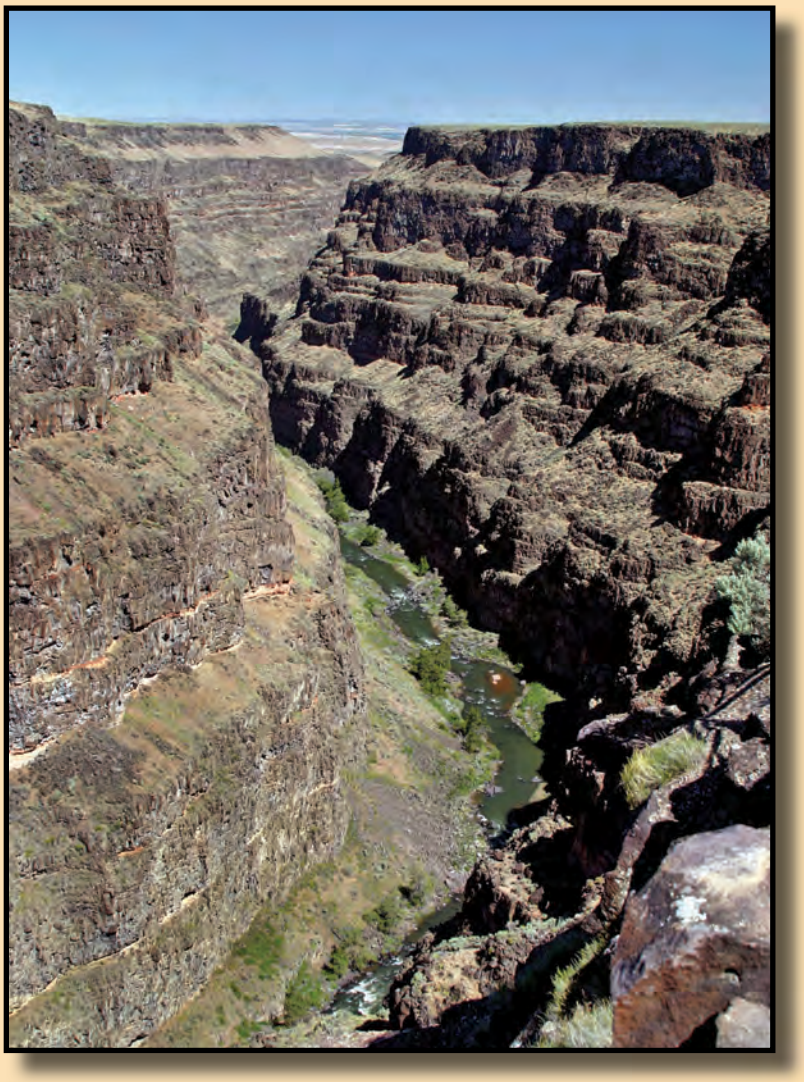
State of

IDAHO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

Scenic Idaho



Bruneau Canyon
Owyhee County

On the cover: **Mt. McGowan, Stanley Lake, Custer County**
All photos courtesy of the Idaho Department of Commerce

State of

IDAHO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

C.L. “Butch” Otter
Governor

Donna M. Jones
State Controller

Prepared by the Office of the State Controller

This document and related information is available at www.sco.idaho.gov

State of Idaho

Office of the State Controller

Donna M. Jones
State Controller

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Thanks and appreciation to the Bureaus of Accounting Operations, Systems Administration, and Application Development in the Office of the State Controller.

Special appreciation to all fiscal and accounting personnel throughout the State whose efforts to contribute accurate, timely financial data for their agencies make this report possible.

State of Idaho
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2011

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Sunset at Lake Pend Oreille
Bonner and Kootenai Counties

Introductory Section

STATE OF IDAHO
OFFICE OF THE STATE CONTROLLER
Donna M. Jones

December 23, 2011

To: The Citizens, Governor, and Members of the Idaho State Legislature

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011, in accordance with Idaho Code, Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and to responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

The Office of the State Controller assumes responsibility for both the reliability and completeness of the information presented in this report. Internal controls are designed to provide reasonable, but not absolute, assurance the financial statements are free from material misstatement. I am confident the data presented is accurate in all material respects and fairly sets forth the financial position of state operations based upon the internal control structure established by management.

In accordance with Idaho Code, Section 67-702, the Legislative Audit staff of the State Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2011. Based upon that audit, the independent auditor has issued an unqualified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

In addition, the Legislative Audit staff conducts statewide audits under the Federal Single Audit Act of 1984 and the related Office of Management and Budget Circular No. A-133 in order to meet the special needs of federal grantor agencies. Information regarding Idaho's Single Audit is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Idaho was admitted into the Union as the 43rd state in 1890. The State covers 83,557 square miles and has a population of 1.6 million people.

Idaho's government is divided into three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and the Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is administered and supervised by the Idaho Supreme Court which is presided over by a Chief Justice and four Associate Justices.

The State provides services such as education, health and human services, highway maintenance and construction, public safety and correction, natural resource management, and economic development programs. The financial reporting entity includes all funds of the primary government as well as material component units for which the primary government is financially accountable. Additional information on component units can be found in Note 1 to the financial statements.

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System to ensure expenditures do not exceed authorized appropriations. The budgetary process is further described in the note to the required

supplementary information and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

Article VII of the Idaho Constitution allows for state revenue generation from a number of sources. This balanced approach to funding essential services allows the State to operate on a sound fiscal basis in a variety of economic conditions. In comparison to some neighboring states that rely primarily upon sales tax or income tax, Idaho derives comparable amounts of its own-source revenues from both sources, ensuring that vital services are less prone to disruption.

The State, through Idaho Code, Sections 57-814, 67-3520, and 33-907, maintains reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Effects of the recession are reflected in the reduction of the reserve accounts. The fiscal year 2011 ending fund balance in the reserve funds was as follows: Budget Stabilization fund $0.3 million, down $30.6 million; Economic Recovery fund $0.3 million, down $48.8 million; and Public Education Stabilization fund $11.2 million, down $12.0 million.

Economy

The nation's weak economic recovery has also been felt in Idaho. While Idaho's economy is expected to grow over the next three years, the recovery will be modest. Economists believe Idaho employment will grow faster than the national average through 2014. Idaho nonfarm employment is forecast to grow an average of 2.3 percent over the next three years while national employment growth is predicted to average about 1.3 percent. In addition, by 2014 the State is expected to gain back virtually all of the jobs it lost since 2007, although state and local government employment is expected to increase less than half a percent in the next three years. Current nonfarm employment of 605,137 is expected to grow to 648,515 jobs by 2014.

Idaho's population is predicted to grow about 1.7 percent each year for the next three years, from 1,593,400 in 2011 to 1,677,200 in 2014. The growth is a result of an increased birth rate and net migration. Although housing starts are forecast to rise an average 41.7 percent per year over the next three years, the total starts are still below 2007 levels of 14,366. The large percentage of growth is due to the low base level of 4,484 starts in 2011.

With a rise in the U.S. Gross Domestic Product, economists predict Idaho will also see a rise in per capita income from $33,740 in 2011 to $35,666 in 2014. Although per capita income will increase over the next three years so will government payments to qualifying recipients, indicating an economy still in recovery. Income increases will be offset by rising prices. The rate of inflation is expected to grow by close to 2 percent per year, from 2.25 percent in 2011 to 2.37 percent in 2014, primarily due to increased energy and food prices.

Long-Term Financial Planning

Revenue forecasts for fiscal year 2012 predict increases in individual income, corporate income, and sales taxes of 7.7 percent, 4.1 percent, and 7.3 percent respectively. Anticipated tax revenue for fiscal year 2012 includes $1.2 billion of individual income, $175.9 million of corporate income, and $1.0 billion of sales tax. Use of some cash reserves and increased tax revenue coupled with further decreases in spending for Medicaid, public schools, higher education, and other state agencies were required to balance the 2012 budget.

In order to improve and maintain the State's system of roads and highways, the Legislature in 2006 authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. To date, more than $840.0 million in bonds have been issued and improvements to six major transportation corridors have been initiated.

The Idaho Department of Labor experienced unprecedented demand for unemployment compensation during the recession, draining the unemployment reserve fund. To continue paying unemployment claims the Department borrowed $202.4 million from the federal government. The rate of contributions paid by employers into the fund will increase by 0.09 percent per year beginning in 2012 to pay off the loan and to recharge the reserve fund.

Major Initiatives

- The Department of Health and Welfare received an appropriation of $2.2 billion, a decrease of 1.8 percent from the previous year. Portions of the decrease are due to substance abuse treatment dollars being appropriated to specific oversight agencies and a reduction in spending in the Medicaid program. Federal funding provided 64.7 percent of the Department's total appropriation.
- The Public Schools' appropriation is $1.6 billion, a decrease of $81.2 million from the previous year. The major decrease in spending will be for operations.

Teachers' salaries increased $21.2 million, with a requirement to raise the minimum teacher salary to $30,000.

- The Legislature appropriated $562.5 million to the Idaho Transportation Department, a 31 percent decrease from the previous year. Funding for highway construction projects and right-of-way acquisition increased due to an increase in revenues from motor vehicle fuel taxes. The Legislature also granted bonding authority for the issuance of $162.0 million in GARVEE bonds in fiscal year 2012. This issuance includes construction on State Highway 16 and US-95 from Garwood to Granite.
- The colleges and universities received an appropriation of $396.7 million for fiscal year 2011, a decrease of 8.2 percent from the previous year. Increased revenue from tuition and fees due to increased enrollment will help offset this decrease.
- A total appropriation of $183.0 million for the Department of Correction is an overall increase of 6.3 percent from the prior year. Increases will cover inmate population growth and contractual inflationary adjustments.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This is the 14th consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The Public Employee Retirement System of Idaho (PERSI) has prepared a Comprehensive Annual Financial Report for the System for the last 20 years. The PERSI also received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2010.

The State Controller's Office takes great pride in the preparation of this comprehensive report. I am pleased to recognize the professionalism and dedication demonstrated by financial managers and accountants of the state agencies and component units, along with staff within the State Controller's Office. In addition, the auditing staff of the Legislative Services Office must be recognized for their independence, dedication, and professionalism. Credit must also be given to Governor Otter and other state leaders for their dedication towards the management of Idaho's finances.

