

**COMBINING FINANCIAL
STATEMENTS AND
SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

The Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds

Capital Projects Funds account for financial resources used to acquire or construct major capital facilities (other than those financed by Proprietary Funds, Pension Trust Funds or Component Units).

STATE OF ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL
ASSETS				
Cash	\$ 2,214	\$ -	\$ -	\$ 2,214
Cash and pooled investments with State Treasurer	668,573	6,101	3,635	678,309
Receivables, net of allowances:				
Taxes	18,015	-	-	18,015
Interest	1,009	302	464	1,775
Other	22,215	-	-	22,215
Due from others	343	-	-	343
Due from other Funds	61,703	1,168	-	62,871
Inventories, at cost	2,547	-	-	2,547
Restricted assets:				
Cash and pooled investments with State Treasurer	655	14,413	132,157	147,225
Cash held by trustee	106	8	3,889	4,003
Other	1	-	-	1
Total Assets	\$ 777,381	\$ 21,992	\$ 140,145	\$ 939,518

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable and other current

liabilities	\$ 71,489	\$ -	\$ 217	\$ 71,706
Accrued liabilities	14,243	-	-	14,243
Due to local governments	43,088	-	-	43,088
Due to others	503	-	-	503
Due to other Funds	32,776	-	-	32,776
Unavailable deferred revenue	1,547	-	-	1,547
Unearned deferred revenue	628	-	-	628
Total Liabilities	164,274	-	217	164,491

Fund Balances:

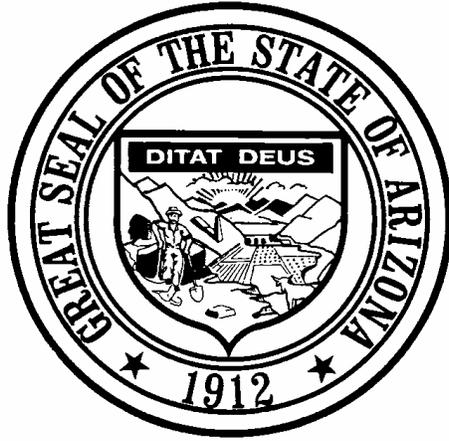
Reserved for:

Highway construction	-	-	132,621	132,621
Other construction	-	-	7,307	7,307
School facilities improvements	5,386	-	-	5,386
Continuing appropriations	37,118	-	-	37,118
Debt service	-	21,992	-	21,992
Other fund balance reservations	144	-	-	144
Unreserved	570,459	-	-	570,459
Total Fund Balances	613,107	21,992	139,928	775,027

Total Liabilities and Fund Balances	\$ 777,381	\$ 21,992	\$ 140,145	\$ 939,518
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STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL
REVENUES				
Taxes:				
Sales	\$ 481,270	\$ 65,815	\$ -	\$ 547,085
Income	43	-	-	43
Tobacco	176,571	-	-	176,571
Property	3,913	-	-	3,913
Other	98,166	-	-	98,166
Intergovernmental	36,112	-	-	36,112
Licenses, fees and permits	162,668	-	-	162,668
Earnings on investments	9,513	18,292	3,837	31,642
Sales and charges for services	34,637	12,850	-	47,487
Fines, forfeitures and penalties	104,838	-	-	104,838
Gaming	62,898	-	-	62,898
Other	89,410	127	-	89,537
Total Revenues	<u>1,260,039</u>	<u>97,084</u>	<u>3,837</u>	<u>1,360,960</u>
EXPENDITURES				
Current:				
General government	95,736	-	-	95,736
Health and welfare	327,729	-	-	327,729
Inspection and regulation	98,714	-	-	98,714
Education	471,858	-	-	471,858
Protection and safety	105,058	-	-	105,058
Transportation	-	-	30,531	30,531
Natural resources	121,155	-	-	121,155
Debt service:				
Principal	127	358,020	-	358,147
Interest and other fiscal charges	10	151,088	1,997	153,095
Capital outlay	12,422	-	269,554	281,976
Total Expenditures	<u>1,232,809</u>	<u>509,108</u>	<u>302,082</u>	<u>2,043,999</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>27,230</u>	<u>(412,024)</u>	<u>(298,245)</u>	<u>(683,039)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	209,299	411,963	296	621,558
Transfers out	(181,422)	(5,966)	(8,098)	(195,486)
Refunding bonds issued	-	224,283	-	224,283
Payment to refunded bond escrow agent	-	(247,417)	-	(247,417)
Bonds issued	22,317	-	188,260	210,577
Premium on bonds issued	2,328	23,460	12,863	38,651
Grant anticipation notes issued	-	-	104,385	104,385
Premium on grant anticipation notes issued	-	-	11,551	11,551
Total Other Financing Sources (Uses)	<u>52,522</u>	<u>406,323</u>	<u>309,257</u>	<u>768,102</u>
Net Change in Fund Balances	79,752	(5,701)	11,012	85,063
Fund Balances - Beginning	<u>533,355</u>	<u>27,693</u>	<u>128,916</u>	<u>689,964</u>
Fund Balances - Ending	<u>\$ 613,107</u>	<u>\$ 21,992</u>	<u>\$ 139,928</u>	<u>\$ 775,027</u>



NON-MAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

The School Facilities Revenue Bond Proceeds Fund accounts for the receipt of the Education Transaction Privilege Revenue Bond proceeds. Funds are restricted to be expended to (1) pay the costs of correcting existing deficiencies in public school facilities for grades K-12, (2) pay bond related expenses, and (3) fully or partially fund any reserves or sinking fund accounts established by the bond resolution.

The Public Safety and Correctional Programs Fund accounts for law enforcement, military, custody, and related services provided to the general public.

The Environmental Protection Fund accounts for the protection of the State's public health by administering the State's environmental quality laws and delegating federal programs to prevent, control, and abate pollution of our air, water, and land resources.

The Healthcare and Social Services Fund accounts for health and welfare services provided to the general public.

The Tobacco Tax and Healthcare Fund accounts for the receipt of monies levied on tobacco products. The monies are used for health education programs; research, prevention and treatment of tobacco related diseases; and medically needy healthcare programs.

The Judicial and Legal Services Fund accounts for the anti-racketeering, consumer protection, consumer fraud, anti-trust, and collections enforcement programs of the Attorney General's Office and statewide court improvement functions supervised by the Arizona Supreme Court.

The Regulating and Licensing Fund accounts for inspection and regulatory services provided to the general public.

The Game and Fish Fund accounts for the receipt of monies collected by the Department of Game and Fish for various hunting and fishing licenses, for the purpose of conserving, enhancing, and restoring Arizona's diverse wildlife resources and habitats, as well as providing safe watercraft and off-highway vehicle recreation.

The State Parks Development Fund accounts for the receipt of monies collected by the State Parks Fund for the purpose of acquiring and developing State park lands, sites and facilities.

The Business Development Fund accounts for the promotion of statewide economic and community development, which supports a globally competitive Arizona.

The Educational Programs Fund accounts for supplemental building needs and instructional improvement programs specifically identified in a voter initiative that enacted a six-tenth of one percent statewide sales tax dedicated to education functions. The Educational Programs Fund supports programs from the kindergarten through university educational levels.

The Groundwater Protection and Conservation Fund accounts for statewide water protection planning; storage of Colorado River water; statewide water and groundwater conservation; county and metropolitan areas water use and dam repairs. All of these programs are the responsibility of the Department of Water Resources.

The Clean Elections System Fund accounts for fines and fees collected to pay for campaign expenses of statewide candidates and State legislative candidates who choose not to accept private source campaign funds. The fund was established as a result of a voter initiative.

STATE OF ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	SCHOOL FACILITIES PROCEEDS	PUBLIC SAFETY & CORRECTIONAL PROGRAMS	ENVIRONMENTAL PROTECTION	HEALTHCARE & SOCIAL SERVICES	TOBACCO TAX & HEALTHCARE	JUDICIAL & LEGAL SERVICES
ASSETS						
Cash	\$ -	\$ 2,136	\$ 14	\$ -	\$ -	\$ 2
Cash and pooled investments with State Treasurer	5,280	82,213	90,808	40,612	13,759	35,753
Receivables, net of allowances:						
Taxes	-	3,962	-	450	13,603	-
Interest	-	111	195	40	30	48
Other	-	132	-	7,074	-	-
Due from others	-	343	-	-	-	-
Due from other Funds	-	5,795	12,091	2,321	-	1,346
Inventories, at cost	-	2,547	-	-	-	-
Restricted assets:						
Cash and pooled investments with State Treasurer	-	-	-	655	-	-
Cash held by trustee	106	-	-	-	-	-
Other	-	-	-	-	-	-
Total Assets	\$ 5,386	\$ 97,239	\$ 103,108	\$ 51,152	\$ 27,392	\$ 37,149

