-	1	-
1,086	614	1,700	1,062	196	1,029	398	619
-	-	-	-	-	-	-	-
-	236	-	-	-	-	-	-
-	-	-	95	-	-	-	-
-	-	-	32	-	-	-	-
115	16,266	1,660	214	-	299	33	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5	-
(98)	(5,590)	(830)	(168)	-	(215)	(26)	-
17	10,912	830	173	-	84	12	-
17	10,912	830	173	-	84	12	-
1,103	11,526	2,530	1,235	196	1,113	410	619
268	318	407	326	38	405	59	55
-	3,300	-	-	-	-	-	-
4	2,319	66	9	5	55	6	28
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3	-	-	-	-
-	-	-	-	-	-	-	-
19	23	65	80	40	304	68	70
291	5,960	538	418	83	764	133	153
-	4,452	-	-	-	-	-	-
-	-	-	-	-	-	-	-
40	12	45	52	65	195	92	63
40	4,464	45	52	65	195	92	63
331	10,424	583	470	148	959	225	216
17	10,912	829	173	-	84	12	-
755	(9,810)	1,118	592	48	70	173	403
\$ 772	\$ 1,102	\$ 1,947	\$ 765	\$ 48	\$ 154	\$ 185	\$ 403

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued
INTERNAL SERVICE FUNDS
 JUNE 30, 2006
 (amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
ASSETS				
Current assets:				
Cash/cash equivalents	\$ 1,279	\$ 174	\$ 76	\$ 559
Receivables (net)	2	-	-	-
Interfund loans receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	301	-	66	37
Due from component units	6	-	28	30
Inventories	-	-	-	-
Securities lending collateral	-	-	-	-
Other current assets	1	-	-	62
Total current assets	1,589	174	170	688
Noncurrent assets:				
Long-term investments	-	-	-	-
Capital assets:				
Land	-	-	-	-
Land improvements	-	-	-	-
Buildings/improvements	-	-	-	-
Equipment	382	-	34	18
Construction in progress	-	79	-	-
Intangible assets	23	-	-	-
Less accumulated depreciation	(234)	-	(32)	(17)
Total capital assets	171	79	2	1
Total noncurrent assets	171	79	2	1
Total assets	1,760	253	172	689
LIABILITIES				
Current liabilities:				
Accounts payable	183	47	16	182
Interfund loans payable	-	-	-	-
Due to other funds	64	5	70	24
Due to component units	-	-	-	6
Deferred revenue	-	-	-	-
Lease/installment purchase payable	-	-	-	-
Amounts held in custody for others	-	-	-	-
Securities lending liability	-	-	-	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	205	28	9	111
Total current liabilities	452	80	95	323
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Estimated insurance claims	-	-	-	-
Compensated absences payable	152	8	4	152
Total noncurrent liabilities	152	8	4	152
Total liabilities	604	88	99	475
NET ASSETS				
Invested in capital assets, net of related debt	171	79	2	1
Unrestricted	985	86	71	213
Total net assets	\$ 1,156	\$ 165	\$ 73	\$ 214

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 327	\$ 48	\$ 43	\$ 140	\$ 697	\$ 84	\$ 49,172
7	-	2	-	21	-	4,650
-	-	-	-	-	-	309
-	-	-	-	-	-	2
25	115	4	22	296	5	6,072
-	1	1	-	-	-	484
-	-	-	-	123	109	2,237
-	-	-	-	-	-	575
-	-	-	-	-	-	624
359	164	50	162	1,137	198	64,125
-	-	-	-	-	-	18,706
-	-	-	-	-	-	236
-	-	-	-	-	-	95
-	-	-	-	2,820	-	3,645
41	-	-	-	1,191	93	190,977
-	-	-	-	-	-	4,470
-	-	-	-	-	-	769
(25)	-	-	-	(948)	(58)	(111,687)
16	-	-	-	3,063	35	88,505
16	-	-	-	3,063	35	107,211
375	164	50	162	4,200	233	171,336
131	57	13	7	81	16	8,833
-	-	-	-	-	2	5,602
-	5	2	2	170	1	3,298
-	-	-	-	-	-	52
-	-	-	-	-	-	1,014
-	-	-	-	-	-	738
-	-	-	-	-	-	3
-	-	-	-	-	-	575
-	-	-	-	-	-	12,666
35	76	12	5	47	1	2,655
166	138	27	14	298	20	35,436
-	-	-	-	-	-	4,452
-	-	-	-	-	-	16,066
34	66	20	-	17	-	2,222
34	66	20	-	17	-	22,740
200	204	47	14	315	20	58,176
15	-	-	-	3,064	36	89,225
160	(40)	3	148	821	177	23,935
\$ 175	\$ (40)	\$ 3	\$ 148	\$ 3,885	\$ 213	\$ 113,160