Respectfully submitted,

Donna M. Jones
Idaho State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

2011 Organization Chart
Idaho State Government

Citizens of Idaho

LEGISLATIVE BRANCH
- Senate
- House of Representatives
- Legislative Services

EXECUTIVE BRANCH
- Governor
- Lieutenant Governor
- Attorney General
- Secretary of State
- State Controller
- State Treasurer
- Superintendent of Public Instruction

JUDICIAL BRANCH
- Supreme Court
- Court of Appeals
- District Court
- Magistrate Court

State Agencies, Boards, Commissions, and Divisions by Function

General Government

- Board of Tax Appeals
- Commissions:
  - Aging
  - Arts
  - Blind and Visually Impaired
  - Idaho Code
  - Tax
  - Uniform Laws
- Department of Administration
- Divisions of:
  - Financial Management
  - Human Resources
  - Liquor
  - Military
- Offices of:
  - Drug Policy
  - Species Conservation
- Public Employee Retirement System
- State Bar
- State Building Authority

Education

- Boise State University
- Division of Professional-Technical Education
- Eastern Idaho Technical College
- Idaho State University
- Lewis-Clark State College
- Public Broadcasting
- State Board of Education
- University of Idaho
- Vocational Rehabilitation

Natural Resources

- Departments of:
  - Environmental Quality
  - Fish and Game
  - Lands
  - Parks and Recreation
  - Water Resources
- Endowment Fund Investment Board
- Office of Energy Resources
- Lava Hot Springs Foundation

Public Safety

- Brand Inspector
- Commissions:
  - Pardons and Parole
  - Racing
- Correctional Industries
- Departments of:
  - Correction
  - Juvenile Corrections
- Idaho State Police

Health and Human Services

- Catastrophic Health Care
- Department of Health and Welfare

Economic Development

- Appellate Public Defender
- Boards of:
  - Accountancy
  - Dentistry
  - Engineers and Surveyors
  - Examiners
  - Medicine
  - Nursing
  - Outfitters and Guides
  - Pharmacy
  - Veterinary Medicine
- Bureau of Occupational Licenses
- Commissions:
  - Dairy Products
  - Hispanic Affairs
  - Industrial
  - Libraries
  - Potato
  - Public Utilities
  - Real Estate
  - Soil and Water Conservation
  - Wheat
- Departments of:
  - Agriculture
  - Commerce
  - Finance
  - Insurance
  - Labor
  - Transportation
- Divisions of:
  - Building Safety
  - Veterans Services
- Idaho State Lottery
- State Historical Society

Elected Officials of the State of Idaho

C.L. "Butch" Otter
Governor

Ben Ysursa
Secretary of State

Donna M. Jones
State Controller

Brad Little
Lieutenant Governor

Ron G. Crane
State Treasurer

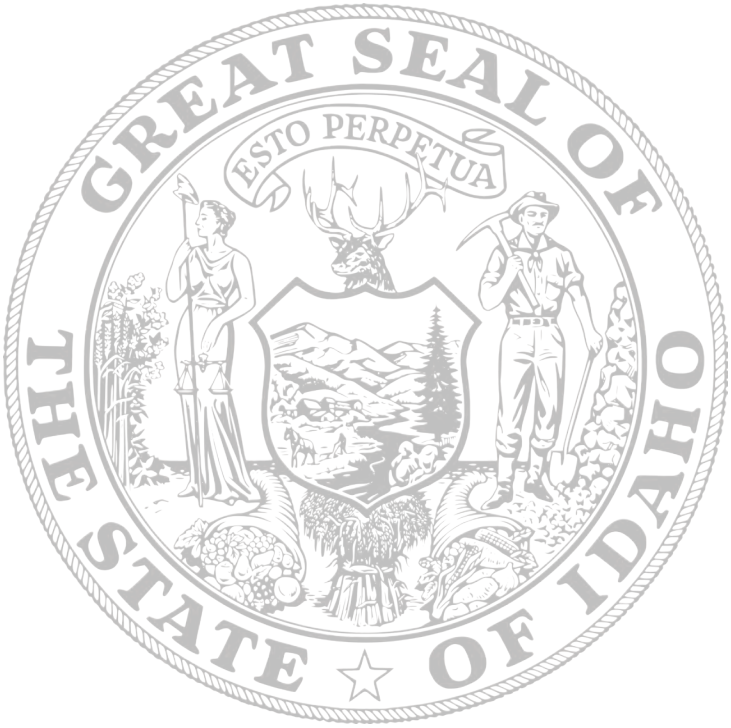
Lawrence G. Wasden
Attorney General

Tom Luna
Superintendent of Public Instruction

Lawerence E. Denney
Speaker, Idaho House of Representatives

Daniel T. Eismann
Chief Justice, Idaho Supreme Court

Brent Hill
President Pro Tempore, Idaho State Senate


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Teton Mountains in Winter
Teton County

Financial Section

Legislative Services Office
Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 23, 2011

Independent Auditor's Report

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Donna M. Jones, State Controller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Idaho as of and for the year ended June 30, 2011, that collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, nor the Endowment Fund Investment Board, State Lottery Commission, Public Employees Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDeal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Petroleum Clean Water Trust Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association. Those financial statements represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Government-Wide Financial Statements	Percent of Assets	Percent of Revenues
Primary Government - Governmental Activities	16.4%	5.4%
Primary Government - Business-Type Activities	63.4%	50.7%
Aggregate Discretely Presented Component Units	100.0%	100.0%

Fund Financial Statements	Percent of Assets	Percent of Revenues
Governmental Funds Land Endowments – Major Fund	99.9%	100.0%
Proprietary Funds		
College and Universities - Major Fund	100.0%	100.0%
Aggregate Remaining Fund Information	82.5%	42.3%

Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for those agencies and component units, are based on the reports of the other auditors.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

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www.legislature.idaho.gov

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. The financial statements of the Idaho Housing and Finance Association, Lewis-Clark State College, Boise State University, Idaho State University, University of Idaho, Eastern Idaho Technical College Foundation, Lewis-Clark State College Foundation, Boise State University Foundation, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, are not covered by our reports in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 12, and the required supplementary information on pages 104 through 109, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sincerely,

Don H. Berg, CGFM, Manager
Legislative Audits Division

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State of Idaho for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section and the financial statements which begin on page 13.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights

Idaho reported net assets of $9.4 billion for the fiscal year ended June 30, 2011, comprised of $12.4 billion in total assets offset by $3.0 billion in total liabilities. Of this amount, $672.4 million (unrestricted net assets) may be used to meet the State's ongoing obligations to citizens and creditors.

The State's total net assets increased by $713.5 million during fiscal year 2011. Net assets of governmental activities increased $499.1 million, while net assets of business-type activities increased $214.4 million.

Fund Highlights

At the close of the fiscal year the State's governmental funds reported combined ending fund balances of $2.5 billion. Approximately 44.6 percent ($1.1 billion) of the ending fund balance cannot be spent because it is not in spendable form or because of legal or contractual requirements. Another 46.8 percent ($1.2 billion) of the ending fund balance is restricted, committed, or assigned for a specific purpose and may be spent upon legislative approval. About 8.6 percent ($212.2 million) of the ending fund balance is considered unassigned and may be spent at the State's discretion, with legislative approval, or represents a negative fund balance. This includes the General Fund's unassigned fund balance of $269.2 million and the Health and Welfare fund's negative balance of $57.0 million.

Long-Term Debt

The State's long-term debt increased $61.8 million from $1,358.3 million in fiscal year 2010 to $1,420.1 million in fiscal year 2011. The key factor in this increase was a note issued by the Idaho Transportation Department for highway construction.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report is an introduction to the State's basic financial statements, which include the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities, which provide information about the State as a whole and present a long-term view of the State's finances using accounting methods similar to those used in the private sector. The statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting, under which the current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The *Statement of Net Assets* reports all of the State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the State's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This Statement reports expenses and revenues in a format that focuses on the net cost of each function, allowing you to see which functions of the State draw upon the general revenues of the State and which functions contribute to the general revenues of the State.

The government-wide financial statements are divided into the following three categories:

Governmental activities encompass most of the State's basic services such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Taxes and federal grants are the major funding sources for most of these activities.

Business-type activities account for operations that function in a manner similar to a private business, where all or a significant portion of costs are recovered through

user fees and charges to external customers. These activities primarily include higher education, unemployment benefit payments, and loans to cities and counties to make improvements to wastewater and drinking water systems.

Discretely presented component units are organizations legally separate yet financially accountable to the State. Discretely presented component units include the Idaho Housing and Finance Association, the college and university foundations, the Petroleum Clean Water Trust Fund, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, and the Idaho Bond Bank Authority.

Fund Financial Statements

The fund financial statements provide detailed information about the State's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Fund accounting is used to demonstrate compliance with finance-related legal requirements. The State's funds are divided into the following three categories:

Governmental funds account for most of the State's basic services and provide a detailed short-term view of the State's general government operations. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the fund financial statements focus on near-term inflows and outflows of resources, as well as on balances available at the end of the fiscal year that are available for future spending. Such information may be useful in evaluating the State's near-term financial position. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include the General Fund, special revenue funds, permanent funds, and capital projects funds.

Two schedules in the governmental fund financial statements reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities and balances reported on the appropriate government-wide statements (accrual accounting). Comparing the information presented for governmental funds with similar information presented in the government-wide financial statements may provide a better understanding of the long-term impact of the State's near-term financing decisions.

Proprietary funds account for activities similar to for-profit enterprises, where the determination of net income is necessary for sound financial administration. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies and services to other funds or departments of the primary government. Internal service funds are reported as governmental activities on the government-wide statements since their services predominantly benefit the State. Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. As in the government-wide statements, proprietary fund financial statements use the accrual basis of accounting.

Fiduciary funds account for resources held for the benefit of parties outside the State. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's programs. These funds are reported using the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements beginning on page 38 provide additional information that is essential to an understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further supports the information in the financial statements. The Required Supplementary Information section begins on page 103 and includes the following:

- Budgetary comparison schedules and note disclosure, which show how the General Fund presented in the governmental fund financial statements reconciles to the legally adopted budget
- Condition and maintenance data regarding the State's infrastructure reported using the modified approach
- Schedules of funding progress and actuarial information related to the State's obligation to provide pension and postemployment benefits to certain employees

Other Supplementary Information

Combining financial statements, starting on page 110, are presented to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements agree with the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

Net assets measure the difference between what the State owns (assets) versus what the State owes (liabilities). Net assets may serve over time as a useful indicator of the State's financial position. The State's assets exceeded liabilities by $9.4 billion for the most recent fiscal year. The State's combined net assets increased $713.5 million over the course of this fiscal year's operations. Net assets of governmental activities increased $499.1 million, and business-type activities net assets increased $214.4 million.