LIABILITIES AND FUND BALANCES

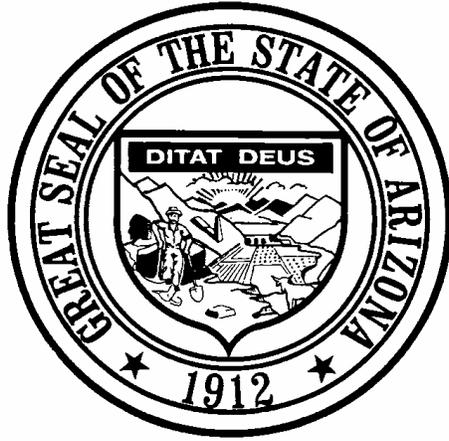
Liabilities:						
Accounts payable and other current liabilities	\$ -	\$ 6,750	\$ 52,829	\$ 2,681	\$ 1,128	\$ 1,858
Accrued liabilities	-	387	-	10,507	-	346
Due to local governments	-	-	-	-	-	-
Due to others	-	360	-	-	-	-
Due to other Funds	-	2	11,707	302	12,397	869
Unavailable deferred revenue	-	-	-	1,547	-	-
Unearned deferred revenue	-	15	-	608	-	-
Total Liabilities	-	7,514	64,536	15,645	13,525	3,073
Fund Balances:						
Reserved for:						
School facilities improvements	5,386	-	-	-	-	-
Continuing appropriations	-	3,312	1,347	1,698	-	222
Other fund balance reservations	-	81	1	-	-	-
Unreserved	-	86,332	37,224	33,809	13,867	33,854
Total Fund Balances	5,386	89,725	38,572	35,507	13,867	34,076
Total Liabilities and Fund Balances	\$ 5,386	\$ 97,239	\$ 103,108	\$ 51,152	\$ 27,392	\$ 37,149

REGULATING & LICENSING	GAME & FISH	STATE PARKS DEVELOPMENT	BUSINESS DEVELOPMENT	EDUCATIONAL PROGRAMS	GROUNDWATER PROTECTION & CONSERVATION	CLEAN ELECTIONS SYSTEM	TOTAL
\$ 27	\$ 30	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 2,214
105,844	33,326	58,030	52,775	98,750	28,855	22,568	668,573
-	-	-	-	-	-	-	18,015
60	82	144	218	16	65	-	1,009
2,537	1,600	-	19	10,853	-	-	22,215
-	-	-	-	-	-	-	343
150	66	156	24,501	15,277	-	-	61,703
-	-	-	-	-	-	-	2,547
-	-	-	-	-	-	-	655
-	-	-	-	-	-	-	106
-	-	-	1	-	-	-	1
<u>\$ 108,618</u>	<u>\$ 35,104</u>	<u>\$ 58,335</u>	<u>\$ 77,514</u>	<u>\$ 124,896</u>	<u>\$ 28,920</u>	<u>\$ 22,568</u>	<u>\$ 777,381</u>
\$ 2,195	\$ 2,117	\$ 1,388	\$ 314	\$ 150	\$ 79	\$ -	\$ 71,489
1,712	1,011	102	119	-	43	16	14,243
-	-	-	-	43,088	-	-	43,088
143	-	-	-	-	-	-	503
625	162	11	6	6,694	1	-	32,776
-	-	-	-	-	-	-	1,547
-	-	-	5	-	-	-	628
<u>4,675</u>	<u>3,290</u>	<u>1,501</u>	<u>444</u>	<u>49,932</u>	<u>123</u>	<u>16</u>	<u>164,274</u>
-	-	-	-	-	-	-	5,386
2,305	5,613	2,435	4,015	16,171	-	-	37,118
27	30	5	-	-	-	-	144
<u>101,611</u>	<u>26,171</u>	<u>54,394</u>	<u>73,055</u>	<u>58,793</u>	<u>28,797</u>	<u>22,552</u>	<u>570,459</u>
<u>103,943</u>	<u>31,814</u>	<u>56,834</u>	<u>77,070</u>	<u>74,964</u>	<u>28,797</u>	<u>22,552</u>	<u>613,107</u>
<u>\$ 108,618</u>	<u>\$ 35,104</u>	<u>\$ 58,335</u>	<u>\$ 77,514</u>	<u>\$ 124,896</u>	<u>\$ 28,920</u>	<u>\$ 22,568</u>	<u>\$ 777,381</u>

STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	SCHOOL FACILITIES PROCEEDS	PUBLIC SAFETY & CORRECTIONAL PROGRAMS	ENVIRONMENTAL PROTECTION	HEALTHCARE & SOCIAL SERVICES	TOBACCO TAX & HEALTHCARE	JUDICIAL & LEGAL SERVICES
REVENUES						
Taxes:						
Sales	\$ -	\$ 27,428	\$ -	\$ 4,948	\$ -	\$ -
Income	-	-	-	-	-	-
Tobacco	-	7,765	-	-	168,806	-
Property	-	-	-	-	-	-
Other	-	47,458	2,157	12,426	-	-
Intergovernmental	-	926	293	7,634	-	3,757
Licenses, fees and permits	-	13,521	44,087	7,062	-	2,807
Earnings on investments	164	1,149	1,741	425	232	416
Sales and charges for services	-	29,985	65	280	-	284
Fines, forfeitures and penalties	-	47,398	1,226	10,549	-	35,494
Gaming	-	-	-	16,688	-	-
Other	-	4,773	136	3,952	72	1,001
Total Revenues	<u>164</u>	<u>180,403</u>	<u>49,705</u>	<u>63,964</u>	<u>169,110</u>	<u>43,759</u>
EXPENDITURES						
Current:						
General government	-	21,805	1,110	3,993	438	32,697
Health and welfare	-	-	92,929	63,821	170,887	-
Inspection and regulation	-	-	1,255	-	-	-
Education	24,645	-	-	111	-	-
Protection and safety	-	105,058	-	-	-	-
Natural resources	-	9,921	614	-	-	-
Debt service:						
Principal	-	80	-	-	-	-
Interest and other fiscal charges	1	6	-	-	-	3
Capital outlay	-	1,243	96	403	101	107
Total Expenditures	<u>24,646</u>	<u>138,113</u>	<u>96,004</u>	<u>68,328</u>	<u>171,426</u>	<u>32,807</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,482)</u>	<u>42,290</u>	<u>(46,299)</u>	<u>(4,364)</u>	<u>(2,316)</u>	<u>10,952</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	94,275	62,650	6,650	5,844	1,346
Transfers out	(12,585)	(121,400)	(17,229)	(2,317)	(693)	(5,434)
Bonds issued	22,317	-	-	-	-	-
Premium on bonds issued	2,328	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>12,060</u>	<u>(27,125)</u>	<u>45,421</u>	<u>4,333</u>	<u>5,151</u>	<u>(4,088)</u>
Net Change in Fund Balances	<u>(12,422)</u>	<u>15,165</u>	<u>(878)</u>	<u>(31)</u>	<u>2,835</u>	<u>6,864</u>
Fund Balances - Beginning	<u>17,808</u>	<u>74,560</u>	<u>39,450</u>	<u>35,538</u>	<u>11,032</u>	<u>27,212</u>
Fund Balances - Ending	<u>\$ 5,386</u>	<u>\$ 89,725</u>	<u>\$ 38,572</u>	<u>\$ 35,507</u>	<u>\$ 13,867</u>	<u>\$ 34,076</u>

REGULATING & LICENSING	GAME & FISH	STATE PARKS DEVELOPMENT	BUSINESS DEVELOPMENT	EDUCATIONAL PROGRAMS	GROUNDWATER PROTECTION & CONSERVATION	CLEAN ELECTIONS SYSTEM	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 448,894	\$ -	\$ -	\$ 481,270
-	-	-	-	43	-	-	43
-	-	-	-	-	-	-	176,571
-	2,478	1,435	-	-	-	-	3,913
36,125	-	-	-	-	-	-	98,166
1,537	18,129	-	2,210	1,626	-	-	36,112
66,984	19,175	388	2,616	69	5,959	-	162,668
532	804	1,339	1,763	77	871	-	9,513
672	308	-	287	2,674	82	-	34,637
2,085	194	-	-	-	-	7,892	104,838
8,122	4,760	-	-	33,328	-	-	62,898
4,225	4,424	193	26,023	10,513	28,852	5,246	89,410
<u>120,282</u>	<u>50,272</u>	<u>3,355</u>	<u>32,899</u>	<u>497,224</u>	<u>35,764</u>	<u>13,138</u>	<u>1,260,039</u>
1,195	-	-	26,906	-	-	7,592	95,736
92	-	-	-	-	-	-	327,729
97,459	-	-	-	-	-	-	98,714
283	-	-	-	446,819	-	-	471,858
-	-	-	-	-	-	-	105,058
-	51,267	13,081	176	-	46,096	-	121,155
31	16	-	-	-	-	-	127
-	-	-	-	-	-	-	10
1,207	7,104	1,879	28	254	-	-	12,422
<u>100,267</u>	<u>58,387</u>	<u>14,960</u>	<u>27,110</u>	<u>447,073</u>	<u>46,096</u>	<u>7,592</u>	<u>1,232,809</u>
20,015	(8,115)	(11,605)	5,789	50,151	(10,332)	5,546	27,230
392	10,959	19,558	2,960	3,215	1,450	-	209,299
(6,470)	(2,576)	(1,085)	(3,114)	(5,512)	(2,000)	(1,007)	(181,422)
-	-	-	-	-	-	-	22,317
-	-	-	-	-	-	-	2,328
<u>(6,078)</u>	<u>8,383</u>	<u>18,473</u>	<u>(154)</u>	<u>(2,297)</u>	<u>(550)</u>	<u>(1,007)</u>	<u>52,522</u>
13,937	268	6,868	5,635	47,854	(10,882)	4,539	79,752
90,006	31,546	49,966	71,435	27,110	39,679	18,013	533,355
<u>\$ 103,943</u>	<u>\$ 31,814</u>	<u>\$ 56,834</u>	<u>\$ 77,070</u>	<u>\$ 74,964</u>	<u>\$ 28,797</u>	<u>\$ 22,552</u>	<u>\$ 613,107</u>



NON-MAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS

The Department of Transportation Fund administers the payment of principal and interest on the Highway Revenue Bonds issued by the Arizona Department of Transportation Board and the retirement of previously issued revenue bonds.