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

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES DIVISION	ADMIN INSURANCE
Operating revenues:					
Charges for services	\$ 2,314	\$ 22,729	\$ 61	\$ 37,108	\$ -
Investment earnings	-	-	1,240	-	776
Securities lending income	-	-	47	-	14
Contributions/premiums	-	-	98,521	1	13,932
Other operating revenues	-	117	677	119	-
Total operating revenues	2,314	22,846	100,546	37,228	14,722
Operating expenses:					
Personal services	90	6,450	502	11,163	773
Contractual services	85	652	3,943	4,698	4,146
Supplies/materials	1,011	5,706	28	1,784	32
Benefits/claims	-	-	89,721	-	(1,453)
Depreciation	574	5,850	-	2,431	-
Amortization	-	-	27	743	4
Utilities/rent	12	132	20	6,669	63
Communications	6	8	70	5,215	20
Travel	13	34	11	189	11
Repair/maintenance	559	3,424	2	2,033	2
Interest expense	-	-	-	26	-
Securities lending expense	-	-	47	-	13
Other operating expenses	1	185	273	1,049	104
Total operating expenses	2,351	22,441	94,644	36,000	3,715
Operating income (loss)	(37)	405	5,902	1,228	11,007
Nonoperating revenues (expenses):					
Insurance proceeds	-	-	-	-	38
Gain (loss) on sale of capital assets	(394)	(13)	(1)	(14)	-
Federal indirect cost recoveries	-	-	-	-	-
Total nonoperating revenues (expenses)	(394)	(13)	(1)	(14)	38
Income (loss) before contributions and transfers	(431)	392	5,901	1,214	11,045
Transfers in	109	-	-	20	296
Transfers out	-	-	(614)	-	-
Change in net assets	(322)	392	5,287	1,234	11,341
Total net assets - July 1 - as previously reported	6,492	58,466	21,241	6,215	(9,710)
Prior period adjustments	-	558	(1)	599	-
Total net assets - July 1 - as restated	6,492	59,024	21,240	6,814	(9,710)
Total net assets - June 30	\$ 6,170	\$ 59,416	26,527	\$ 8,048	\$ 1,631

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 4,689	\$ 3,620	\$ 9,501	\$ 7,064	\$ 867	\$ 4,476	\$ 25	\$ 879
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	54	-	-	-	-	981	3
4,689	3,674	9,501	7,064	867	4,476	1,006	882
341	305	1,158	1,262	664	4,257	1,006	1,010
53	377	96	2,836	37	421	36	328
4,082	1,478	4,450	138	23	181	46	76
-	-	-	-	-	-	-	-
3	1,759	156	22	-	22	1	-
-	-	-	-	-	-	2	-
99	83	185	2,315	32	358	87	164
20	2	3,036	26	13	77	14	79
1	-	1	2	3	30	19	11
2	209	375	1,024	3	26	3	23
-	348	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30	9	64	163	15	368	8	13
4,631	4,570	9,521	7,788	790	5,740	1,222	1,704
58	(896)	(20)	(724)	77	(1,264)	(216)	(822)
-	-	-	-	-	-	-	-
(5)	(208)	(116)	(41)	-	(11)	-	-
-	-	-	-	-	1,164	236	1,100
(5)	(208)	(116)	(41)	-	1,153	236	1,100
53	(1,104)	(136)	(765)	77	(111)	20	278
-	-	-	500	-	-	-	-
-	-	-	(48)	-	-	-	-
53	(1,104)	(136)	(313)	77	(111)	20	278
719	2,206	2,083	1,078	(29)	265	165	125
-	-	-	-	-	-	-	-
719	2,206	2,083	1,078	(29)	265	165	125
\$ 772	\$ 1,102	\$ 1,947	\$ 765	\$ 48	\$ 154	\$ 185	\$ 403

(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, 2006

(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
Operating revenues:				
Charges for services	\$ 2,624	\$ 453	\$ 801	\$ 3,224
Investment earnings	-	-	-	-
Securities lending income	-	-	-	-
Contributions/premiums	120	-	-	-
Other operating revenues	3	-	-	-
Total operating revenues	2,747	453	801	3,224
Operating expenses:				
Personal services	2,971	637	207	1,884
Contractual services	616	105	169	907
Supplies/materials	189	11	3	60
Benefits/claims	-	-	-	-
Depreciation	60	-	-	1
Amortization	-	-	-	-
Utilities/rent	121	26	13	144
Communications	40	8	419	60
Travel	25	2	1	31
Repair/maintenance	63	2	1	12
Interest expense	-	-	-	-
Securities lending expense	-	-	-	-
Other operating expenses	173	9	60	389
Total operating expenses	4,258	800	873	3,488
Operating income (loss)	(1,511)	(347)	(72)	(264)
Nonoperating revenues (expenses):				
Insurance proceeds	-	-	-	-
Gain (loss) on sale of capital assets	(8)	-	-	-
Federal indirect cost recoveries	1,792	-	-	-
Total nonoperating revenues (expenses)	1,784	-	-	-
Income (loss) before contributions and transfers	273	(347)	(72)	(264)
Transfers in	14	382	-	-
Transfers out	-	-	-	-
Change in net assets	287	35	(72)	(264)
Total net assets - July 1 - as previously reported	842	130	145	478
Prior period adjustments (Note 3)	27	-	-	-
Total net assets - July 1 - as restated	869	130	145	478
Total net assets - June 30	\$ 1,156	\$ 165	\$ 73	\$ 214