Net Assets
June 30, 2011 and 2010
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Assets						
Current and Other Assets	$3,866,395	$3,623,812	$1,463,473	$1,321,202	$5,329,868	$4,945,014
Capital Assets	6,006,799	5,602,576	1,115,627	1,064,341	7,122,426	6,666,917
Total Assets	**9,873,194**	**9,226,388**	**2,579,100**	**2,385,543**	**12,452,294**	**11,611,931**
Liabilities						
Other Liabilities	1,015,033	1,062,840	246,951	250,947	1,261,984	1,313,787
Long-Term Liabilities	1,043,343	847,892	708,876	725,690	1,752,219	1,573,582
Total Liabilities	**2,058,376**	**1,910,732**	**955,827**	**976,637**	**3,014,203**	**2,887,369**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	5,277,344	4,953,158	659,216	610,890	5,936,560	5,564,048
Restricted	2,059,484	1,784,243	769,693	604,989	2,829,177	2,389,232
Unrestricted	477,990	578,255	194,364	193,027	672,354	771,282
Total Net Assets	**$7,814,818**	**$7,315,656**	**$1,623,273**	**$1,408,906**	**$9,438,091**	**$8,724,562**

More detailed information regarding net assets can be found in Note 13.

The largest component of the State's net assets, 62.9 percent ($5.9 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net assets are the next largest component, comprising 30 percent ($2.8 billion). These resources are not available for general use due to restrictions placed on them by external parties such as creditors, grantors, or contributors; or by state law through constitutional provisions or enabling legislation.

The remaining 7.1 percent ($0.7 billion) of net assets represents unrestricted net assets, which may be used at the State's discretion but often have limitations on use based on state statutes.

At the end of the current fiscal year, the State reported positive balances in all three categories of net assets for the State as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net Assets

The following condensed financial information was derived from the current and prior year government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year:

Change in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent
	2011	2010*	2011	2010*	2011	2010*	Change
Revenues							
Program Revenues							
Charges for Services	$570,793	$522,552	$1,051,527	$928,120	$1,622,320	$1,450,672	11.8
Operating Grants and Contributions	3,160,919	2,935,393	606,597	637,456	3,767,516	3,572,849	5.4
Capital Grants and Contributions	6,058	4,660	27,861	44,094	33,919	48,754	(30.4)
General Revenues							
Sales Tax	1,165,095	1,127,013			1,165,095	1,127,013	3.4
Individual and Corporate Taxes	1,296,558	1,242,032			1,296,558	1,242,032	4.4
Other Taxes	458,807	407,272			458,807	407,272	12.7
Other	43,092	42,920			43,092	42,920	0.4
Total Revenues	6,701,322	6,281,842	1,685,985	1,609,670	8,387,307	7,891,512	6.3
Expenses							
General Government	453,141	548,757			453,141	548,757	(17.4)
Public Safety and Correction	296,034	320,423			296,034	320,423	(7.6)
Health and Human Services	2,510,983	2,092,319			2,510,983	2,092,319	20.0
Education	1,777,026	1,830,608			1,777,026	1,830,608	(2.9)
Economic Development	688,431	799,054			688,431	799,054	(13.8)
Natural Resources	241,203	241,508			241,203	241,508	(0.1)
Interest Expense	50,773	45,782			50,773	45,782	10.9
College and University			923,760	898,012	923,760	898,012	2.9
Unemployment Compensation			482,087	666,808	482,087	666,808	(27.7)
Loan			14,571	9,624	14,571	9,624	51.4
State Lottery			112,003	110,204	112,003	110,204	1.6
State Liquor			117,039	118,022	117,039	118,022	(0.8)
Correctional Industries			6,727	6,553	6,727	6,553	2.7
Total Expenses	6,017,591	5,878,451	1,656,187	1,809,223	7,673,778	7,687,674	(0.2)
Increase (Decrease) in Net Assets before Transfers	683,731	403,391	29,798	(199,553)	713,529	203,838	250.0
Transfers	(184,569)	(206,246)	184,569	206,246	0	0	
Change in Net Assets	499,162	197,145	214,367	6,693	713,529	203,838	250.0
Net Assets, Beginning of Year, as Restated	7,315,656	7,118,511	1,408,906	1,402,213	8,724,562	8,520,724	2.4
Net Assets, End of Year	**$7,814,818**	**$7,315,656**	**$1,623,273**	**$1,408,906**	**$9,438,091**	**$8,724,562**	8.2

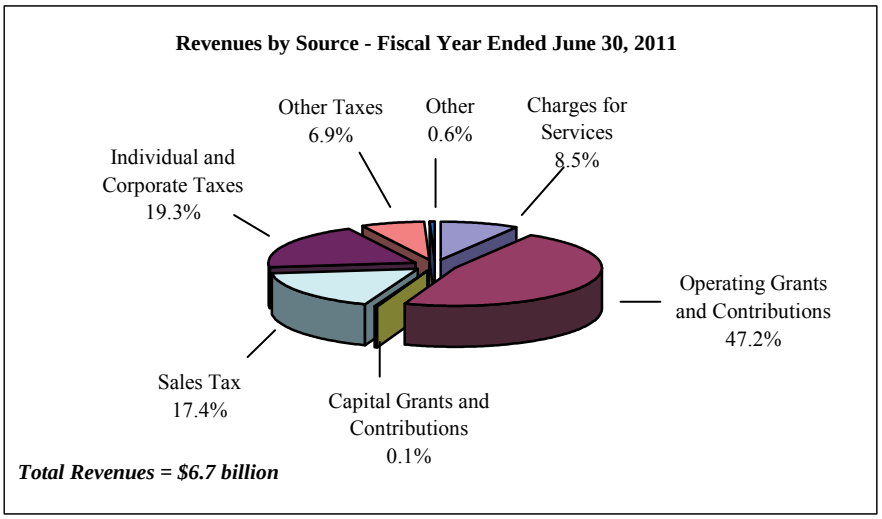
Amounts in these columns have been restated due to prior period adjustments that did not affect net assets. The Total Percent Change column shows the percentage change in operation from fiscal year 2010 to 2011 for each line item. Readers should be cautious when using this column to evaluate the overall change in net assets. Although a line may show a large percentage change (e.g., 51.4 percent for the Loan fund of $4.9 million), it may not have as significant of an effect on the overall change in net assets as a change in a more material line item with a smaller percentage change (e.g., 2.9 percent for Education of $53.6 million).

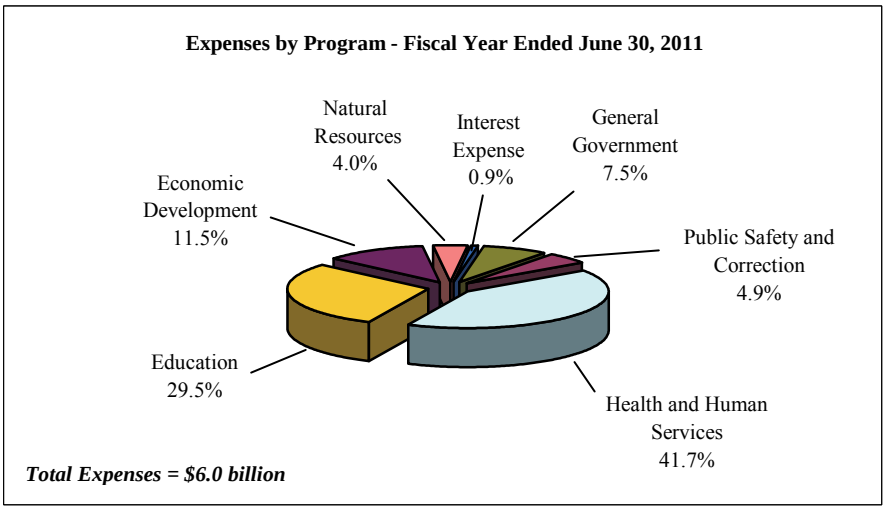
Governmental Activities

The overall financial position for Governmental Activities improved during the fiscal year, as evidenced by the 6.8 percent increase ($499.2 million) in net assets. All categories of revenue saw increases in revenue as the economy started to improve. The most significant increase was $225.5 million (7.7 percent) for Operating Grants and Contributions due to the receipt of federal stimulus money from the American Recovery and Reinvestment Act of 2009 (ARRA).

Overall, expenditures increased by $139.1 million (2.4 percent) from the prior year. Most categories of expenditures decreased to meet the challenges of balancing the state budget during a long recession; however, Health and Human Services experienced a $418.7 million (20 percent) increase in expenditures due to greater medical assistance payments, mainly related to Medicaid and rehabilitation services.

The following charts depict revenues and expenses of the governmental activities:





Business-Type Activities

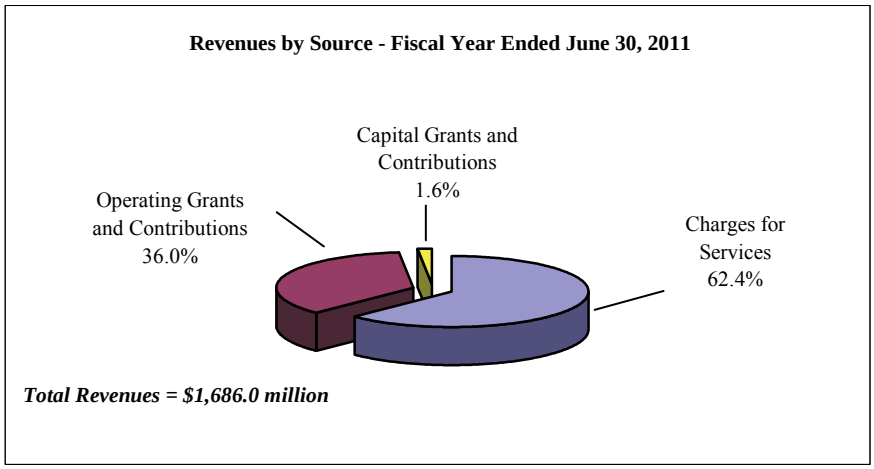
Business-type activities' net assets increased by 15.2 percent ($214.4 million) during the fiscal year. The largest changes were seen in the following funds:

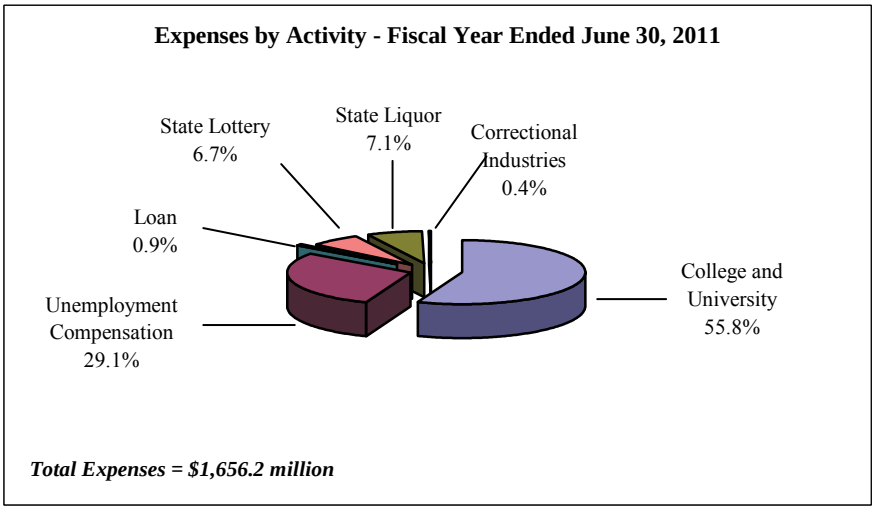
- The Unemployment Compensation fund net assets increased by $100.9 million from the previous year's balance of $29.8 million. The increase was primarily due to greater employer assessment collections, which increased by $84.2 million (33.3 percent) over fiscal year 2010, mainly due to a change in the employer contribution rate.

- College and University fund net assets increased by 7.6 percent ($69.5 million) primarily due to an increase of $31.5 million in student tuition and fees and an increase of $13.7 million in gifts and grants.

- Loan fund net assets increased by 12.2 percent ($47.9 million) primarily due to an increase in federal grants of $18.2 million to provide loans to municipalities for improvements to wastewater and drinking water systems. Grant revenues were offset in part by an increase of $6.3 million in expenditures for subgrants and loans to municipalities to make improvements to wastewater and drinking water systems.

The following charts depict revenues and expenses of the business-type activities:





FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The State implemented a new accounting standard during fiscal year 2011, which required the reclassification of $30.7 million in beginning fund balances from the nonmajor special revenue funds to the General Fund. The Health and Welfare Fund reported changes to the prior year's revenues and expenditures that did not affect equity. To enhance comparability, amounts presented for 2010 in this analysis were revised to reflect the changes as if they had taken place in the prior year.

At the close of fiscal year 2011, the State's governmental funds reported combined ending fund balances of $2.5 billion, an increase of $235.2 million in comparison with fiscal year 2010. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: $1.1 billion (44.6 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: $857.1 million (34.6 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: $246.7 million (9.9 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or a governing body or official to whom the Legislature has delegated the authority: $57.4 million (2.3 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund. The General Fund reported a $269.3 million (10.9 percent) unassigned fund balance. In other governmental funds, if expenditures exceed amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance has been reported. The Health and Welfare Fund reported a negative $57.0 million (2.3 percent) unassigned fund balance.

The General Fund is the chief operating fund of the State. At the end of fiscal year 2011 total fund balance increased 3 percent ($19.7 million) primarily due to increases in individual and corporate income tax of $60.4 million and increased sales tax revenue of $41.1 million. Expenditures decreased by $36.9 million for General Government purposes, by $65.6 million for capital outlay, and $20.0 million for capital leases. These decreases in expenditures were necessary to balance the State's budget. These decreases in spending were offset by an increase of $108.8 million in education expenditures.

The Health and Welfare fund balance decreased by $64.6 million during the fiscal year, primarily as a result of increased expenditures of $234.5 million due to greater Medicaid and rehabilitation services and income assistance payments. These decreases to fund balance were offset in part by increases of $95.7 million in federal grant revenue from federal stimulus dollars and $36.3 million in other taxes, primarily as a result of changes to the Hospital Assessment Act.

The Transportation fund balance increased 13.8 percent ($26.2 million) during the fiscal year primarily as a result of increases of $50.5 million in federal grants from federal stimulus dollars for highway improvements. This increase was offset by an increase of $35.7 million in capital outlay expenditures and a $12.8 million increase in payments made toward a note payable to the Idaho Housing and Finance Association. The Association issued Grant Anticipation Revenue Vehicle (GARVEE) bonds on behalf of the State for improvements to Idaho's roads. The proceeds and expenditures from GARVEE bonds are reported separately as a capital projects fund in the nonmajor governmental funds.

The Land Endowments fund balance increased by 21.5 percent or $224.3 million during the fiscal year, due mainly to a $108.6 million increase in the fair market value of investments attributable to strong growth in stock prices. Revenues also reflect an increase of $21.3 million primarily due to higher levels of timber harvests.

The Nonmajor Governmental fund balance increased by $29.6 million during the fiscal year, mainly due to decreased expenditures for education ($150.4 million) and capital outlay ($64.6 million) to compensate for a decrease in federal stimulus funding of $126.7 million over fiscal year 2010.

Proprietary Funds

Proprietary funds provide the same type of information found in the Business-Type Activities columns of the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue collections for 2011 were $95.9 million more than revenue projections used for the original General Fund budget of $2.4 billion. The difference between budgeted and actual revenues collected was due to the

estimated fiscal impact of legislation that was passed. Because revenues exceeded the amounts used to set the fiscal year 2011 budget, an additional $59.9 million was appropriated to public schools and an additional $7.5 million to community colleges. The cash balance carried over into fiscal year 2012 was $68.7 million. Overall, the General Fund revenue was 4.9 percent ($125.7 million) more in fiscal year 2011 than in fiscal year 2010.

The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable $151.7 million (5.2 percent).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the State had $7.1 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled $127.5 million.

Capital Assets as of June 30, 2011 and 2010

(Net of depreciation, dollars in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	**2010***	**2011**	**2010**	**2011**	**2010***
Land and Land Use Rights	$1,044,025	$1,012,848	$102,082	$99,227	$1,146,107	$1,112,075
Capital Assets in Progress	1,231,814	1,037,658	71,962	94,412	1,303,776	1,132,070
Infrastructure--not Depreciated	2,283,188	2,155,646			2,283,188	2,155,646
Historial Art and Collections	122	122	2,219	2,191	2,341	2,313
Buildings and Improvements	613,370	594,795	810,839	750,359	1,424,209	1,345,154
Improvements Other Than Buildings	48,326	55,525	30,582	20,305	78,908	75,830
Machinery, Equipment, and Other	171,954	167,652	97,943	97,847	269,897	265,499
Infrastructure--Depreciated	614,000	578,330			614,000	578,330
Total	**$6,006,799**	**$5,602,576**	**$1,115,627**	**$1,064,341**	**$7,122,426**	**$6,666,917**

*These columns have been restated for a reclassification between Land and Capital Assets in Progress. More detailed information can be found in Note 6.

The total increase in invested in capital assets, net of related debt, for the current fiscal year (including additions and deductions) was 6.7 percent ($372.5 million) over the previous year's adjusted ending balance. This year's major additions include $439.8 million spent for infrastructure assets, which includes capital assets in progress ($397.8 million), roadways ($11.7 million), rights-of-way ($27.0 million), and bridges, rest areas, and ports of entry ($3.3 million).

The State uses the traditional method of depreciation for its 1,688 bridges and 37 rest areas or ports of entry. The State has adopted the modified approach for reporting roads. Under this alternative method certain maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 11,997 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using two pavement condition data elements, road roughness and pavement distress (cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition assessment rating showed that the State had 16 percent of its road surfaces in poor or very poor condition, an improvement from the 18 percent condition assessment in calendar year 2009. During fiscal year 2011 the State spent $137.9 million to maintain Idaho's road surfaces. This amount is 19.3 percent ($32.9 million) less than the estimated amount of $170.8 million to maintain Idaho's road surfaces. Actual costs were less than estimated costs due to a decline in road construction costs. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

Article VIII, Section 1, of the Idaho Constitution, amended in 1998, specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law, and which have no power to levy taxes or obligate the General Fund of the State, are not debts or liabilities of the State.

Idaho Code, Title 40, addresses the increasing need for timely improvements to Idaho's highway infrastructure. The Idaho Transportation Board, with the approval of the Legislature, can approve debt financing for transportation infrastructure projects utilizing future federal-aid highway revenues. Opinions have been received from the Office of the Attorney General, based on the Idaho Supreme Court decision in *Ada County v. Wright*, to the effect that this procedure does not create a liability of the State in violation of the Idaho Constitution.

New debt resulted mainly from the Idaho Transportation Department issuing $125.9 million in notes payable for highway projects and colleges and universities issuing revenue bonds of $60.8 million to refund outstanding bonds.

Moody's Investors Service has assigned the State of Idaho an issuer rating of Aa1 with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the appropriation-backed lease rental debt issued by the Idaho State Building Authority is rated Aa2, with a stable outlook. More detailed information about the State's long-term debt is presented in Notes 1 and 12 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

After an economic downturn not seen in Idaho since World War II, seasonally adjusted unemployment fell to 8.8 percent (66,400) in October 2011. It was the second straight month Idaho's jobless rate has been below the national rate and the lowest rate seen in 22 months. This slight upturn gives labor economists reason to believe a recovery may have begun.

Congress passed the American Recovery and Reinvestment Act of 2009. The Recovery Act's goals are to create new jobs as well as save existing ones and to spur economic activity and investment in long-term economic growth. At September 30, 2011, of the total $772.9 million in recovery funds awarded to Idaho, $68.5 million was still available for future spending, ($32.6 million for economic development, $13.8 million for natural resources, $11.9 million for education, $6.3 million for health and human resources, $3.7 million for public safety, and $0.2 million for general government). Idaho information related to the American Recovery and Reinvestment Act of 2009 can be obtained at http://accountability.idaho.gov.

The Idaho Legislature faced a daunting budget gap for the third straight year. For fiscal year 2012, the Legislature reduced spending by $101.0 million, used other revenue reserves, and adopted new initiatives to bridge the $193.0 million gap between available revenues and a spending plan that would support current levels of service. The fiscal year 2012 appropriation to public schools totaled $1.6 billion. The appropriation included a $9.3 million increase from the General Fund over the previous year's appropriation. However, when all fund sources are considered and compared to fiscal year 2011, the public schools experienced an overall reduction of $47.1 million (2.9 percent) due to the loss of ARRA money and one-time Endowment Funds that were available in 2011.