The Maricopa Regional Area Road Fund (RARF) administers the payment of principal and interest on the Arizona Transportation Excise Tax Revenue Bonds issued by the Arizona Department of Transportation Board and the retirement of previously issued revenue bonds.

The Certificates of Participation Fund administers the payment of principal and interest on the certificates of participation issued by the State of Arizona (acting by and through the Director of the Department of Administration) and the retirement of previously issued certificates of participation.

The School Facilities Debt Instrument Fund administers the payment of principal and interest on revenue bonds issued by the State of Arizona's School Facilities Board and the retirement of previously issued revenue bonds.

The Grant Anticipation Notes Fund administers the payment of principal and interest on grant anticipation notes issued by the Arizona Department of Transportation Board and the retirement of previously issued grant anticipation notes.

STATE OF ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	DEPARTMENT OF TRANSPORTATION	MARICOPA RARF	CERTIFICATES OF PARTICIPATION	SCHOOL FACILITIES DEBT INSTRUMENT	GRANT ANTICIPATION NOTES
ASSETS					
Cash and pooled investments with State Treasurer	\$ -	\$ -	\$ 1,309	\$ 4,792	\$ -
Interest receivable	176	1	-	123	2
Due from other Funds	-	-	-	1,168	-
Restricted assets:					
Cash and pooled investments with State Treasurer	1,808	288	-	12,304	13
Cash held by trustee	-	-	8	-	-
Total Assets	<u>\$ 1,984</u>	<u>\$ 289</u>	<u>\$ 1,317</u>	<u>\$ 18,387</u>	<u>\$ 15</u>
FUND BALANCES					
Reserved for debt service	<u>\$ 1,984</u>	<u>\$ 289</u>	<u>\$ 1,317</u>	<u>\$ 18,387</u>	<u>\$ 15</u>
Total Fund Balances	<u>\$ 1,984</u>	<u>\$ 289</u>	<u>\$ 1,317</u>	<u>\$ 18,387</u>	<u>\$ 15</u>

TOTAL

\$ 6,101
302
1,168

14,413
8

\$ 21,992

\$ 21,992

\$ 21,992

STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	DEPARTMENT OF TRANSPORTATION	MARICOPA RARF	CERTIFICATES OF PARTICIPATION	SCHOOL FACILITIES DEBT INSTRUMENT	GRANT ANTICIPATION NOTES
REVENUES					
Taxes:					
Sales	\$ -	\$ -	\$ -	\$ 65,815	\$ -
Earnings on investments	1,036	1,749	11	14,919	577
Sales and charges for services	-	-	-	12,850	-
Other	-	-	127	-	-
Total Revenues	<u>1,036</u>	<u>1,749</u>	<u>138</u>	<u>93,584</u>	<u>577</u>
EXPENDITURES					
Debt service:					
Principal	44,265	208,625	13,905	42,225	49,000
Interest and other fiscal charges	60,494	14,398	10,373	48,777	17,046
Total Expenditures	<u>104,759</u>	<u>223,023</u>	<u>24,278</u>	<u>91,002</u>	<u>66,046</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(103,723)</u>	<u>(221,274)</u>	<u>(24,140)</u>	<u>2,582</u>	<u>(65,469)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	104,474	204,938	25,180	12,621	64,750
Transfers out	-	-	(994)	(4,972)	-
Refunding bonds issued	-	-	-	224,283	-
Payment to refunded bond escrow agent	-	-	-	(247,417)	-
Premium on bonds issued	-	-	-	23,460	-
Total Other Financing Sources (Uses)	<u>104,474</u>	<u>204,938</u>	<u>24,186</u>	<u>7,975</u>	<u>64,750</u>
Net Change in Fund Balances	751	(16,336)	46	10,557	(719)
Fund Balances - Beginning	<u>1,233</u>	<u>16,625</u>	<u>1,271</u>	<u>7,830</u>	<u>734</u>
Fund Balances - Ending	<u>\$ 1,984</u>	<u>\$ 289</u>	<u>\$ 1,317</u>	<u>\$ 18,387</u>	<u>\$ 15</u>

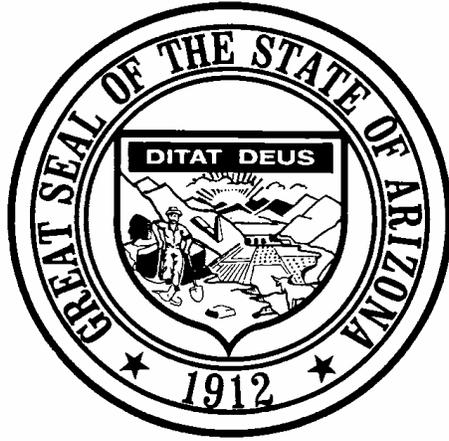
TOTAL

\$ 65,815
18,292
12,850
127
97,084

358,020
151,088
509,108

(412,024)

411,963
(5,966)
224,283
(247,417)
23,460
406,323
(5,701)
27,693
\$ 21,992



NON-MAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

The Department of Transportation Financed Fund administers the proceeds from the Highway Revenue Bonds issued by the Arizona Department of Transportation Board. These monies are expended for the construction of federal, state and local highways.

The Grant Anticipation Notes Financed Fund administers the proceeds from the grant anticipation notes issued by the Arizona Department of Transportation Board. These monies are expended for the acquisition of right-of-way purchases or the construction of certain controlled access highways within Maricopa County.

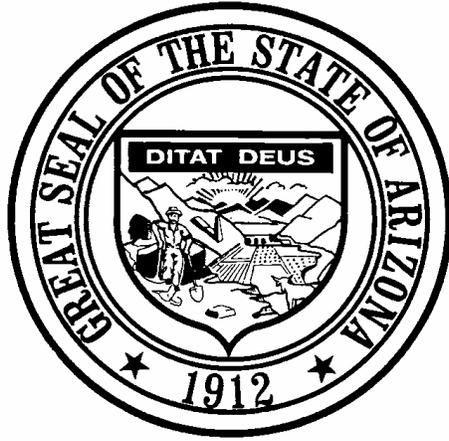
Certificates of Participation Financed Fund administers the proceeds from the certificates of participation issued by the State of Arizona (acting by and through the Director of the Department of Administration). These monies are expended on various projects including new building construction and the development of the Human Resource Information System.

STATE OF ARIZONA
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	DEPARTMENT OF TRANSPORTATION FINANCED	GRANT ANTICIPATION NOTES FINANCED	CERTIFICATES OF PARTICIPATION FINANCED	TOTAL
ASSETS				
Cash and pooled investments with State Treasurer	\$ -	\$ -	\$ 3,635	\$ 3,635
Interest receivable	307	157	-	464
Restricted assets:				
Cash and pooled investments with State Treasurer	86,778	45,379	-	132,157
Cash held by trustee	-	-	3,889	3,889
Total Assets	\$ 87,085	\$ 45,536	\$ 7,524	\$ 140,145
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other current liabilities	\$ -	\$ -	\$ 217	\$ 217
Total Liabilities	-	-	217	217
Fund Balances:				
Reserved for:				
Highway construction	87,085	45,536	-	132,621
Other construction	-	-	7,307	7,307
Total Fund Balances	87,085	45,536	7,307	139,928
Total Liabilities and Fund Balances	\$ 87,085	\$ 45,536	\$ 7,524	\$ 140,145

STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	DEPARTMENT OF TRANSPORTATION FINANCED	GRANT ANTICIPATION NOTES FINANCED	CERTIFICATES OF PARTICIPATION FINANCED	TOTAL
REVENUES				
Earnings on investments	\$ 3,082	\$ 619	\$ 136	\$ 3,837
Total Revenues	<u>3,082</u>	<u>619</u>	<u>136</u>	<u>3,837</u>
EXPENDITURES				
Current:				
Transportation	30,531	-	-	30,531
Debt service:				
Interest and other fiscal charges	1,103	894	-	1,997
Capital outlay	144,752	91,654	33,148	269,554
Total Expenditures	<u>176,386</u>	<u>92,548</u>	<u>33,148</u>	<u>302,082</u>
(Deficiency) of Revenues Over Expenditures	<u>(173,304)</u>	<u>(91,929)</u>	<u>(33,012)</u>	<u>(298,245)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	296	296
Transfers out	(4,257)	(2,699)	(1,142)	(8,098)
Bonds issued	188,260	-	-	188,260
Premium on bonds issued	12,863	-	-	12,863
Grant anticipation notes issued	-	104,385	-	104,385
Premium on grant anticipation notes issued	-	11,551	-	11,551
Total Other Financing Sources (Uses)	<u>196,866</u>	<u>113,237</u>	<u>(846)</u>	<u>309,257</u>
Net Change in Fund Balances	23,562	21,308	(33,858)	11,012
Fund Balances - Beginning	63,523	24,228	41,165	128,916
Fund Balances - Ending	<u>\$ 87,085</u>	<u>\$ 45,536</u>	<u>\$ 7,307</u>	<u>\$ 139,928</u>



NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds account for operations (a) financed and operated in a manner similar to private business enterprises, where the State intends that the cost of providing goods or services to the general public be financed or recovered primarily through service charges, or (b) where the State decides that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Arizona Industries for the Blind Fund accounts for the manufacturing, sale, distribution and marketing of products manufactured by employees at training centers, workshops, business enterprises and home industries programs for the training and employment of adaptable visually impaired persons.

The Arizona Correctional Industries Fund employs prison inmates in its manufacturing, service and agricultural operations for the sale of goods and services primarily to other State agencies (including the Arizona Department of Corrections) and political subdivisions.

The Arizona Highways Magazine Fund publishes and markets the Arizona Highways Magazine and various other products that promote the State of Arizona.

The Coliseum & Exposition Center Fund provides rental space to a variety of entertainment and promotional lessees, and sponsors the annual State Fair.

Highway Expansion & Extension Loan Program provides the State and communities in Arizona a new financing mechanism to stretch limited transportation dollars and bridge the gap between needs and available revenues.

The Healthcare Group of Arizona administers prepaid medical coverage primarily to small, uninsured businesses with 2 to 50 employees and employees of political subdivisions. The Healthcare Group of Arizona processes premium billing, collections and fund disbursements, and data analysis and is responsible for the regulatory oversight of the health plans.

The Other Enterprise Funds consist of the State Hospital Revolving Fund, the State Home for Veterans Trust Fund, and the Arizona Beef Council.

STATE OF ARIZONA
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	ARIZONA INDUSTRIES FOR THE BLIND	ARIZONA CORRECTIONAL INDUSTRIES	ARIZONA HIGHWAYS MAGAZINE	COLISEUM & EXPOSITION CENTER	HIGHWAY EXPANSION & EXTENSION LOAN PROGRAM
ASSETS					
Current Assets:					
Cash	\$ 132	\$ 66	\$ -	\$ 21	\$ -
Cash and pooled investments with State Treasurer	661	3,349	1,774	3,946	-
Restricted cash and pooled investments with State Treasurer	-	-	-	-	94,906
Short-term investments	-	-	-	-	-
Receivables, net of allowances:					
Interest	1	16	5	-	272
Loans and notes	-	-	-	-	10,019
Other	1,803	2,595	456	23	-
Due from U.S. Government	104	-	-	-	-
Due from local governments	-	-	-	-	203
Due from other Funds	-	-	44	-	111,046
Inventories, at cost	3,395	3,728	1,137	-	-
Other current assets	-	140	218	214	-
Total Current Assets	<u>6,096</u>	<u>9,894</u>	<u>3,634</u>	<u>4,204</u>	<u>216,446</u>
Noncurrent Assets:					
Restricted assets:					
Cash and pooled investments with State Treasurer	-	-	-	2,689	-
Loan and note receivables, net of allowances	-	-	-	-	14,897
Other long-term assets	-	-	73	-	-
Capital assets:					
Land, construction in progress and collections	182	692	8	138	-
Depreciable buildings, property and equipment, net of accumulated depreciation	1,721	1,867	492	3,827	-
Total Noncurrent Assets	<u>1,903</u>	<u>2,559</u>	<u>573</u>	<u>6,654</u>	<u>14,897</u>
Total Assets	<u>7,999</u>	<u>12,453</u>	<u>4,207</u>	<u>10,858</u>	<u>231,343</u>
LIABILITIES					
Current Liabilities:					
Accounts payable and other current liabilities	586	1,009	117	135	-
Accrued liabilities	215	211	107	101	4
Due to others	-	-	-	-	-
Due to other Funds	14	-	-	-	166,454
Unearned deferred revenue	-	-	3,568	-	-
Current portion of long-term debt	30	-	-	-	-
Current portion of other long-term liabilities	206	363	123	201	10
Total Current Liabilities	<u>1,051</u>	<u>1,583</u>	<u>3,915</u>	<u>437</u>	<u>166,468</u>
Noncurrent Liabilities:					
Long-term debt	-	-	-	58	-
Other long-term liabilities	85	-	-	-	-
Total Noncurrent Liabilities	<u>85</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>-</u>
Total Liabilities	<u>1,136</u>	<u>1,583</u>	<u>3,915</u>	<u>495</u>	<u>166,468</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,903	2,559	499	3,965	-
Restricted for:					
Loans and other financial assistance:					
Expendable	-	-	-	-	64,875
Unrestricted (deficit)	4,960	8,311	(207)	6,398	-
Total Net Assets	<u>\$ 6,863</u>	<u>\$ 10,870</u>	<u>\$ 292</u>	<u>\$ 10,363</u>	<u>\$ 64,875</u>

HEALTHCARE
GROUP OF

	ARIZONA	OTHER	TOTAL
\$	-	\$ 214	\$ 433
	9,629	1,616	20,975
	-	-	94,906
	-	41	41
	-	3	297
	-	-	10,019
	8	1,442	6,327
	-	-	104
	-	-	203
	3,414	43	114,547
	-	2	8,262
	-	-	572
	<u>13,051</u>	<u>3,361</u>	<u>256,686</u>
	-	-	2,689
	-	-	14,897
	-	-	73
	-	980	2,000
	<u>193</u>	<u>9,563</u>	<u>17,663</u>
	<u>193</u>	<u>10,543</u>	<u>37,322</u>
	<u>13,244</u>	<u>13,904</u>	<u>294,008</u>
	371	125	2,343
	4,032	284	4,954
	-	95	95
	-	1	166,469
	6,721	-	10,289
	-	-	30
	81	-	984
	<u>11,205</u>	<u>505</u>	<u>185,164</u>
	-	-	58
	-	-	85
	-	-	143
	<u>11,205</u>	<u>505</u>	<u>185,307</u>
	193	10,543	19,662
	-	-	64,875
	<u>1,846</u>	<u>2,856</u>	<u>24,164</u>
\$	<u>2,039</u>	<u>\$ 13,399</u>	<u>\$ 108,701</u>

STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS**
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	ARIZONA INDUSTRIES FOR THE BLIND	ARIZONA CORRECTIONAL INDUSTRIES	ARIZONA HIGHWAYS MAGAZINE	COLISEUM & EXPOSITION CENTER	HIGHWAY EXPANSION & EXTENSION LOAN PROGRAM
OPERATING REVENUES					
Sales and charges for services	\$ 18,870	\$ 25,499	\$ 8,443	\$ 10,712	\$ -
Intergovernmental	1,023	-	-	-	-
Licenses, fees and permits	-	-	-	-	-
Earnings on investments	-	-	-	-	3,010
Other	55	-	380	966	-
Total Operating Revenues	<u>19,948</u>	<u>25,499</u>	<u>8,823</u>	<u>11,678</u>	<u>3,010</u>
OPERATING EXPENSES					
Cost of sales and benefits	11,831	20,681	6,262	1,620	1
Interest on notes payable	-	-	-	-	4,040
Personal services	5,041	1,931	2,689	4,554	202
Contractual services	1,274	104	680	2,934	110
Depreciation and amortization	373	408	314	1,190	-
Insurance	-	-	-	446	-
Other	1,036	462	327	951	7
Total Operating Expenses	<u>19,555</u>	<u>23,586</u>	<u>10,272</u>	<u>11,695</u>	<u>4,360</u>
Operating Income (Loss)	<u>393</u>	<u>1,913</u>	<u>(1,449)</u>	<u>(17)</u>	<u>(1,350)</u>
NON-OPERATING REVENUES (EXPENSES)					
(Loss) on sale of capital assets	-	(3)	(1)	-	-
Investment income	17	74	40	118	2,725
Other non-operating revenue	-	-	-	407	-
Interest expense	(1)	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>16</u>	<u>71</u>	<u>39</u>	<u>525</u>	<u>2,725</u>
Income (Loss) Before Contributions and Transfers	<u>409</u>	<u>1,984</u>	<u>(1,410)</u>	<u>508</u>	<u>1,375</u>
Capital grants and contributions	-	5	-	-	-
Transfers in	122	-	-	-	-
Transfers out	-	(1,410)	-	-	-
Change in Net Assets	531	579	(1,410)	508	1,375
Total Net Assets - Beginning	<u>6,332</u>	<u>10,291</u>	<u>1,702</u>	<u>9,855</u>	<u>63,500</u>
Total Net Assets - Ending	<u>\$ 6,863</u>	<u>\$ 10,870</u>	<u>\$ 292</u>	<u>\$ 10,363</u>	<u>\$ 64,875</u>