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 604	\$ 1,183	\$ 259	\$ 107	\$ 3,463	\$ 225	\$ 106,276
-	-	-	-	-	-	2,016
-	-	-	-	-	-	61
-	-	-	-	-	-	112,574
1	-	-	-	-	31	1,986
605	1,183	259	107	3,463	256	222,913
664	932	170	114	954	106	37,620
102	100	30	1	8	15	19,761
224	28	19	-	2,211	147	21,927
-	-	-	-	-	-	88,268
3	-	-	-	205	4	11,091
-	-	-	-	-	-	776
116	61	26	-	68	6	10,800
8	16	10	1	2	3	9,153
27	4	12	-	1	2	430
391	4	-	-	54	25	8,237
-	-	-	-	-	-	374
-	-	-	-	-	-	60
5	8	8	-	6	1	2,941
1,540	1,153	275	116	3,509	309	211,438
(935)	30	(16)	(9)	(46)	(53)	11,475
-	-	-	-	-	-	38
-	-	-	-	-	-	(811)
-	-	-	-	-	-	4,292
-	-	-	-	-	-	3,519
(935)	30	(16)	(9)	(46)	(53)	14,994
1,009	-	-	-	-	-	2,330
-	-	-	-	-	-	(662)
74	30	(16)	(9)	(46)	(53)	16,662
87	(70)	19	157	3,931	266	95,301
14	-	-	-	-	-	1,197
101	(70)	19	157	3,931	266	96,498
\$ 175	\$ (40)	\$ 3	\$ 148	\$ 3,885	\$ 213	\$ 113,160

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES DIVISION	ADMIN INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from sales and services	\$ 2,298	\$ 22,876	\$ 98,121	\$ 37,011	\$ 13,944
Payments to suppliers for goods and services	(1,611)	(10,052)	(4,019)	(21,477)	(4,289)
Payments to employees	(105)	(6,425)	(533)	(11,366)	(746)
Grant receipts	-	-	-	-	-
Cash payments for claims	-	-	(87,935)	-	(2,630)
Other operating revenues	-	-	515	120	-
Net cash provided by (used for) operating activities	582	6,399	6,149	4,288	6,279
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment of principal and interest on bonds and notes	-	-	-	-	-
Transfers to other funds	-	-	(614)	-	-
Transfers from other funds	109	-	-	20	296
Proceeds from interfund loans/advances	301	3,800	21	456	-
Payment of interfund loans/advances	(100)	(2,800)	-	(24)	-
Net cash provided by (used for) noncapital financing activities	310	1,000	(593)	452	296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	-	-	-	-	38
Acquisition of capital assets	(798)	(7,398)	(9)	(2,270)	47
Proceeds from sale of capital assets	-	487	-	-	-
Principal and interest payments on bonds and notes	-	-	-	(142)	-
Net cash used for capital and related financing activities	(798)	(6,911)	(9)	(2,412)	85
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	-	(6,948)	-	-
Proceeds from sales or maturities of investments	-	-	1,117	-	-
Proceeds from securities lending transactions	-	-	47	-	(276)
Interest and dividends on investments	-	-	1,269	-	776
Payment of securities lending costs	-	-	(47)	-	276
Net cash provided by (used for) investing activities	-	-	(4,562)	-	776
Net increase (decrease) in cash and cash equivalents	94	488	985	2,328	7,436
Cash and cash equivalents, July 1	100	126	18,584	1,097	11,210
Cash and cash equivalents, June 30	\$ 194	\$ 614	\$ 19,569	\$ 3,425	\$ 18,646

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 4,671	\$ 3,753	\$ 9,346	\$ 7,002	\$ 867	\$ 4,456	\$ 83	\$ 846
(4,329)	(2,057)	(7,921)	(6,493)	(124)	(1,293)	(218)	(700)
(328)	(302)	(1,150)	(1,270)	(685)	(4,113)	(992)	(1,097)
-	-	-	-	-	1,158	230	1,179
-	-	-	-	-	-	-	-
-	54	-	-	-	-	923	3
14	1,448	275	(761)	58	208	26	231
-	(348)	-	-	-	-	-	-
-	-	-	(48)	-	-	-	-
-	-	-	500	-	-	-	-
146	14,645	-	-	-	-	-	-
(225)	(12,332)	-	(5)	(29)	(2)	(50)	-
(79)	1,965	-	447	(29)	(2)	(50)	-
-	-	-	-	-	-	-	-
(7)	(3,481)	(394)	(37)	-	(31)	(5)	-
-	315	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(7)	(3,166)	(394)	(37)	-	(31)	(5)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(72)	247	(119)	(351)	29	175	(29)	231
161	16	379	1,291	167	691	303	178
\$ 89	\$ 263	\$ 260	\$ 940	\$ 196	\$ 866	\$ 274	\$ 409