The Legislature appropriated $4.3 million to enhance Tax Commission collections staff to reduce the amount of uncollected taxes. Additional revenue from this tax compliance initiative is estimated to be $19.7 million for fiscal year 2012.

Among Business and Economic Development legislation were measures that created the Idaho Small Business Assistance Fund to assist small businesses in competing for federal grants and other awards, provided a refundable income tax to Idaho Businesses for job creation, and authorized the issuance of an additional $162.0 million of Grant Anticipation Revenue Vehicle (GARVEE) bonds to finance highway transportation projects.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, the Legislature, investors, and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the State Controller, 700 West State Street, P.O. Box 83720, Boise, ID 83720-0011, (208) 334-3150, or cafr@sco.idaho.gov.

Moscow Mountain Area
Latah County

Basic Financial Statements

Statement of Net Assets
June 30, 2011
(dollars in thousands)

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Cash and Cash Equivalents	$14,673	$213,939	$228,612
Pooled Cash and Investments	763,011	114,897	877,908
Investments	1,465,548	238,063	1,703,611
Securities Lending Collateral	560,897	102,468	663,365
Accounts Receivable, Net	84,558	194,414	278,972
Taxes Receivable, Net	302,179		302,179
Internal Balances	9,689	(9,689)	
Due from Other Entities	311,142		311,142
Inventories and Prepaid Items	40,673	25,602	66,275
Due from Primary Government			
Due from Component Unit		80,133	80,133
Loans, Notes, and Pledges Receivable, Net	12,504	348,815	361,319
Deferred Outflows	6,962		6,962
Other Assets	10,015	14,092	24,107
Restricted Assets:			
Cash and Cash Equivalents	135,276	79,338	214,614
Investments	149,268	61,401	210,669
Capital Assets:			
Nondepreciable	4,559,149	176,263	4,735,412
Depreciable, Net	1,447,650	939,364	2,387,014
Total Assets	$9,873,194	$2,579,100	$12,452,294
LIABILITIES			
Accounts Payable	$150,088	$29,125	$179,213
Payroll and Related Liabilities	36,179	41,961	78,140
Medicaid Payable	110,615		110,615
Due to Other Entities	62,219	6,102	68,321
Unearned Revenue	48,473	46,611	95,084
Amounts Held in Trust for Others	8,196	2,311	10,507
Due to Primary Government			
Due to Component Unit		434	434
Obligations Under Securities Lending	560,897	102,468	663,365
Deferred Inflows	6,962		6,962
Other Accrued Liabilities	31,404	17,939	49,343
Long-Term Liabilities:			
Due Within One Year	258,565	240,289	498,854
Due in More Than One Year	784,778	468,587	1,253,365
Total Liabilities	2,058,376	955,827	3,014,203
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,277,344	659,216	5,936,560
Restricted for:			
Claims and Judgments	52,378		52,378
Debt Service	20,388	553	20,941
Intergovernmental Revenue Sharing	22,160		22,160
Transportation	213,374		213,374
Regulatory	63,247		63,247
Natural Resources and Recreation	108,886	411,418	520,304
Unemployment Compensation		130,663	130,663
Permanent Trust - Expendable	204,368	98,676	303,044
Permanent Trust - Nonexpendable	1,193,750	78,191	1,271,941
Other Purposes	180,933	50,192	231,125
Unrestricted	477,990	194,364	672,354
Total Net Assets	7,814,818	1,623,273	9,438,091
Total Liabilities and Net Assets	$9,873,194	$2,579,100	$12,452,294

The accompanying notes are an integral part of the financial statements.

Component Units
$53,119
1,217
1,104,645
34,693
2,399
433,917
1,469,322
85,489
116,632
19,185
3,413
5,379
39,138
$3,368,548
$1,270
576
18,828
35,866
80,133
85,489
112,118
168,740
2,258,530
2,761,550
19,497
164,040
126,285
208,829
1,245
87,102
606,998
$3,368,548

Statement of Activities
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	$453,141	$114,669	$81,395	$597
Public Safety and Correction	296,034	37,854	17,575	5
Health and Human Services	2,510,983	23,800	1,847,102	
Education	1,777,026	12,954	299,743	595
Economic Development	688,431	248,199	549,143	4,140
Natural Resources	241,203	133,317	365,961	721
Interest Expense	50,773			
Total Governmental Activities	6,017,591	570,793	3,160,919	6,058
Business-Type Activities				
College and University	923,760	405,450	301,021	27,861
Unemployment Compensation	482,087	337,479	257,162	
Loan	14,571	11,825	48,414	
State Lottery	112,003	147,849		
State Liquor	117,039	141,438		
Correctional Industries	6,727	7,486		
Total Business-Type Activities	1,656,187	1,051,527	606,597	27,861
Total Primary Government	$7,673,778	$1,622,320	$3,767,516	$33,919
Component Units				
Idaho Housing and Finance Association	$204,133	$124,647	$63,927	
College and University Foundation	51,929	1,925	97,514	
Petroleum Clean Water Trust	2,327	3,398		
Health Reinsurance	12,701	6,272	1,028	
Bond Bank Authority	10,531	10,577		
Total Component Units	$281,621	$146,819	$162,469	

GENERAL REVENUES
- Sales Tax
- Individual and Corporate Taxes
- Fuel Tax
- Other Taxes
- Tobacco Settlement
- Unrestricted Investment Earnings
- Payments from State of Idaho

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

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
($256,480)		($256,480)	
(240,600)		(240,600)	
(640,081)		(640,081)	
(1,463,734)		(1,463,734)	
113,051		113,051	
258,796		258,796	
(50,773)		(50,773)	
(2,279,821)		(2,279,821)	
	($189,428)	(189,428)	
	112,554	112,554	
	45,668	45,668	
	35,846	35,846	
	24,399	24,399	
	759	759	
	29,798	29,798	
(2,279,821)	29,798	(2,250,023)	
			($15,559)
			47,510
			1,071
			(5,401)
			46
			27,667
1,165,095		1,165,095	
1,296,558		1,296,558	
231,732		231,732	
227,075		227,075	
24,576		24,576	
18,516		18,516	
			5,401
			2,047
(184,569)	184,569		
2,778,983	184,569	2,963,552	7,448
499,162	214,367	713,529	35,115
7,315,656	1,408,906	8,724,562	571,883
$7,814,818	$1,623,273	$9,438,091	$606,998

Balance Sheet
Governmental Funds
June 30, 2011
(dollars in thousands)

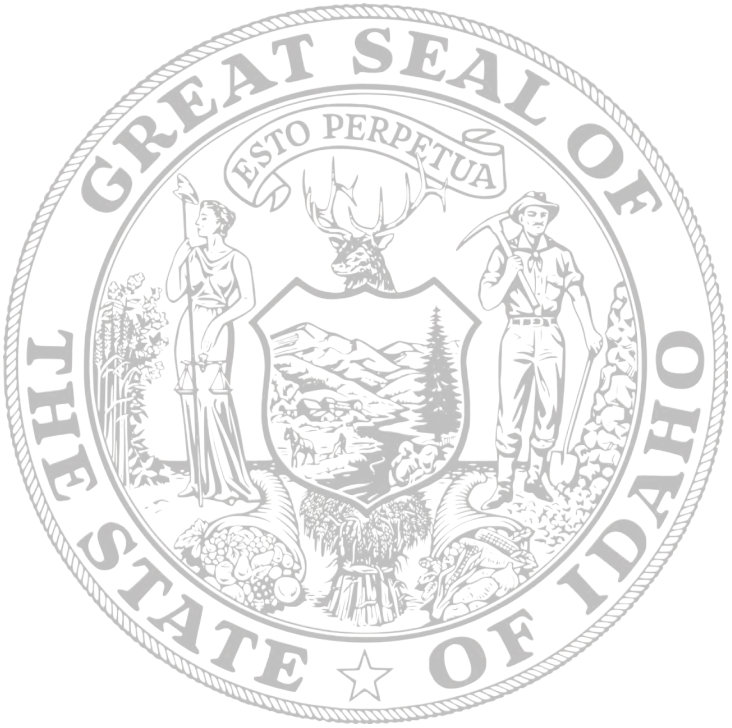
	General	Health and Welfare	Transportation	Land Endowments
ASSETS				
Cash and Cash Equivalents	$650		$7	
Pooled Cash and Investments	372,541		132,637	$126
Investments	11,421		87,355	1,272,769
Securities Lending Collateral	450,228	$2,279	50,835	
Accounts Receivable, Net	22,380	26,724	3,827	14,284
Taxes Receivable, Net	278,158	128	21,053	
Interfund Receivables	50,736	16		
Due from Other Entities	137	212,138	29,886	
Inventories and Prepaid Items	7,872	3,093	16,109	349
Loans, Notes, and Pledges Receivable, Net	2,145		754	
Other Assets	92	16	355	4,213
Restricted Assets:				
Cash and Cash Equivalents	7,540		176	
Investments	127,336	3,917		
Total Assets	$1,331,236	$248,311	$342,994	$1,291,741
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$25,756	$24,713	$22,453	$23,811
Payroll and Related Liabilities	12,455	7,376	4,628	
Medicaid Payable		110,615		
Interfund Payables	1,501	38,667	415	
Due to Other Entities	35,388		26,830	
Deferred Revenue	119,752	110,683	14,736	
Amounts Held in Trust for Others	129	5,585	176	
Obligations Under Securities Lending	450,228	2,279	50,835	
Other Accrued Liabilities	15,461	2,325	7,327	
Total Liabilities	660,670	302,243	127,400	23,811
Fund Balances				
Nonspendable:				
Permanent Trusts				1,063,562
Inventories and Prepaid Items	7,872	3,094	16,109	
Noncurrent Receivables	50			
Restricted	169,750		197,262	204,368
Committed	167,865		2,223	
Assigned	55,778			
Unassigned	269,251	(57,026)		
Total Fund Balances	670,566	(53,932)	215,594	1,267,930
Total Liabilities and Fund Balances	$1,331,236	$248,311	$342,994	$1,291,741

The accompanying notes are an integral part of the financial statements.