HEALTHCARE		
GROUP OF		
ARIZONA	OTHER	TOTAL
\$ 33,616	\$ 12,188	\$ 109,328
-	-	1,023
-	651	651
-	-	3,010
-	65	1,466
<u>33,616</u>	<u>12,904</u>	<u>115,478</u>
34,527	337	75,259
-	-	4,040
1,697	9,839	25,953
1,549	333	6,984
47	326	2,658
-	176	622
640	1,689	5,112
<u>38,460</u>	<u>12,700</u>	<u>120,628</u>
<u>(4,844)</u>	<u>204</u>	<u>(5,150)</u>
-	-	(4)
134	35	3,143
-	-	407
-	-	(1)
<u>134</u>	<u>35</u>	<u>3,545</u>
<u>(4,710)</u>	<u>239</u>	<u>(1,605)</u>
-	-	5
3,700	374	4,196
-	(2)	(1,412)
(1,010)	611	1,184
<u>3,049</u>	<u>12,788</u>	<u>107,517</u>
<u>\$ 2,039</u>	<u>\$ 13,399</u>	<u>\$ 108,701</u>

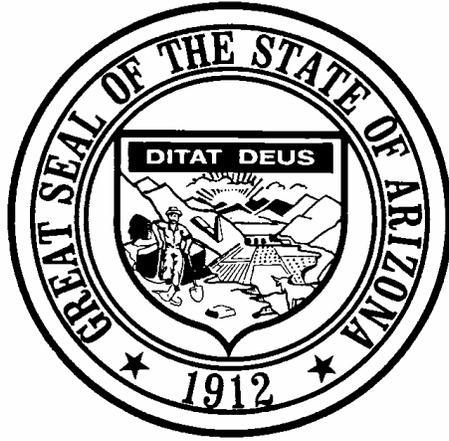
STATE OF ARIZONA
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	ARIZONA INDUSTRIES FOR THE BLIND	ARIZONA CORRECTIONAL INDUSTRIES	ARIZONA HIGHWAYS MAGAZINE	COLISEUM & EXPOSITION CENTER	HIGHWAY EXPANSION & EXTENSION LOAN PROGRAM
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 18,656	\$ 25,413	\$ 8,195	\$ 10,804	\$ 1,547
Receipts from federal and local governments	1,042	-	-	-	-
Receipts from other Funds	-	-	-	-	54,491
Payments to suppliers or insurance companies	(12,568)	(21,649)	(5,756)	(5,855)	(30)
Payments to employees	(4,950)	(1,785)	(2,677)	(4,513)	(215)
Payments to other Funds	-	-	(40)	-	(55,108)
Other receipts (payments)	(2,251)	-	380	966	(6)
Net Cash Provided (Used) by Operating Activities	(71)	1,979	102	1,402	679
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other Funds	-	-	-	-	-
Transfers to other Funds	-	(1,410)	-	-	-
Other receipts	142	-	-	407	-
Net Cash Provided (Used) by Non-capital Financing Activities	142	(1,410)	-	407	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(549)	(513)	(4)	(1,274)	-
Other (payments)	-	-	-	(17)	-
Net Cash (Used) by Capital and Related Financing Activities	(549)	(513)	(4)	(1,291)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	-	-	-	-
Interest and dividends from investments	17	73	40	118	2,588
Purchase of investments	(1)	-	-	-	-
Net Cash Provided by Investing Activities	16	73	40	118	2,588
Net Increase (Decrease) in Cash and Cash Equivalents	(462)	129	138	636	3,267
Cash and Cash Equivalents - Beginning	1,255	3,286	1,636	6,020	91,639
Cash and Cash Equivalents - Ending	\$ 793	\$ 3,415	\$ 1,774	\$ 6,656	\$ 94,906
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 393	\$ 1,913	\$ (1,449)	\$ (17)	\$ (1,350)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	373	408	314	1,190	-
Loss on sale of capital assets	4	-	-	-	-
Net changes in assets and liabilities:					
(Increase) decrease in receivables, net of allowances	(215)	(86)	85	92	-
Decrease in due from U.S. Government	19	-	-	-	-
Decrease in due from local governments	-	-	-	-	183
(Increase) in due from other Funds	-	-	(40)	-	(2,182)
(Increase) decrease in inventories, at cost	(310)	(428)	1,137	-	-
(Increase) decrease in other assets	-	(13)	394	53	-
Increase (decrease) in accounts payable	(377)	39	(16)	43	-
Increase (decrease) in accrued liabilities	33	16	20	19	(2)
(Decrease) in due to others	-	-	-	-	-
Increase (decrease) in due to other Funds	-	-	-	-	4,040
Increase (decrease) in deferred revenue	-	-	(335)	-	-
Increase (decrease) in other liabilities	9	130	(8)	22	(10)
Net Cash Provided (Used) by Operating Activities	\$ (71)	\$ 1,979	\$ 102	\$ 1,402	\$ 679
SCHEDULE OF NONCASH INVESTING, CAPITAL AND NON-CAPITAL FINANCING ACTIVITIES					
Change in fair value of investments	\$ -	\$ -	\$ -	\$ -	\$ (399)
Total Noncash Investing, Capital and Non-capital Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ (399)

The beginning cash and cash equivalents balance at July 1, 2004 for the Arizona Correctional Industries differs from the ending cash and cash equivalents balance on the cash flow for the year ended June 30, 2004 due to the correction of an error.

HEALTHCARE

GROUP OF		
ARIZONA	OTHER	TOTAL
\$ 36,089	\$ 11,856	\$ 112,560
-	-	1,042
-	-	54,491
(33,196)	(2,790)	(81,844)
(1,682)	(9,713)	(25,535)
-	-	(55,148)
-	65	(846)
<u>1,211</u>	<u>(582)</u>	<u>4,720</u>
586	374	960
-	(2)	(1,412)
-	-	549
<u>586</u>	<u>372</u>	<u>97</u>
(20)	(18)	(2,378)
-	-	(17)
<u>(20)</u>	<u>(18)</u>	<u>(2,395)</u>
-	20	20
134	35	3,005
-	-	(1)
<u>134</u>	<u>55</u>	<u>3,024</u>
1,911	(173)	5,446
7,718	2,003	113,557
<u>\$ 9,629</u>	<u>\$ 1,830</u>	<u>\$ 119,003</u>
\$ (4,844)	\$ 204	\$ (5,150)
47	326	2,658
-	-	4
-	(969)	(1,093)
-	-	19
-	-	183
-	(14)	(2,236)
-	2	401
-	-	434
360	(86)	(37)
3,160	126	3,372
-	(168)	(168)
-	(3)	4,037
2,473	-	2,138
15	-	158
<u>\$ 1,211</u>	<u>\$ (582)</u>	<u>\$ 4,720</u>
\$ (25)	\$ -	\$ (424)
<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ (424)</u>



INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided by one State department or agency to other State departments or agencies on a cost-reimbursement basis.

The Risk Management Fund provides insurance coverage to all State agencies using an optimal combination of self-insurance and private excess insurance. It includes the Workers' Compensation section that receives monies from State agencies and uses these monies to pay for insurance and risk management services including loss control services and self-insured liability losses.

The Transportation Equipment Fund administers the purchase, storage and distribution of supplies, equipment and furniture for other Department of Transportation Funds.

The Employee Benefits Fund (HITF) administers the State's benefits program available to State employees and retirees.

The Technologies and Telecommunications Fund receives monies from State agencies for services related to the operation of the data processing and telecommunications programs.

The Retiree Accumulated Sick Leave Fund (RASL) accounts for monies paid out to retirees for their accumulated sick leave.

The Motor Pool Fund receives monies from State agencies for the use of State vehicles and uses these monies for operation of the State Motor Pool.