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from sales and services	\$ 2,823	\$ 453	\$ 788	\$ 3,233
Payments to suppliers for goods and services	(1,260)	(150)	(657)	(1,581)
Payments to employees	(3,037)	(612)	(205)	(1,835)
Grant receipts	1,794	-	-	-
Cash payments for claims	-	-	-	-
Other operating revenues	3	-	-	-
Net cash provided by (used for) operating activities	323	(309)	(74)	(183)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment of principal and interest on bonds and notes	-	-	-	-
Transfers to other funds	-	-	-	-
Transfers from other funds	14	382	-	-
Proceeds from interfund loans/advances	-	-	-	-
Payment of interfund loans/advances	-	-	-	-
Net cash provided by (used for) noncapital financing activities	14	382	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance	-	-	-	-
Acquisition of capital assets	(35)	(79)	-	-
Proceeds from sale of capital assets	-	-	-	-
Principal and interest payments on bonds and notes	-	-	-	-
Net cash used for capital and related financing activities	(35)	(79)	-	-
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	-	-	-	-
Payment of securities lending costs	-	-	-	-
Net cash provided by (used for) investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	302	(6)	(74)	(183)
Cash and cash equivalents, July 1	977	180	150	742
Cash and cash equivalents, June 30	\$ 1,279	\$ 174	\$ 76	\$ 559

AIRCRAFT OPERATION	JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	TOTAL
\$ 628	\$ 1,175	\$ 267	\$ 107	\$ 3,436	\$ 225	\$ 218,409
(806)	(228)	(105)	(24)	(2,165)	(196)	(71,755)
(641)	(931)	(164)	(118)	(941)	(103)	(37,699)
-	-	-	-	-	-	4,361
-	-	-	-	-	-	(90,565)
1	-	-	-	-	31	1,650
(818)	16	(2)	(35)	330	(43)	24,401
-	-	-	-	-	-	(348)
-	-	-	-	-	-	(662)
1,009	-	-	-	-	-	2,330
-	-	-	-	-	2	19,371
-	-	-	-	(120)	-	(15,687)
1,009	-	-	-	(120)	2	5,004
-	-	-	-	-	-	38
-	-	-	-	-	(24)	(14,521)
-	-	-	-	-	-	802
-	-	-	-	-	-	(142)
-	-	-	-	-	(24)	(13,823)
-	-	-	-	-	-	(6,948)
-	-	-	-	-	-	1,117
-	-	-	-	-	-	(229)
-	-	-	-	-	-	2,045
-	-	-	-	-	-	229
-	-	-	-	-	-	(3,786)
191	16	(2)	(35)	210	(65)	11,796
136	32	45	175	487	149	37,376
\$ 327	\$ 48	\$ 43	\$ 140	\$ 697	\$ 84	\$ 49,172

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES DIVISION	ADMIN INSURANCE
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (37)	\$ 405	\$ 5,902	\$ 1,228	\$ 11,007
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation	574	5,850	-	2,431	-
Amortization	-	-	27	743	4
Interest expense	-	-	-	26	-
Securities lending expense	-	-	47	-	13
Investment earnings	-	-	(1,240)	-	(774)
Securities lending income	-	-	(47)	-	(14)
Federal indirect cost recoveries	-	-	-	-	-
Change in assets and liabilities:					
Decr (incr) in accounts receivable	-	30	(564)	(4)	-
Decr (incr) in due from other funds	(28)	1	(3)	(354)	5
Decr (incr) in due from component units	-	-	-	(20)	1
Decr (incr) in inventories	-	(68)	-	-	-
Decr (incr) in other assets	-	-	(6)	(196)	-
Incr (decr) in accounts payable	74	151	941	148	66
Incr (decr) in due to other funds	-	-	300	28	54
Incr (decr) in due to component units	-	3	-	(4)	32
Incr (decr) in deferred revenue	-	-	(39)	88	-
Incr (decr) in amounts held in custody for others	-	-	-	(27)	-
Incr (decr) in compensated absences payable	(1)	27	(11)	201	(4)
Incr (decr) in estimated claims	-	-	842	-	(4,111)
Net cash provided by (used for) operating activities	<u>\$ 582</u>	<u>\$ 6,399</u>	<u>\$ 6,149</u>	<u>\$ 4,288</u>	<u>\$ 6,279</u>
Schedule of noncash transactions:					
Capital asset acquisitions from capital leases	\$ -	\$ -	\$ -	\$ 738	\$ -
Incr (decr) in fair value of investments	-	-	163	-	-
Total noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 738</u>	<u>\$ -</u>