Nonmajor Governmental	Total
$14,016	$14,673
213,824	719,128
55,951	1,427,496
35,411	538,753
17,215	84,430
2,840	302,179
2,082	52,834
68,981	311,142
11,494	38,917
9,509	12,408
946	5,622
75,182	82,898
18,015	149,268
$525,466	$3,739,748

$52,802	$149,535
11,189	35,648
	110,615
3,188	43,771
1	62,219
38,487	283,658
2,306	8,196
35,411	538,753
3,098	28,211
146,482	1,260,606

2,908	1,066,470
11,493	38,568
650	700
285,711	857,091
76,571	246,659
1,651	57,429
	212,225
378,984	2,479,142
$525,466	$3,739,748


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
June 30, 2011
(dollars in thousands)

Total Fund Balances - Governmental Funds		$2,479,142
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Land	$1,044,025	
Capital Assets in Progress	1,231,272	
Infrastructure	3,091,396	
Historical Art and Collections	72	
Buildings and Improvements	895,763	
Improvements Other Than Buildings	75,670	
Machinery, Equipment, and Other	406,207	
Accumulated Depreciation	(756,307)	
Total Capital Assets		5,988,098
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		603
Some of the State's revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and, therefore, is deferred in the funds.		251,884
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		114,129
Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets.		3,626
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Capital Leases Payable	(32,352)	
Compensated Absences Payable	(60,388)	
Bonds and Notes Payable	(710,103)	
Accrued Interest on Bonds	(2,969)	
Claims and Judgments	(180,773)	
Other Long-Term Liabilities	(36,079)	
Total Long-Term Liabilities		(1,022,664)
Net Assets - Governmental Activities		$7,814,818

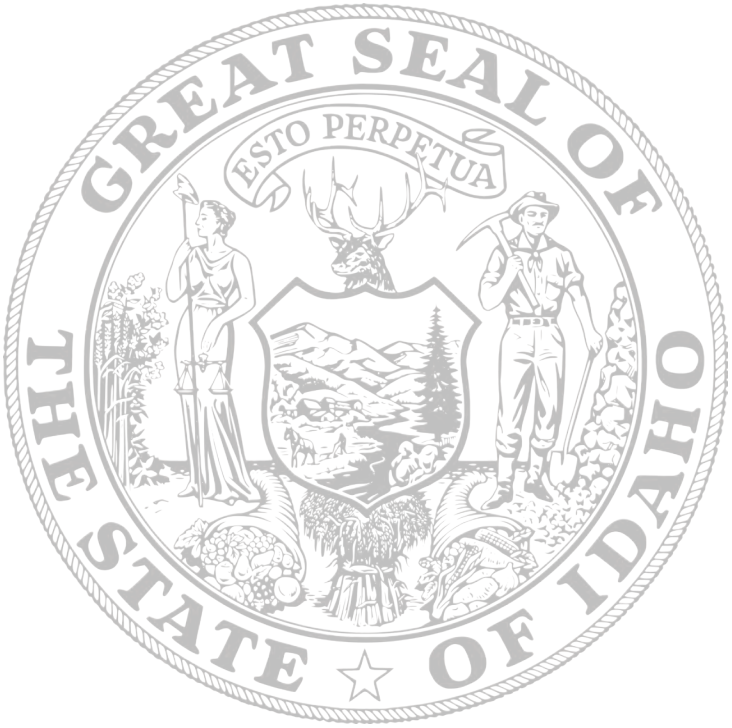
The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	General	Health and Welfare	Transportation	Land Endowments
REVENUES				
Sales Tax	$1,158,726			
Individual and Corporate Taxes	1,288,869			
Other Taxes	58,741	$50,693	$225,461	
Licenses, Permits, and Fees	25,054	19,113	123,090	
Sale of Goods and Services	27,057	10,219	7,146	$69,298
Grants and Contributions	12,806	1,784,529	421,258	
Investment Income	36,640	613	4,004	254,519
Tobacco Settlement	24,445			
Other Income	45,492	200	4,970	
Total Revenues	2,677,830	1,865,367	785,929	323,817
EXPENDITURES				
Current:				
General Government	123,260	39		
Public Safety and Correction	222,589			
Health and Human Services	41,486	2,304,679		
Education	1,472,723			
Economic Development	39,666		186,124	
Natural Resources	27,242			29,069
Capital Outlay	27,443	10,834	388,578	2,842
Intergovernmental Revenue Sharing	181,244	54,115	134,933	
Debt Service:				
Principal Retirement	942		20,936	
Interest and Other Charges	13,333	7	25,882	
Total Expenditures	2,149,928	2,369,674	756,453	31,911
Revenues Over (Under) Expenditures	527,902	(504,307)	29,476	291,906
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions	2,585			
Sale of Capital Assets	114	493	12,399	140
Transfers In	201,063	439,480		
Transfers Out	(711,946)	(229)	(15,685)	(67,787)
Total Other Financing Sources (Uses)	(508,184)	439,744	(3,286)	(67,647)
Net Changes in Fund Balances	19,718	(64,563)	26,190	224,259
Fund Balances - Beginning of Year, as Restated	650,848	10,631	189,404	1,043,671
Fund Balances - End of Year	$670,566	($53,932)	$215,594	$1,267,930

The accompanying notes are an integral part of the financial statements.

Nonmajor Governmental	Total
$4,800	$1,163,526
	1,288,869
124,267	459,162
134,852	302,109
54,649	168,369
609,521	2,828,114
6,712	302,488
	24,445
14,699	65,361
949,500	6,602,443
49,480	172,779
61,619	284,208
	2,346,165
295,893	1,768,616
193,076	418,866
157,601	213,912
144,608	574,305
77,957	448,249
23,993	45,871
12,467	51,689
1,016,694	6,324,660
(67,194)	277,783
125,862	125,862
18	2,603
1,316	14,462
38,251	678,794
(68,677)	(864,324)
96,770	(42,603)
29,576	235,180
349,408	2,243,962
$378,984	$2,479,142


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

Net Change in Fund Balances - Governmental Funds		
		$235,180
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount:		
Capital Outlay	$496,820	
Depreciation Expense	(67,353)	
		429,467
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.		(24,867)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		62,508
The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current year the following debt was incurred:		
Bonds and Notes	(125,861)	
Capital Leases	(2,603)	
		(128,464)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year these amounts consisted of:		
Bond and Note Principal	44,074	
Bond Issue Costs	(374)	
Capital Leases	1,644	
		45,344
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Assets. In the current year these amounts consisted of:		
Accrued Interest and Amortization	1,141	
Compensated Absences	(9,162)	
Claims and Judgments	(100,803)	
Other Long-Term Liabilities	(2,940)	
		(111,764)
Internal service funds are reported separately from governmental funds in the funds statements. In the government-wide statements, internal service funds are included with governmental activities.		(8,242)
Change in Net Assets - Governmental Activities		$499,162

The accompanying notes are an integral part of the financial statements.

Statement of Net Assets
Proprietary Funds
June 30, 2011
(dollars in thousands)

	Business-Type Activities--Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	$124,100	$85,274	$647	$3,918
Pooled Cash and Investments	68,205	12,587	14,108	19,997
Investments	58,177			
Securities Lending Collateral		67,106	35,362	
Accounts Receivable, Net	63,920	127,564	1,233	1,697
Interfund Receivables	2,386			80
Inventories and Prepaid Items	11,342			14,260
Due from Component Unit	1,942			
Loans, Notes, and Pledges Receivable, Net	3,695		11,468	
Other Current Assets	726		5,255	82
Total Current Assets	334,493	292,531	68,073	40,034
Noncurrent Assets				
Restricted Cash and Cash Equivalents	19,019		24,034	36,285
Investments	64,572	115,314		
Restricted Investments	636		60,765	
Due from Component Unit	78,191			
Loans, Notes, and Pledges Receivable, Net	21,788		311,864	
Other Noncurrent Assets	8,019			10
Capital Assets, Net	1,068,900		33,150	13,577
Total Noncurrent Assets	1,261,125	115,314	429,813	49,872
Total Assets	$1,595,618	$407,845	$497,886	$89,906
LIABILITIES				
Current Liabilities				
Accounts Payable	$20,560		$103	$8,462
Payroll and Related Liabilities	41,293			668
Interfund Payables	4,144			8,011
Due to Other Entities				6,102
Unearned Revenue	29,538		17,073	
Amounts Held in Trust for Others	2,311			
Due to Component Unit	434			
Obligations Under Securities Lending		$67,106	35,362	
Other Accrued Liabilities	8,266	7,674	227	1,772
Capital Leases Payable to Component Unit	305			
Compensated Absences Payable	20,349			692
Bonds, Notes, and Capital Leases Payable	16,127	202,402	380	34
Policy Claim Liabilities				
Total Current Liabilities	143,327	277,182	53,145	25,741
Noncurrent Liabilities				
Capital Leases Payable to Component Unit	1,777			
Bonds, Notes, and Capital Leases Payable	449,763		3,340	
Policy Claim Liabilities				
Other Long-Term Obligations	13,277			430
Total Noncurrent Liabilities	464,817		3,340	430
Total Liabilities	608,144	277,182	56,485	26,171
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	616,243		29,430	13,543
Restricted for:				
Claims and Judgments				
Debt Service			553	
Unemployment Compensation		130,663		
Permanent Trust - Expendable	98,676			
Permanent Trust - Nonexpendable	78,191			
Other Purposes			411,418	50,192
Unrestricted	194,364			
Total Net Assets	987,474	130,663	441,401	63,735
Total Liabilities and Net Assets	$1,595,618	$407,845	$497,886	$89,906

The accompanying notes are an integral part of the financial statements.