STATE OF ARIZONA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	EMPLOYEE BENEFITS	TECHNOLOGIES & TELE- COMMUNICATIONS	RETIREE SICK LEAVE
ASSETS					
Current Assets:					
Cash and pooled investments with State Treasurer	\$ 29,633	\$ 3,561	\$ 49,737	\$ 9,971	\$ 5,866
Receivables, net of allowances:					
Interest	-	11	-	-	-
Other	57	-	8,933	1,456	-
Due from other Funds	44	-	-	1,573	-
Inventories, at cost	-	2,797	-	-	-
Other current assets	1,580	-	-	562	-
Total Current Assets	31,314	6,369	58,670	13,562	5,866
Noncurrent Assets:					
Capital assets:					
Depreciable buildings, property and equipment, net of accumulated depreciation	146	46,668	37	5,060	-
Total Noncurrent Assets	146	46,668	37	5,060	-
Total Assets	31,460	53,037	58,707	18,622	5,866
LIABILITIES					
Current Liabilities:					
Accounts payable and other current liabilities	6,192	149	52,272	1,113	-
Accrued liabilities	-	417	-	-	-
Due to other Funds	23	-	661	5	-
Current portion of accrued insurance losses	52,233	-	-	-	-
Current portion of long-term debt	-	1,234	-	-	-
Current portion of other long-term liabilities	246	569	108	591	6,253
Total Current Liabilities	58,694	2,369	53,041	1,709	6,253
Noncurrent Liabilities:					
Accrued insurance losses	249,367	-	-	-	-
Long-term debt	-	4,676	-	-	-
Other long-term liabilities	-	-	-	-	3,702
Total Noncurrent Liabilities	249,367	4,676	-	-	3,702
Total Liabilities	308,061	7,045	53,041	1,709	9,955
NET ASSETS					
Invested in capital assets, net of related debt	146	40,759	37	5,060	-
Unrestricted (deficit)	(276,747)	5,233	5,629	11,853	(4,089)
Total Net Assets	\$ (276,601)	\$ 45,992	\$ 5,666	\$ 16,913	\$ (4,089)

MOTOR		TOTAL	
POOL			
\$	10,632	\$	109,400
	-		11
	731		11,177
	1,141		2,758
	21		2,818
	6		2,148
	<u>12,531</u>		<u>128,312</u>

	<u>11,452</u>		<u>63,363</u>
	<u>11,452</u>		<u>63,363</u>
	<u>23,983</u>		<u>191,675</u>

	651		60,377
	-		417
	2		691
	-		52,233
	-		1,234
	33		7,800
	<u>686</u>		<u>122,752</u>

	-		249,367
	-		4,676
	-		3,702
	-		257,745
	<u>686</u>		<u>380,497</u>

	11,452		57,454
	11,845		(246,276)
\$	<u>23,297</u>	\$	<u>(188,822)</u>

STATE OF ARIZONA
**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS**
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	EMPLOYEE BENEFITS	TECHNOLOGIES & TELE- COMMUNICATIONS	RETIREE SICK LEAVE
OPERATING REVENUES					
Sales and charges for services	\$ 91,856	\$ 34,291	\$ 507,601	\$ 28,481	\$ 11,366
Other	-	2,886	-	-	-
Total Operating Revenues	<u>91,856</u>	<u>37,177</u>	<u>507,601</u>	<u>28,481</u>	<u>11,366</u>
OPERATING EXPENSES					
Cost of sales and benefits	-	12,706	497,344	10,592	10,213
Personal services	4,517	11,788	-	9,807	-
Contractual services	27,470	318	-	1,666	1
Depreciation and amortization	68	6,813	-	2,726	-
Insurance	119,903	605	-	349	5
Other	1,690	1,123	-	1,911	8
Total Operating Expenses	<u>153,648</u>	<u>33,353</u>	<u>497,344</u>	<u>27,051</u>	<u>10,227</u>
Operating Income (Loss)	<u>(61,792)</u>	<u>3,824</u>	<u>10,257</u>	<u>1,430</u>	<u>1,139</u>
NON-OPERATING REVENUES (EXPENSES)					
Gain on sale of capital assets	-	-	-	-	-
Investment income	-	84	-	-	-
Interest expense	-	(47)	-	-	-
Other non-operating revenue	33	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>33</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>(61,759)</u>	<u>3,861</u>	<u>10,257</u>	<u>1,430</u>	<u>1,139</u>
Capital grants and contributions	-	-	-	-	-
Transfers in	59	-	-	-	-
Transfers out	(3,531)	-	-	(17)	-
Change in Net Assets	(65,231)	3,861	10,257	1,413	1,139
Total Net Assets - Beginning	<u>(211,370)</u>	<u>42,131</u>	<u>(4,591)</u>	<u>15,500</u>	<u>(5,228)</u>
Total Net Assets - Ending	<u>\$ (276,601)</u>	<u>\$ 45,992</u>	<u>\$ 5,666</u>	<u>\$ 16,913</u>	<u>\$ (4,089)</u>

MOTOR			
POOL		TOTAL	
\$	11,002	\$	684,597
	-		2,886
	<u>11,002</u>		<u>687,483</u>
	4,995		535,850
	673		26,785
	132		29,587
	3,118		12,725
	1,644		122,506
	447		5,179
	<u>11,009</u>		<u>732,632</u>
	<u>(7)</u>		<u>(45,149)</u>
	153		153
	-		84
	-		(47)
	-		33
	<u>153</u>		<u>223</u>
	146		(44,926)
	1,403		1,403
	-		59
	<u>(1,002)</u>		<u>(4,550)</u>
	547		(48,014)
	<u>22,750</u>		<u>(140,808)</u>
\$	<u>23,297</u>	\$	<u>(188,822)</u>

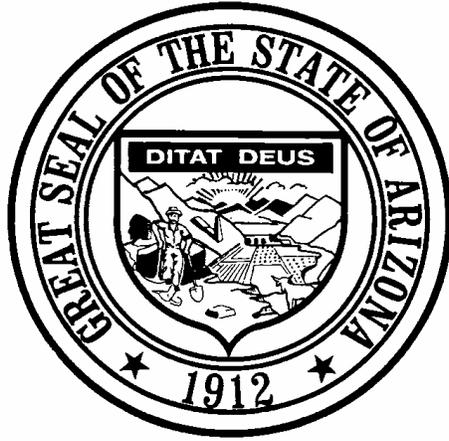
STATE OF ARIZONA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	EMPLOYEE BENEFITS	TECHNOLOGIES & TELE- COMMUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services / premiums	\$ 91,814	\$ 34,292	\$ 507,116	\$ 27,796
Payments to suppliers or insurance companies	(86,403)	(15,016)	(485,300)	(16,085)
Payments to employees	(4,642)	(11,815)	-	(10,196)
Payments to retirees	-	-	-	-
Other receipts	-	2,876	-	-
Net Cash Provided by Operating Activities	<u>769</u>	<u>10,337</u>	<u>21,816</u>	<u>1,515</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other Funds	59	-	-	-
Interest paid	-	(47)	-	-
Transfers to other Funds	(3,531)	-	-	(17)
Other receipts	33	-	-	-
Net Cash (Used) by Non-capital Financing Activities	<u>(3,439)</u>	<u>(47)</u>	<u>-</u>	<u>(17)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	591	9	-
Acquisition and construction of capital assets	(29)	(9,387)	-	(574)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(29)</u>	<u>(8,796)</u>	<u>9</u>	<u>(574)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends from investments	-	84	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>84</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,699)	1,578	21,825	924
Cash and Cash Equivalents - Beginning	32,332	1,983	27,912	9,047
Cash and Cash Equivalents - Ending	<u>\$ 29,633</u>	<u>\$ 3,561</u>	<u>\$ 49,737</u>	<u>\$ 9,971</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (61,792)	\$ 3,824	\$ 10,257	\$ 1,430
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	68	6,813	-	2,726
Net changes in assets and liabilities:				
(Increase) decrease in receivables, net of allowances	-	(10)	(485)	(885)
Decrease in due from others	-	-	-	-
(Increase) decrease in due from other Funds	(42)	-	-	200
(Increase) decrease in inventories, at cost	-	(295)	-	-
(Increase) decrease in other assets	13	-	-	(228)
Increase (decrease) in accounts payable	4,182	(51)	13,022	(1,340)
Increase (decrease) in accrued liabilities	(137)	60	-	(313)
Increase (decrease) in due to other Funds	(7)	-	(988)	1
Increase in accrued insurance losses	58,472	-	-	-
Increase (decrease) in other liabilities	12	(4)	10	(76)
Net Cash Provided by Operating Activities	<u>\$ 769</u>	<u>\$ 10,337</u>	<u>\$ 21,816</u>	<u>\$ 1,515</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND NON-CAPITAL FINANCING ACTIVITIES				
Assets acquired under capital leases	\$ -	\$ 6,122	\$ -	\$ -
Total Noncash Investing, Capital and Non-capital Financing Activities	<u>\$ -</u>	<u>\$ 6,122</u>	<u>\$ -</u>	<u>\$ -</u>

RETIREE SICK LEAVE	MOTOR POOL	TOTAL
\$ 11,366	\$ 11,013	\$ 683,397
-	(7,539)	(610,343)
-	(694)	(27,347)
(9,718)	-	(9,718)
-	-	2,876
<u>1,648</u>	<u>2,780</u>	<u>38,865</u>
-	-	59
-	-	(47)
-	(1,002)	(4,550)
-	-	33
-	<u>(1,002)</u>	<u>(4,505)</u>
-	-	600
-	<u>(1,038)</u>	<u>(11,028)</u>
-	<u>(1,038)</u>	<u>(10,428)</u>
-	-	84
-	-	<u>84</u>
1,648	740	24,016
4,218	9,892	85,384
<u>\$ 5,866</u>	<u>\$ 10,632</u>	<u>\$ 109,400</u>

\$ 1,139	\$ (7)	\$ (45,149)
-	3,118	12,725
-	96	(1,284)
-	2	2
-	(87)	71
-	19	(276)
-	(1)	(216)
-	(335)	15,478
-	(20)	(410)
-	(4)	(998)
-	-	58,472
509	(1)	450
<u>\$ 1,648</u>	<u>\$ 2,780</u>	<u>\$ 38,865</u>

\$ -	\$ -	\$ 6,122
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,122</u>



PENSION TRUST FUNDS

Pension Trust Funds account for transactions of the four public employee retirement systems for which the State acts as trustee.