ADMIN SUPPLY	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
\$ 58	\$ (896)	\$ (20)	\$ (724)	\$ 77	\$ (1,264)	\$ (216)	\$ (822)
3	1,756	156	21	-	22	1	-
-	-	-	-	-	-	-	-
-	348	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,161	236	1,102
(191)	-	(2)	(3)	-	1	-	-
(1)	42	(154)	(54)	4	75	(6)	43
(11)	-	1	(4)	-	(3)	1	-
(2)	(13)	(73)	-	-	-	-	-
1	-	146	(1)	-	-	-	-
147	91	162	(3)	(2)	92	(1)	(94)
1	118	57	2	3	28	1	(3)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9	2	2	5	(24)	96	10	5
-	-	-	-	-	-	-	-
\$ 14	\$ 1,448	\$ 275	\$ (761)	\$ 58	\$ 208	\$ 26	\$ 231
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(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)	\$ (1,511)	\$ (347)	\$ (72)	\$ (264)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	60	-	-	1
Amortization	-	-	-	-
Interest expense	-	-	-	-
Securities lending expense	-	-	-	-
Investment earnings	-	-	-	-
Securities lending income	-	-	-	-
Federal indirect cost recoveries	1,792	-	-	-
Change in assets and liabilities:				
Decr (incr) in accounts receivable	(2)	-	-	-
Decr (incr) in due from other funds	(48)	-	(12)	9
Decr (incr) in due from component units	8	-	(1)	-
Decr (incr) in inventories	-	-	-	-
Decr (incr) in other assets	-	-	-	(31)
Incr (decr) in accounts payable	(60)	31	4	71
Incr (decr) in due to other funds	44	-	7	4
Incr (decr) in due to component units	(3)	-	-	1
Incr (decr) in deferred revenue	-	-	-	-
Incr (decr) in amounts held in custody for others	-	-	-	-
Incr (decr) in compensated absences payable	43	7	-	26
Incr (decr) in estimated claims	-	-	-	-
Net cash provided by (used for) operating activities	<u>\$ 323</u>	<u>\$ (309)</u>	<u>\$ (74)</u>	<u>\$ (183)</u>
Schedule of noncash transactions:				
Capital asset acquisitions from capital leases	\$ -	\$ -	\$ -	-
Incr (decr) in fair value of investments	-	-	-	-
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
\$ (935)	\$ 30	\$ (16)	\$ (9)	\$ (46)	\$ (53)	11,475
3	-	-	-	205	4	11,087
-	-	-	-	-	-	774
-	-	-	-	-	-	374
-	-	-	-	-	-	60
-	-	-	-	-	-	(2,014)
-	-	-	-	-	-	(61)
-	-	-	-	-	-	4,291
7	-	-	-	(10)	-	(738)
16	(17)	8	(22)	(12)	-	(508)
-	-	(1)	-	-	-	(29)
-	-	-	-	6	(4)	(154)
-	-	-	-	-	-	(87)
84	3	3	6	16	13	1,943
-	2	-	(11)	159	(3)	791
-	-	-	-	-	-	29
-	-	-	-	-	-	49
-	-	-	-	-	-	(27)
7	(2)	4	1	12	-	415
-	-	-	-	-	-	(3,269)
<u>\$ (818)</u>	<u>\$ 16</u>	<u>\$ (2)</u>	<u>\$ (35)</u>	<u>\$ 330</u>	<u>\$ (43)</u>	<u>24,401</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	738
-	-	-	-	-	-	163
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>901</u>

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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, 2006

(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	\$ 93,689	\$ 4,339	\$ 4,247	\$ 5,289	\$ 2,139	\$ 1,520
Receivables (net):						
Accounts receivable	1,224	95	79	198	-	-
Interest	7,175	342	326	331	181	106
Due from primary government	29	8,182	7,533	-	-	-
Due from other PERB plans	324	-	-	-	-	-
Long-term notes/loans receivable	135	-	-	-	-	-
Total receivables	8,887	8,619	7,938	529	181	106
Investments at fair value:						
Equity in pooled investments	3,367,536	165,079	157,225	159,936	86,474	51,067
Other investments	51,733	-	-	-	-	-
Total investments	3,419,269	165,079	157,225	159,936	86,474	51,067
Securities lending collateral	67,426	3,349	3,189	3,268	1,760	1,044
Capital assets:						
Land	-	-	-	-	-	-
Buildings/improvements	-	-	-	-	-	-
Equipment	5	-	-	-	-	-
Accumulated depreciation	(5)	-	-	-	-	-
Intangible assets	103	1	1	2	1	1
Total capital assets	103	1	1	2	1	1
Other assets	-	-	-	-	-	-
Total assets	3,589,374	181,387	172,600	169,024	90,555	53,738
LIABILITIES						
Accounts payable	503	-	-	18	1	-
Due to primary government	50	1	-	-	-	-
Due to other PERB plans	94	63	52	70	26	7
Due to component units	-	-	-	-	-	-
Advances from primary government	-	-	-	-	-	-
Deferred revenue	71	-	4	-	-	-
Securities lending liability	67,426	3,349	3,189	3,268	1,760	1,044
Compensated absences payable	248	-	-	-	-	-
Total liabilities	68,392	3,413	3,245	3,356	1,787	1,051
NET ASSETS						
Held in trust for pension benefits and other purposes	\$ 3,520,982	\$ 177,974	\$ 169,355	\$ 165,668	\$ 88,768	\$ 52,687