Total	Governmental Activities Internal Service Funds
$213,939	
114,897	$43,883
58,177	
102,468	22,144
194,414	128
2,466	626
25,602	1,756
1,942	
15,163	5
6,063	157
735,131	68,699
79,338	52,378
179,886	38,052
61,401	
78,191	
333,652	91
8,029	7
1,115,627	18,701
1,856,124	109,229
$2,591,255	$177,928
$29,125	$553
41,961	531
12,155	
6,102	
46,611	16,699
2,311	
434	
102,468	22,144
17,939	224
305	
21,041	707
218,943	329
	11,800
499,395	52,987
1,777	
453,103	3,287
	7,245
13,707	280
468,587	10,812
967,982	63,799
659,216	15,085
	52,378
553	
130,663	
98,676	
78,191	
461,610	44,277
194,364	2,389
1,623,273	114,129
$2,591,255	$177,928

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Business-Type Activities--Enterprise Funds			
	College and University	**Unemployment Compensation**	**Loan**	**Nonmajor Enterprise Funds**
OPERATING REVENUES				
Assessments		$337,035		
Licenses, Permits, and Fees	$335,769		$354	$2
Scholarship Allowances	(71,055)			
Sale of Goods and Services	119,101		2,016	296,170
Grants and Contributions	161,786	257,162	48,414	
Other Income	8,693		11	375
Total Operating Revenues	554,294	594,197	50,795	296,547
OPERATING EXPENSES				
Personnel Costs	543,081			13,978
Services and Supplies	211,513		328	99,573
Benefits, Awards, and Premiums	77,720	476,557	8	90,230
Depreciation	56,537		209	1,031
Other Expenses	14,636		13	4,394
Total Operating Expenses	903,487	476,557	558	209,206
Operating Income (Loss)	(349,193)	117,640	50,237	87,341
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	139,235			
Investment Income	12,873	444	9,444	226
Interest Expense	(19,606)	(5,530)	(286)	(1)
Intergovernmental Distributions			(13,727)	(26,562)
Gain (Loss) on Sale of Capital Assets	(667)			1
Other Nonoperating Revenues (Expenses)	69			(1)
Total Nonoperating Revenues (Expenses)	131,904	(5,086)	(4,569)	(26,337)
Income (Loss) Before Contributions and Transfers	(217,289)	112,554	45,668	61,004
Capital Contributions	27,861			
Transfers In	258,960		4,715	
Transfers Out		(11,662)	(2,533)	(64,911)
Change in Net Assets	69,532	100,892	47,850	(3,907)
Total Net Assets - Beginning of Year	917,942	29,771	393,551	67,642
Total Net Assets - End of Year	$987,474	$130,663	$441,401	$63,735

The accompanying notes are an integral part of the financial statements.

	Governmental Activities
Total	**Internal Service Funds**
$337,035	
336,125	$35
(71,055)	
417,287	202,887
467,362	498
9,079	323
1,495,833	203,743
557,059	11,441
311,414	19,002
644,515	197,334
57,777	2,358
19,043	794
1,589,808	230,929
(93,975)	(27,186)
139,235	
22,987	2,004
(25,423)	(225)
(40,289)	
(666)	(110)
68	
95,912	1,669
1,937	(25,517)
27,861	43
263,675	2,764
(79,106)	(1,803)
214,367	(24,513)
1,408,906	138,642
$1,623,273	$114,129

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Business-Type	
	College and University	**Unemployment Compensation**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		$332,029
Receipts from Customers	$376,196	
Receipts for Interfund Services		
Receipts from Grants and Contributions	160,346	257,162
Payments to Suppliers	(214,188)	
Payments to Employees	(536,244)	
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(74,056)	(486,083)
Other Receipts (Payments)	182	
Net Cash Provided (Used) by Operating Activities	(287,764)	103,108
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	139,738	
Intergovernmental Distributions		
Transfers In	258,960	
Transfers Out		(11,662)
Proceeds from Bonds, Notes, and Loans	207,435	
Repayment of Bonds, Notes, and Loans	(208,885)	
Interest Payments		(5,530)
Net Cash Provided (Used) by Noncapital Financing Activities	397,248	(17,192)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	13,299	
Bonds Issued	60,217	
Principal Payments	(77,460)	
Interest Payments	(20,361)	
Proceeds from Disposition of Capital Assets	298	
Acquisition and Construction of Capital Assets	(92,847)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(116,854)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	3,081	
Purchase of Investments	(187,287)	(37,000)
Redemption of Investments	224,361	
Other Investing Activities		
Net Cash Provided (Used) by Investing Activities	40,155	(37,000)
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	32,785	48,916
Beginning Cash, Cash Equivalents, and Pooled Cash	178,539	48,945
Ending Cash, Cash Equivalents, and Pooled Cash	$211,324	$97,861
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	($349,193)	$117,640
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	56,537	
Maintenance Costs Paid by Department of Public Works	2,710	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(2,840)	(14,145)
Inventories and Prepaid Items	(3,198)	
Notes Receivable	12	
Other Assets	1,122	
Accounts Payable/Interfund Payables	2,777	
Unearned Revenue		
Compensated Absences	291	
Policy Claim Liabilities		
Other Accrued Liabilities	4,018	(387)
Net Cash Provided (Used) by Operating Activities	($287,764)	$103,108

Noncash Transactions (dollars in thousands):

Investments increased in fair value by $10,193 for colleges and universities, $444 for Unemployment Compensation, and $542 for internal service funds. Loan fund investments decreased in fair value by $700. Colleges and universities acquired capital assets through donation in the amount of $8,513 and through state transfers in the amount of $6,607 and disposed of capital assets at a gain of $727. The Loan fund forgave loans in the amount of $13,727. Nonmajor enterprise funds recorded an interfund transfer of $8,000 due on July 1, 2011, and acquired capital assets of $62 in a prior period. Internal service funds acquired capital assets through donation of $43, disposed of capital assets at a loss of $110, and acquired capital assets of $819 in a prior period.

The accompanying notes are an integral part of the financial statements.

Activities--Enterprise Funds			Governmental Activities
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
		$332,029	
$1,020	$294,457	671,673	$16,291
	3,125	3,125	190,943
48,414		465,922	498
(228)	(104,416)	(318,832)	(16,812)
	(13,833)	(550,077)	(11,426)
(10)	(1,324)	(1,334)	(3,092)
(8)	(91,648)	(651,795)	(195,245)
		182	
49,188	86,361	(49,107)	(18,843)
		139,738	
	(26,551)	(26,551)	
4,715		263,675	2,764
(2,533)	(56,911)	(71,106)	(1,803)
		207,435	
		(208,885)	
		(5,530)	
2,182	(83,462)	298,776	961
		13,299	
		60,217	
(360)	(49)	(77,869)	(389)
(240)	(1)	(20,602)	(192)
		298	
	(5,013)	(97,860)	(2,367)
(600)	(5,063)	(122,517)	(2,948)
9,607	226	12,914	2,615
(74,168)		(298,455)	(1,151)
17,299		241,660	4,743
(71)		(71)	(44)
(47,333)	226	(43,952)	6,163
3,437	(1,938)	83,200	(14,667)
35,352	62,138	324,974	110,928
$38,789	$60,200	$408,174	$96,261
$50,237	$87,341	($93,975)	($27,186)
209	1,031	57,777	2,358
		2,710	
(650)	1,117	(16,518)	(45)
	(413)	(3,611)	568
		12	
	64	1,186	(3)
103	(2,455)	425	(731)
(700)		(700)	4,033
	(22)	269	(69)
			2,089
(11)	(302)	3,318	143
$49,188	$86,361	($49,107)	($18,843)

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	$576		$252	$4,791
Pooled Cash and Investments	2,496			32,366
Investments:				
Pooled Short Term	372,504	$86,740	10,597	
Fixed Income Investments	2,764,488	1,143,082		256,446
Marketable Securities	7,241,774			
Mutual Funds and Private Equities	1,443,574		194,211	
Mortgages and Real Estate	949,599	64,303		
Other Investments	3,669		6,312	
Securities Lending Collateral		646,781		
Receivables:				
Investments Sold	827,731			
Contributions	3,177			
Interest and Dividends	42,194	4,596	3	
Interfund Receivables	1,581			
Other Receivables	134			
Other Assets	47,217			
Capital Assets, Net	2,212			
Total Assets	13,702,926	1,945,502	211,375	$293,603
LIABILITIES				
Accounts Payable	577	51	162	
Payroll and Related Liabilities				$8,492
Interfund Payables	1,581			
Due to Other Entities				566
Amounts Held in Trust for Others				283,748
Obligations Under Securities Lending		646,781		
Investments Purchased	990,103		57	
Other Accrued Liabilities	10,290	620		797
Total Liabilities	1,002,551	647,452	219	$293,603
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	12,425,203			
Postemployment Healthcare Benefits	275,172			
External Investment Pool Participants		1,298,050		
Trust Beneficiaries			211,156	
Total Net Assets	$12,700,375	$1,298,050	$211,156	

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	$222,050		
Employer	312,052		
Transfers In from Other Plans	18,865		
Participant Deposits		$2,596,751	$34,990
Total Contributions	552,967	2,596,751	34,990
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,880,356	(11,709)	21,318
Interest, Dividends, and Other	293,673	17,435	4,739
Securities Lending Income	30	1,971	
Less Investment Expense:			
Investment Activity Expense	(41,972)	(694)	
Securities Lending Interest Expense	(9)	(1,243)	
Net Investment Income	2,132,078	5,760	26,057
Miscellaneous Income	1,656		
Total Additions	2,686,701	2,602,511	61,047
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	646,678		
Transfers Out to Other Plans	13,661		
Administrative Expense	6,181		1,200
Earnings Distribution		6,795	
Participant Withdrawals	12,414	2,393,857	17,194
Total Deductions	678,934	2,400,652	18,394
Change in Net Assets Held in Trust for:			
Employee Pension Benefits	1,953,207		
Employee Postemployment Healthcare Benefits	54,560		
External Investment Pool Participants		201,859	
Trust Beneficiaries			42,653
Net Assets - Beginning of Year	10,692,608	1,096,191	168,503
Net Assets - End of Year	$12,700,375	$1,298,050	$211,156

The accompanying notes are an integral part of the financial statements.