The Arizona State Retirement System is a cost-sharing, multiple-employer pension system that benefits employees of public schools, the State and its political subdivisions.

The Public Safety Personnel Retirement System is an agent multiple-employer pension system that benefits fire fighters and police officers employed by the State and its political subdivisions.

The Elected Officials' Retirement Plan is a cost-sharing, multiple-employer pension plan that benefits all elected State and county officials and judges and certain elected city officials.

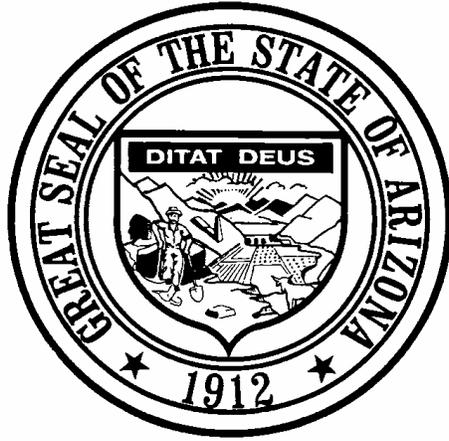
The Corrections Officer Retirement Plan is an agent multiple-employer pension plan that benefits town, city and county detention officers and certain employees of the State's Department of Corrections and Department of Juvenile Corrections.

STATE OF ARIZONA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	STATE RETIREMENT	PUBLIC SAFETY	ELECTED OFFICIALS'	CORRECTIONS OFFICER	TOTAL
ASSETS					
Cash	\$ 18,363	\$ 2,743	\$ 982	\$ 544	\$ 22,632
Receivables, net of allowances:					
Accrued interest and dividends	55,103	16,420	1,160	3,004	75,687
Securities sold	510,583	-	-	-	510,583
Forward contract receivable	1,573,699	-	-	-	1,573,699
Contributions	21,147	10,125	81	138	31,491
Court fees	-	-	343	-	343
Miscellaneous receivables	4,427	2,134	-	-	6,561
Total receivables	2,164,959	28,679	1,584	3,142	2,198,364
Investments, at fair value:					
Temporary investments	2,040,185	-	-	-	2,040,185
Temporary investments from securities lending	2,279,978	-	-	-	2,279,978
U.S. Government securities	2,564,711	242,050	18,747	40,643	2,866,151
Corporate bonds	2,617,193	662,003	45,926	121,112	3,446,234
Corporate notes	-	276,388	15,016	43,702	335,106
Corporate stocks	15,751,417	3,198,452	216,819	547,296	19,713,984
Real estate mortgages and contracts	26,774	-	-	-	26,774
Collateral investment pool	-	943,046	74,671	183,436	1,201,153
Other investments	-	194,105	13,193	32,953	240,251
Total investments	25,280,258	5,516,044	384,372	969,142	32,149,816
Property and equipment, net of accumulated depreciation	-	3,622	242	633	4,497
Total Assets	27,463,580	5,551,088	387,180	973,461	34,375,309
LIABILITIES					
Accounts payable	1,591,741	-	1,015	1,151	1,593,907
Payable for securities purchased	984,476	-	-	-	984,476
Obligation under securities loan agreements	2,279,978	943,046	74,671	183,436	3,481,131
Total Liabilities	4,856,195	943,046	75,686	184,587	6,059,514
NET ASSETS					
Held in Trust for Pension Benefits	\$ 22,607,385	\$ 4,608,042	\$ 311,494	\$ 788,874	\$ 28,315,795

STATE OF ARIZONA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	STATE RETIREMENT	PUBLIC SAFETY	ELECTED OFFICIALS'	CORRECTIONS OFFICER	TOTAL
ADDITIONS:					
Member contributions	\$ 442,643	\$ 67,948	\$ 3,617	\$ 34,590	\$ 548,798
Employer contributions	442,643	104,497	3,305	16,292	566,737
Member purchase of service credit	140,159	-	-	-	140,159
Court fees	-	-	3,793	-	3,793
Investment income:					
Net increase in fair value of					
investments	1,382,587	249,837	18,273	43,805	1,694,502
Interest income	225,710	86,351	5,866	14,590	332,517
Dividends	212,174	46,986	3,232	7,808	270,200
Real estate	6,113	-	-	-	6,113
Other investment income	4,731	-	-	-	4,731
Securities lending income	46,757	1,049	84	194	48,084
Total investment income	<u>1,878,072</u>	<u>384,223</u>	<u>27,455</u>	<u>66,397</u>	<u>2,356,147</u>
Less investment expenses:					
Investment activity expenses	33,584	692	48	120	34,444
Security lending expenses	41,096	-	-	-	41,096
Net investment income	<u>1,803,392</u>	<u>383,531</u>	<u>27,407</u>	<u>66,277</u>	<u>2,280,607</u>
Other additions	<u>1,773</u>	<u>9,156</u>	<u>3,647</u>	<u>2,268</u>	<u>16,844</u>
Total Additions	<u>2,830,610</u>	<u>565,132</u>	<u>41,769</u>	<u>119,427</u>	<u>3,556,938</u>
DEDUCTIONS:					
Retirement and disability benefits	1,558,332	257,449	25,746	31,098	1,872,625
Death benefits	18,402	-	-	-	18,402
Refunds to withdrawing members, including interest	44,164	7,648	83	16,653	68,548
Administrative expense	25,275	1,600	132	922	27,929
Other deductions	8,151	128	246	1,115	9,640
Total Deductions	<u>1,654,324</u>	<u>266,825</u>	<u>26,207</u>	<u>49,788</u>	<u>1,997,144</u>
Change in net assets held in trust for pension benefits	1,176,286	298,307	15,562	69,639	1,559,794
Net Assets - Beginning	<u>21,431,099</u>	<u>4,309,735</u>	<u>295,932</u>	<u>719,235</u>	<u>26,756,001</u>
Net Assets - Ending	<u>\$ 22,607,385</u>	<u>\$ 4,608,042</u>	<u>\$ 311,494</u>	<u>\$ 788,874</u>	<u>\$ 28,315,795</u>



INVESTMENT TRUST FUNDS

Investment Trust Funds account for assets held by the State in a trustee capacity for local governments and political subdivisions of the State of Arizona which have elected to invest idle cash with the State Treasurer's Office. The Treasurer acts as trustee for the deposits made by participants.

Central Arizona Water Conservation District is an Investment Trust Account composed of corporate debt and United States Government securities. The Central Arizona Water Conservation District is the only participant in the account.

Local Government Investment Pool is an Investment Trust Account composed of corporate debt, negotiable certificates of deposit and United States Government securities.

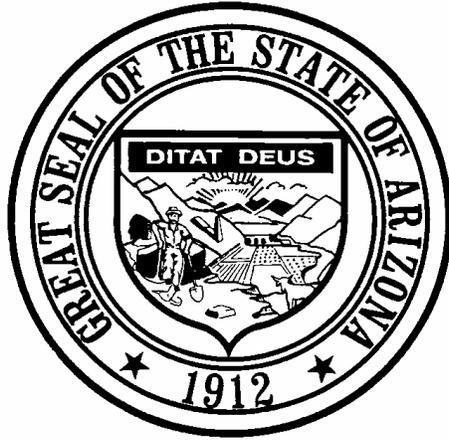
Local Government Investment Pool-Government is an Investment Trust Account composed of repurchase agreements and United States Government securities. All investments of the fund are backed by the full faith and credit of the United States Government.