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		
\$ 2,791	\$ 1,875	\$ 1,024	\$ 350	\$ 71,803	\$ 382	\$	\$	\$ 189,448
-	-	-	-	15,278	13			16,887
115	46	-	-	5,556	-			14,178
-	-	-	-	209	-			15,953
-	-	94	-	-	-			418
-	-	-	-	-	-			135
115	46	94	-	21,043	13			47,571
56,614	21,563	-	-	2,607,714	-			6,673,208
-	-	30,934	247,944	44,769	482			375,862
56,614	21,563	30,934	247,944	2,652,483	482			7,049,070
1,158	464	14	5	51,930	-			133,607
-	-	-	-	35	-			35
-	-	-	-	158	-			158
-	-	-	-	147	-			152
-	-	-	-	(266)	-			(271)
2	3	2	105	607	5			833
2	3	2	105	681	5			907
-	-	-	-	4	-			4
60,680	23,951	32,068	248,404	2,797,944	882			7,420,607
14	-	8	156	89	13			802
-	-	21	1	29	-			102
44	46	11	5	-	-			418
-	-	24	-	-	-			24
-	-	1,360	-	-	-			1,360
-	-	-	-	-	-			75
1,158	464	14	5	51,930	-			133,607
-	-	10	11	125	-			394
1,216	510	1,448	178	52,173	13			136,782
\$ 59,464	\$ 23,441	\$ 30,620	\$ 248,226	\$ 2,745,771	\$ 869	\$	\$	\$ 7,283,825

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(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	\$ 63,446	\$ 4,035	\$ 3,328	\$ 3,524	\$ 2,905	\$ 1,229
Employee	66,002	2,546	2,471	3,683	847	333
Other contributions	710	8,185	7,534	38	281	-
Net investment earnings:						
Investment earnings	298,565	14,323	13,629	13,788	7,575	4,416
Administrative investment expense	(5,008)	(237)	(226)	(227)	(125)	(73)
Securities lending income	5,131	259	247	249	137	80
Securities lending expense	(5,011)	(253)	(241)	(244)	(134)	(78)
Charges for services	-	-	-	-	-	-
Other additions	4	-	-	-	-	-
Payment from State of Montana	25,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total additions	448,839	28,858	26,742	20,811	11,486	5,907
DEDUCTIONS						
Benefits	153,887	12,032	11,040	6,152	6,364	1,743
Refunds	13,322	599	46	383	90	-
Administrative expenses:						
Personal services	1,426	-	-	-	-	-
Contractual services	808	2	2	2	2	2
Supplies/materials	51	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Amortization	251	3	3	3	3	3
Utilities/rent	186	-	-	-	-	-
Communications	122	-	-	-	-	-
Travel	41	-	-	2	-	-
Repair/maintenance	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Other operating expenses	-	63	52	70	26	7
Local assistance	-	-	-	-	-	-
Transfers to ORP	183	-	-	-	-	-
Transfers to PERS-DCRP	1,064	-	-	-	-	-
Total deductions	171,341	12,699	11,143	6,612	6,485	1,755
Change in net assets	277,498	16,159	15,599	14,199	5,001	4,152
Net assets - July 1 - as previously reported	3,243,419	161,815	153,756	151,469	83,767	48,535
Prior period adjustments	65	-	-	-	-	-
Net assets - July 1 - as restated	3,243,484	161,815	153,756	151,469	83,767	48,535
Net assets - June 30	\$ 3,520,982	\$ 177,974	\$ 169,355	\$ 165,668	\$ 88,768	\$ 52,687

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
\$ 2,391	\$ 1,610	\$ 2,319	\$ 52	\$ 58,268	\$ 815		\$ 143,922
3,007	-	3,700	16,990	53,293	-		152,872
20	-	-	-	693	-		17,461
4,668	1,884	2,098	4,092	228,556	(113)		593,481
(76)	(32)	-	(473)	(3,860)	-		(10,337)
86	34	1	-	3,919	-		10,143
(85)	(34)	(1)	-	(3,827)	-		(9,908)
-	-	223	209	-	-		432
-	-	264	-	4	-		272
-	-	-	-	100,000	-		125,000
-	-	-	-	-	233		233
10,011	3,462	8,604	20,870	437,046	935		1,023,571
1,834	1,564	1,571	11,443	171,957	336		379,923
490	-	-	-	4,876	-		19,806
-	-	88	86	826	21		2,447
2	-	337	778	428	46		2,409
-	-	3	2	33	-		89
-	-	-	-	5	-		5
3	1	3	48	85	1		407
-	-	14	12	45	-		257
-	-	4	8	39	-		173
-	-	4	4	12	-		63
-	-	-	-	56	-		56
-	-	57	-	-	1		58
44	46	12	4	50	15		389
-	11	-	-	-	-		11
-	-	-	-	-	-		183
-	-	-	-	-	-		1,064
2,373	1,622	2,093	12,385	178,412	420		407,340
7,638	1,840	6,511	8,485	258,634	515		616,231
51,826	21,601	24,109	239,405	2,487,137	354		6,667,193
-	-	-	336	-	-		401
51,826	21,601	24,109	239,741	2,487,137	354		6,667,594
\$ 59,464	\$ 23,441	\$ 30,620	\$ 248,226	\$ 2,745,771	\$ 869		\$ 7,283,825

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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:

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, 2006

(amounts expressed in thousands)

	ESCHEATED PROPERTY	PLAN 1 SECURITIES	WOODVILLE HIGHWAY REPLACEMENT
ASSETS			
Cash/cash equivalents	\$ 717	\$ -	\$ 42
Securities lending collateral	10	-	1
Other assets	-	5,169	-
Total assets	727	5,169	43
LIABILITIES			
Accounts payable	1	-	-
Securities lending liability	10	-	1
Total liabilities	11	-	1
NET ASSETS			
Held in trust for other purposes	\$ 716	\$ 5,169	\$ 42

	MOORE- SIPPLE CONNECTOR		ENVIRONMENTAL RECLAMATION		TOTAL
\$	242	\$	1,596	\$	2,597
	4		14		29
	-		2,678		7,847
	246		4,288		10,473
	-		2		3
	4		14		29
	4		16		32
\$	242	\$	4,272	\$	10,441

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

	ESCHEATED PROPERTY	PLAN 1 SECURITIES	WOODVILLE HIGHWAY REPLACEMENT
ADDITIONS			
Net investment earnings:			
Investment earnings	\$ 23	\$ -	\$ 1
Securities lending income	-	-	-
Securities lending expense	-	-	-
Grants/contracts/donations	-	527	-
Other additions	1,479	-	-
Total additions	<u>1,502</u>	<u>527</u>	<u>1</u>
DEDUCTIONS			
Distributions	1,312	-	-
Administrative expenses:			
Grants	-	-	-
Total deductions	<u>1,312</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>190</u>	<u>527</u>	<u>1</u>
Net assets - July 1 - as previously reported	526	4,642	41
Prior period adjustments	-	-	-
Net assets - July 1 - as restated	<u>526</u>	<u>4,642</u>	<u>41</u>
Net assets - June 30	<u>\$ 716</u>	<u>\$ 5,169</u>	<u>\$ 42</u>

	MOORE- SIPPLE CONNECTOR		ENVIRONMENTAL RECLAMATION		TOTAL
\$	10	\$	34	\$	68
	-		1		1
	-		(1)		(1)
	-		-		527
	-		1,319		2,798
	10		1,353		3,393
	-		1,168		2,480
	8		-		8
	8		1,168		2,488
	2		185		905
	240		4,153		9,602
	-		(66)		(66)
	240		4,087		9,536
\$	242	\$	4,272	\$	10,441

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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, 2006

(amounts amounts expressed in thousands)

	PERFORMANCE DEPOSITS	CENTRAL PAYROLL	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	CHILD SUPPORT COLLECTIONS
ASSETS					
Cash/cash equivalents	\$ 2,556	\$ 263	\$ 303	\$ 1,269	\$ 788
Receivables (net):					
Accounts receivable	-	1	-	28	366
Total receivables	-	1	-	28	366
Securities lending collateral	-	-	-	2	-
Other assets	10,592	-	-	-	-
Total assets	13,148	264	303	1,299	1,154
LIABILITIES					
Accounts payable	110	-	2	110	120
Amounts held in custody for others	13,038	264	301	1,187	1,034
Securities lending liability	-	-	-	2	-
Total liabilities	13,148	264	303	1,299	1,154
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ -	\$ -	\$ -	\$ -	\$ -

UNCLEARED COLLECTIONS	INTER- GOVERNMENTAL	DEBT COLLECTION	MILK PASS- THROUGH	TOTAL
\$ 234	\$ 137	\$ 231	\$ 54	\$ 5,835
-	-	13	-	408
-	-	13	-	408
-	-	-	-	2
-	-	-	-	10,592
234	137	244	54	16,837
226	99	-	-	667
8	38	244	54	16,168
-	-	-	-	2
234	137	244	54	16,837
\$ -	\$ -	\$ -	\$ -	\$ -

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

FUND	BALANCE JUNE 30, 2005		ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006	
PERFORMANCE DEPOSITS:						
ASSETS						
Cash/cash equivalents	\$	5,620	\$ 273,979	\$ 277,043	\$	2,556
Receivables (net)		-	13,357	13,357		-
Securities lending collateral		-	70	70		-
Other assets		12,201	13,781	15,390		10,592
Total assets	\$	17,821	\$ 301,187	\$ 305,860	\$	13,148
LIABILITIES						
Accounts payable	\$	44	\$ 21,888	\$ 21,822	\$	110
Amounts held in custody for others		17,777	61,394	66,133		13,038
Securities lending liability		-	70	70		-
Other liabilities		-	144,100	144,100		-
Total liabilities	\$	17,821	\$ 227,452	\$ 232,125	\$	13,148
CENTRAL PAYROLL:						
ASSETS						
Cash/cash equivalents	\$	315	\$ 645,200	\$ 645,252	\$	263
Receivables (net)		1	-	-		1
Total assets	\$	316	\$ 645,200	\$ 645,252	\$	264
LIABILITIES						
Accounts payable	\$	-	\$ 10,542	\$ 10,542	\$	-
Amounts held in custody for others		316	645,292	645,344		264
Total liabilities	\$	316	\$ 655,834	\$ 655,886	\$	264
CRIMINAL OFFENDER RESTITUTION:						
ASSETS						
Cash/cash equivalents	\$	257	\$ 964	\$ 918	\$	303
Receivables (net)		345	3	348		-
Total assets	\$	602	\$ 967	\$ 1,266	\$	303
LIABILITIES						
Accounts payable	\$	347	775	1,120	\$	2
Amounts held in custody for others		255	3,628	3,582		301
Total liabilities	\$	602	\$ 4,403	\$ 4,702	\$	303
CUSTODIAL ACCOUNTS:						
ASSETS						
Cash/cash equivalents	\$	1,019	\$ 5,462	\$ 5,212	\$	1,269
Receivables (net)		-	28	-		28
Securities lending collateral		-	2	-		2
Total assets	\$	1,019	\$ 5,492	\$ 5,212	\$	1,299
LIABILITIES						
Accounts payable	\$	4	\$ 687	\$ 581	\$	110
Amounts held in custody for others		1,015	9,814	9,642		1,187
Securities lending liability		-	2	-		2
Total liabilities	\$	1,019	\$ 10,503	\$ 10,223	\$	1,299

(Continued on Next Page)

FUND	BALANCE JUNE 30, 2005		ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006	
CHILD SUPPORT COLLECTIONS:						
ASSETS						
Cash/cash equivalents	\$	552	\$ 74,501	\$ 74,265	\$	788
Receivables (net)		300	97	31		366
Total assets	\$	852	\$ 74,598	\$ 74,296	\$	1,154
LIABILITIES						
Accounts payable	\$	106	\$ 41,297	\$ 41,283	\$	120
Amounts held in custody for others		746	74,481	74,193		1034
Other liabilities		-	16	16		-
Total liabilities	\$	852	\$ 115,778	\$ 115,476	\$	1,154
UNCLEARED COLLECTIONS:						
ASSETS						
Cash/cash equivalents	\$	162	\$ 12,811,681	\$ 12,811,609	\$	234
Receivables (net)		-	78,503	78,503		-
Investments		-	117	117		-
Total assets	\$	162	\$ 12,890,301	\$ 12,890,229	\$	234
LIABILITIES						
Accounts payable	\$	156	\$ 1,670	\$ 1,600	\$	226
Amounts held in custody for others		6	818	816		8
Other liabilities		-	701,493	701,493		-
Total liabilities	\$	162	\$ 703,981	\$ 703,909	\$	234
INTERGOVERNMENTAL:						
ASSETS						
Cash/cash equivalents	\$	168	\$ 2,440	\$ 2,471	\$	137
Total assets	\$	168	\$ 2,440	\$ 2,471	\$	137
LIABILITIES						
Accounts payable	\$	104	\$ 2,287	\$ 2,292	\$	99
Amounts held in custody for others		64	1,718	1,744		38
Total liabilities	\$	168	\$ 4,005	\$ 4,036	\$	137
DEBT COLLECTION:						
ASSETS						
Cash/cash equivalents	\$	111	\$ 2,533	\$ 2,413	\$	231
Receivables (net)		13	11	11		13
Total assets	\$	124	\$ 2,544	\$ 2,424	\$	244
LIABILITIES						
Accounts payable	\$	1	\$ 2,857	\$ 2,858	\$	-
Amounts held in custody for others		123	2,044	1,923		244
Other liabilities		-	117	117		-
Total liabilities	\$	124	\$ 5,018	\$ 4,898	\$	244

(Continued on Next Page)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(amounts expressed in thousands)

FUND	BALANCE JUNE 30, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
MILK PASSTHROUGH:				
ASSETS				
Cash/cash equivalents	\$ 54	\$ 898	\$ 898	\$ 54
Total assets	<u>\$ 54</u>	<u>\$ 898</u>	<u>\$ 898</u>	<u>\$ 54</u>
LIABILITIES				
Accounts payable	\$ 50	\$ 848	\$ 898	\$ -
Amounts held in custody for others	4	948	898	54
Total liabilities	<u>\$ 54</u>	<u>\$ 1,796</u>	<u>\$ 1,796</u>	<u>\$ 54</u>

TOTAL - ALL AGENCY FUNDS

ASSETS

Cash/cash equivalents	\$ 8,258	\$ 13,817,658	\$ 13,820,081	\$ 5,835
Receivables (net)	659	91,999	92,250	408
Investments	-	117	117	-
Securities lending collateral	-	72	70	2
Other assets	12,201	13,781	15,390	10,592
Total assets	<u>\$ 21,118</u>	<u>\$ 13,923,627</u>	<u>\$ 13,927,908</u>	<u>\$ 16,837</u>

LIABILITIES

Accounts payable	\$ 812	\$ 82,851	\$ 82,996	\$ 667
Amounts held in custody for others	20,306	800,137	804,275	16,168
Securities lending liability	-	72	70	2
Other liabilities	-	845,726	845,726	-
Total liabilities	<u>\$ 21,118</u>	<u>\$ 1,728,786</u>	<u>\$ 1,733,067</u>	<u>\$ 16,837</u>