STATE OF ARIZONA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2005
(Expressed in Thousands)

	CENTRAL ARIZONA WATER CONSERVATION DISTRICT	LOCAL GOVERNMENT INVESTMENT POOL	LOCAL GOVERNMENT INVESTMENT POOL- GOVERNMENT	TOTAL
ASSETS				
Receivables, net of allowances:				
Accrued interest and dividends	\$ 724	\$ 2,495	\$ 1,718	\$ 4,937
Total receivables	<u>724</u>	<u>2,495</u>	<u>1,718</u>	<u>4,937</u>
Investments, at fair value:				
U.S. Government securities	84,167	684,258	665,409	1,433,834
Corporate bonds	19,755	879,300	-	899,055
Repurchase agreements	-	84,606	743,119	827,725
Money market mutual funds	1,117	6	-	1,123
Total investments	<u>105,039</u>	<u>1,648,170</u>	<u>1,408,528</u>	<u>3,161,737</u>
Total Assets	<u>105,763</u>	<u>1,650,665</u>	<u>1,410,246</u>	<u>3,166,674</u>
LIABILITIES				
Due to local governments	<u>747</u>	<u>236</u>	<u>766</u>	<u>1,749</u>
Total Liabilities	<u>747</u>	<u>236</u>	<u>766</u>	<u>1,749</u>
NET ASSETS				
Held in trust for pool participants	<u>\$ 105,016</u>	<u>\$ 1,650,429</u>	<u>\$ 1,409,480</u>	<u>\$ 3,164,925</u>
Net assets consist of:				
Participant shares outstanding	105,016	1,650,429	1,409,480	3,164,925
Participants' net asset value (net assets/shares outstanding)	\$ 1.00	\$ 1.00	\$ 1.00	

STATE OF ARIZONA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2005
(Expressed in Thousands)

	CENTRAL ARIZONA WATER CONSERVATION DISTRICT	LOCAL GOVERNMENT INVESTMENT POOL	LOCAL GOVERNMENT INVESTMENT POOL- GOVERNMENT	TOTAL
ADDITIONS:				
Investment income:				
Net increase in fair value of investments	\$ 47	\$ 166	\$ 1,077	\$ 1,290
Interest income	3,397	35,162	25,494	64,053
Total investment income	3,444	35,328	26,571	65,343
Less: Investment activity expenses	102	1,186	992	2,280
Net investment income	3,342	34,142	25,579	63,063
Capital share and individual account transactions:				
Shares sold	84,201	2,771,037	2,161,027	5,016,265
Reinvested interest income	3,515	31,630	20,890	56,035
Shares redeemed	(130,571)	(2,691,276)	(1,932,827)	(4,754,674)
Net capital share and individual account transactions	(42,855)	111,391	249,090	317,626
Total Additions	(39,513)	145,533	274,669	380,689
DEDUCTIONS:				
Dividends to investors	3,342	34,142	25,579	63,063
Total Deductions	3,342	34,142	25,579	63,063
Change in net assets held in trust for pool participants	(42,855)	111,391	249,090	317,626
Net Assets - Beginning	147,871	1,539,038	1,160,390	2,847,299
Net Assets - Ending	\$ 105,016	\$ 1,650,429	\$ 1,409,480	\$ 3,164,925



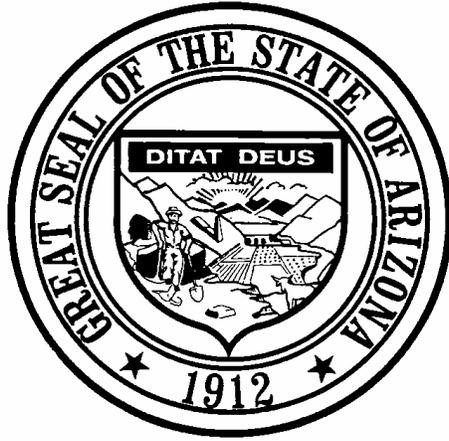
AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the State, where the State acts as an agent for distribution to other governmental units or organizations.

The Treasurer Custodial Securities Fund consists of securities held by the State Treasurer for various State agencies as required by statute.

The Other Treasurer Funds account for other various deposits made with the State Treasurer for investment purposes.

The Other Funds consist of various funds where the State acts as an agent for distribution to other governmental units or organizations.



STATE OF ARIZONA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2005
 (Expressed in Thousands)

	TREASURER CUSTODIAL SECURITIES FUND	OTHER TREASURER FUNDS	OTHER FUNDS	TOTAL
ASSETS				
Cash	\$ -	\$ -	\$ 43,439	\$ 43,439
Cash and pooled investments with State Treasurer	-	18,412	298,106	316,518
Short-term investments	-	-	2,353	2,353
Receivables, net of allowances:				
Interest	-	36	267	303
Other	-	-	207	207
Due from others	-	-	90,945	90,945
Custodial securities in safekeeping	2,486,435	-	57,118	2,543,553
Other assets	-	-	3,609	3,609
Total Assets	\$ 2,486,435	\$ 18,448	\$ 496,044	\$ 3,000,927
LIABILITIES				
Accounts payable and other current liabilities	\$ -	\$ 301	\$ 159,493	\$ 159,794
Accrued liabilities	-	-	5,512	5,512
Due to local governments	-	5,377	741	6,118
Due to others	2,486,435	12,770	330,298	2,829,503
Total Liabilities	\$ 2,486,435	\$ 18,448	\$ 496,044	\$ 3,000,927

STATE OF ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005
 (Expressed in Thousands)

	BALANCE JULY 1, 2004	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2005
TREASURER CUSTODIAL SECURITIES FUND				
Assets:				
Custodial securities in safekeeping	\$ 2,497,736	\$ 970,903	\$ 982,204	\$ 2,486,435
Total Assets	<u>\$ 2,497,736</u>	<u>\$ 970,903</u>	<u>\$ 982,204</u>	<u>\$ 2,486,435</u>
Liabilities:				
Due to others	\$ 2,497,736	\$ 970,903	\$ 982,204	\$ 2,486,435
Total Liabilities	<u>\$ 2,497,736</u>	<u>\$ 970,903</u>	<u>\$ 982,204</u>	<u>\$ 2,486,435</u>
 OTHER TREASURER FUNDS				
Assets:				
Cash and pooled investments with State Treasurer	\$ 24,696	\$ 346,489	\$ 352,773	\$ 18,412
Interest receivable	29	36	29	36
Total Assets	<u>\$ 24,725</u>	<u>\$ 346,525</u>	<u>\$ 352,802</u>	<u>\$ 18,448</u>
Liabilities:				
Accounts payable and other current liabilities	\$ -	\$ 81,612	\$ 81,311	\$ 301
Due to local governments	11,412	278,554	284,589	5,377
Due to others	13,313	30,697	31,240	12,770
Total Liabilities	<u>\$ 24,725</u>	<u>\$ 390,863</u>	<u>\$ 397,140</u>	<u>\$ 18,448</u>

(Continued)

STATE OF ARIZONA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005
 (Expressed in Thousands)

	BALANCE JULY 1, 2004	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2005
OTHER FUNDS				
Assets:				
Cash	\$ 35,661	\$ 632,066	\$ 624,288	\$ 43,439
Cash and pooled investments with State Treasurer	157,488	5,087,803	4,947,185	298,106
Short-term investments	2,127	2,353	2,127	2,353
Receivables, net of allowances:				
Interest	84	263	80	267
Other	1,064	207	1,064	207
Due from others	89,446	90,945	89,446	90,945
Custodial securities in safekeeping	60,214	57,118	60,214	57,118
Other assets	2,089	3,609	2,089	3,609
Total Assets	<u>\$ 348,173</u>	<u>\$ 5,874,364</u>	<u>\$ 5,726,493</u>	<u>\$ 496,044</u>
Liabilities:				
Accounts payable and other current liabilities	\$ 122,417	\$ 6,700,857	\$ 6,663,781	\$ 159,493
Accrued liabilities	7,412	5,512	7,412	5,512
Due to local governments	831	1,538	1,628	741
Due to others	217,513	1,013,092	900,307	330,298
Total Liabilities	<u>\$ 348,173</u>	<u>\$ 7,720,999</u>	<u>\$ 7,573,128</u>	<u>\$ 496,044</u>

COMBINED TOTAL ALL AGENCY FUNDS

Assets:				
Cash	\$ 35,661	\$ 632,066	\$ 624,288	\$ 43,439
Cash and pooled investments with State Treasurer	182,184	5,434,292	5,299,958	316,518
Short-term investments	2,127	2,353	2,127	2,353
Receivables, net of allowances:				
Interest	113	299	109	303
Other	1,064	207	1,064	207
Due from others	89,446	90,945	89,446	90,945
Custodial securities in safekeeping	2,557,950	1,028,021	1,042,418	2,543,553
Other assets	2,089	3,609	2,089	3,609
Total Assets	<u>\$ 2,870,634</u>	<u>\$ 7,191,792</u>	<u>\$ 7,061,499</u>	<u>\$ 3,000,927</u>
Liabilities:				
Accounts payable and other current liabilities	\$ 122,417	\$ 6,782,469	\$ 6,745,092	\$ 159,794
Accrued liabilities	7,412	5,512	7,412	5,512
Due to local governments	12,243	280,092	286,217	6,118
Due to others	2,728,562	2,014,692	1,913,751	2,829,503
Total Liabilities	<u>\$ 2,870,634</u>	<u>\$ 9,082,765</u>	<u>\$ 8,952,472</u>	<u>\$ 3,000,927</u>