Statement of Net Assets
Component Units
June 30, 2011
(dollars in thousands)

	Component Units			
	Idaho Housing and Finance Association	**College and University Foundation**	**Petroleum Clean Water Trust**	**Health Reinsurance**
ASSETS				
Cash and Cash Equivalents	$34,744	$16,496		$1,807
Pooled Cash and Investments			$1,217	
Investments	666,611	388,458	32,165	17,411
Accounts Receivable, Net	34,141	45	417	90
Inventories and Prepaid Items	1,852			547
Due from Primary Government	431,401	2,516		
Loans, Notes, and Pledges Receivable, Net	1,207,585	27,342		
Deferred Outflows	85,489			
Other Assets	104,956	4,229	198	47
Restricted Assets:				
Cash and Cash Equivalents	3,339	15,846		
Investments		3,413		
Capital Assets:				
Nondepreciable	5,379			
Depreciable, Net	39,138			
Total Assets	$2,614,635	$458,345	$33,997	$19,902
LIABILITIES				
Accounts Payable	$827	$427		$16
Payroll and Related Liabilities	576			
Unearned Revenue		2,864		15,964
Amounts Held in Trust for Others	19,287	16,579		
Due to Primary Government		80,133		
Deferred Inflows	85,489			
Other Accrued Liabilities	107,865	829	$166	77
Long-Term Liabilities:				
Due Within One Year	155,462	405	1,708	3,845
Due in More Than One Year	2,011,006	12,188	4,240	
Total Liabilities	2,380,512	113,425	6,114	19,902
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	19,497			
Restricted for:				
Debt Service	164,040			
Permanent Trust - Expendable		126,285		
Permanent Trust - Nonexpendable		208,829		
Other Purposes	1,245			
Unrestricted	49,341	9,806	27,883	
Total Net Assets	234,123	344,920	27,883	
Total Liabilities and Net Assets	$2,614,635	$458,345	$33,997	$19,902

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Total
$72	$53,119
	1,217
	1,104,645
	34,693
	2,399
	433,917
234,395	1,469,322
	85,489
7,202	116,632
	19,185
	3,413
	5,379
	39,138
$241,669	$3,368,548
	$1,270
	576
	18,828
	35,866
	80,133
	85,489
$3,181	112,118
7,320	168,740
231,096	2,258,530
241,597	2,761,550
	19,497
	164,040
	126,285
	208,829
	1,245
72	87,102
72	606,998
$241,669	$3,368,548

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Component Units
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	$8,829	$1,918		
Services and Supplies	12,111	3,719	$1,367	$368
Benefits, Awards, and Premiums	61,614	45,491	960	12,331
Interest Expense	98,466	417		2
Depreciation	2,785	3		
Other Expenses	20,328	381		
Total Expenses	204,133	51,929	2,327	12,701
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	14,224		2,212	
Sale of Goods and Services	4,192	216		6,069
Investment Income	100,812		1,186	203
Other Income	5,419	1,709		
Operating Grants and Contributions	63,927	97,514		1,028
Total Program Revenues	188,574	99,439	3,398	7,300
Net Revenues (Expenses)	(15,559)	47,510	1,071	(5,401)
GENERAL REVENUES				
Payments from State of Idaho				5,401
Total General Revenues				5,401
Contributions to Permanent Endowments		2,047		
Change in Net Assets	(15,559)	49,557	1,071	
Net Assets - Beginning of Year, as Restated	249,682	295,363	26,812	
Net Assets - End of Year	$234,123	$344,920	$27,883	

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Total
	$10,747
	17,565
	120,396
$10,491	109,376
	2,788
40	20,749
10,531	281,621
76	16,512
	10,477
10,491	112,692
10	7,138
	162,469
10,577	309,288
46	27,667
	5,401
	5,401
	2,047
46	35,115
26	571,883
$72	$606,998

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Idaho have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

During fiscal year 2011, the State implemented the following GASB Statements:

- Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*
- Statement No. 59, *Financial Instruments Omnibus*
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*

The financial statements are presented for the fiscal year ended June 30, 2011, except for the Idaho State Bar and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees' Deferred Compensation Plan (pension trust fund); whose statements are for the fiscal year ended December 31, 2010. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2010.

A. Reporting Entity

The State of Idaho is governed under the Idaho Constitution of 1890, as amended. Legislative power is vested in a 35-member Senate and a 70-member House of Representatives. Executive power is vested in the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction. Judicial power is vested in the Idaho Supreme Court, Idaho Court of Appeals, and district courts.

For financial reporting purposes, the State of Idaho's reporting entity includes the primary government and its component units. The primary government includes all funds, departments, agencies, boards, commissions, colleges and universities, and authorities that are considered an integral part of the State. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if the State appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the State.

For those entities for which the State does not appoint a voting majority of the governing body, inclusion of the entity is required if the organization is fiscally dependent on the State. Component units also include legally separate and tax-exempt organizations whose economic resources directly benefit the State, the State is entitled to or has the ability to access those resources, and the resources are significant to the State.

Blended Component Unit

Blended component units are legally separate from the State but are so intertwined with the State that they are, in substance, the same as the State. The component units are reported as part of the primary government and blended into the appropriate funds.

The *Idaho State Building Authority* was created by Idaho Code, Section 67-6403, to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Idaho State Building Authority is blended as a nonmajor special revenue fund.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column on the government-wide statements to emphasize that they are legally separate from the primary government. The State's discretely presented component units are as follows:

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, THC, which was established to support the function and activities of the Association. The Association was created by Idaho Code, Section 67-6202, for the purpose of building and rehabilitating residential housing for persons of low income and for facilitating the issuance of bonds or notes to finance projects for transportation infrastructure of the primary government. The Association is authorized to enter into agreements with the Idaho Transportation Department to facilitate transportation projects, including issuing bonds, thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members.

The *College and University Foundation* fund includes the foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), Idaho State University (ISU), Lewis-Clark State College (LCSC), and the University of Idaho (UI). The foundations were established for the purpose of soliciting donations in support of the growth and development of the colleges' and universities' programs and activities. Gifts and contributions are held, protected, managed, and invested for the exclusive benefit of the respective colleges and universities.

The *Idaho Petroleum Clean Water Trust* fund was created by Idaho Code, Section 41-4905, to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Governor appoints the members of the board and the State approves, and may modify, the Fund's plan of operation. The Legislature sets the fees charged for enrollment in the Fund and imposes a transfer fee on petroleum products. Thus the State has the ability to impose its will on the Fund.

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool created by Idaho Code, Section 41-5502, and the Idaho Small Employer Health Reinsurance Program created by Idaho Code, Section 41-4711. The Pool and the Program are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guaranteed issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue creating a financial burden for the State.

The *Idaho Bond Bank Authority* was created by Idaho Code, Section 67-8703, authorizing the Authority to issue bonds to make loans to municipalities for infrastructure. The Authority can obtain better credit ratings, interest rates, and lower underwriting costs than municipalities can achieve individually. The Authority is administered by a five-member board, of which two members are appointed by the Governor and three are elected officials. The Authority can obligate sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State.

Financial statements for the component units may be obtained as follows:

Idaho State Building Authority
755 West Front Street, Suite 200
Boise, ID 83702

Idaho Housing and Finance Association
565 West Myrtle
P.O. Box 7899
Boise, ID 83707-1899

The Housing Company
P.O. Box 6943
Boise, ID 83707-0943

Boise State University Foundation, Inc.
1910 University Drive
Boise, ID 83725-1030

Eastern Idaho Technical College Foundation, Inc.
1600 South 25th East
Idaho Falls, ID 83404

Idaho State University Foundation, Inc.
921 South 8th Avenue
Campus Box 8050
Pocatello, ID 83209

Lewis-Clark State College Foundation, Inc.
Controller's Office
500 8th Avenue
Lewiston, ID 83501

University of Idaho Foundation, Inc.
P.O. Box 443143
Moscow, ID 83844-3143

Idaho Petroleum Clean Water Trust Fund
1215 West State Street
P.O. Box 83720
Boise, ID 83720-0044

Idaho Individual High Risk Reinsurance Pool
Idaho Small Employer Health Reinsurance Program
3449 Copper Point Drive
Meridian, ID 83642

Idaho Bond Bank Authority
State Treasurer's Office
P.O. Box 83720
Boise, ID 83720-0091

Related Organizations

The *State Insurance Fund*, created by Idaho Code, Section 72-901; and the *Idaho Health Facilities Authority*, created by Idaho Code, Section 39-1444; are related organizations for which the State is not financially accountable although the State appoints a

voting majority of the organizations' boards. The financial reports of these organizations are excluded from the State's financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Assets* and *Statement of Activities* report information on nonfiduciary activities of the primary government and its component units. Primary government activities distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are included with governmental activities in the government-wide statements and are included with the proprietary funds in the fund statements.

The *Statement of Net Assets* presents the State's nonfiduciary assets and liabilities, with the difference reported as net assets. The *Statement of Activities* demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Revenues are broken out by program and general designations. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues display the extent to which programs are self-funded. The difference between direct expenses and program revenue displays the net cost of the function to be financed from the State's general revenues. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

State agencies share the cost of some centralized services. These administrative overhead charges are reported as direct program expenses of each of the various functions. Certain indirect costs are paid by the general government function and are not allocated to the other governmental functions.

Fund Statements

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered to be nonmajor funds and are consolidated in a nonmajor funds column. The nonmajor funds are displayed individually in combining statements.

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for services that include general government, public safety and correction, health and human services, education, economic development, and natural resources. The General Fund includes all financial resources of the general government except those accounted for in another fund.

The *Health and Welfare* special revenue fund accounts for resources primarily from federal grants that are used for public assistance, medical care, foster care, and other relief for eligible citizens of Idaho.

The *Transportation* special revenue fund accounts for resources primarily from federal grants, fuel taxes, and registration fees that are used for administration, construction, and maintenance of the state highway and aviation systems.

The *Land Endowments* permanent fund manages and invests the revenues generated from the sale or lease of lands granted from the federal government under the Idaho Admission Act.

The State reports the following major proprietary funds:

The *College and University* fund accounts for resources used by the State's system of higher education.

The *Unemployment Compensation* fund accounts for resources used to provide unemployment benefits to eligible unemployed workers.

The *Loan* fund accounts for loans to make improvements to irrigation, wastewater, and drinking water systems.

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted or committed to

expenditures for specified purposes other than debt service or capital projects.

The *capital projects fund* accounts for financial resources that are restricted, committed, or assigned to finance construction of transportation infrastructure.

Permanent funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support certain state programs.

Proprietary Fund Types

Enterprise funds account for governmental operations that function in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service funds account for a variety of independent operations that provide goods or services to other state agencies or governmental units on a cost-reimbursement basis. Internal service fund activities of the State include property, liability, and other types of insurance; data processing services; and other general services such as facilities rentals.

Fiduciary Fund Types

Pension (and other employee benefits) trust funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plans, deferred compensation plan, and other employee benefits. Complete financial statements of the State of Idaho Public Employees' Deferred Compensation Plan may be obtained by writing to the Idaho Secretary of State's Office, Attn: Chairman Ben Ysursa, P.O. Box 83720, Boise, ID 83720-0080.

Investment trust funds account for external participants' investments with the State's Local Government Investment Pool and Diversified Bond Fund.

The *private-purpose trust fund* accounts for resources held in trust by the Idaho College Savings Program; the principal and interest benefit individuals. Complete financial statements may be obtained by writing to Idaho College Savings Program, P.O. Box 55253, Boston, MA 02205-5253.

Agency funds account for resources collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries. These resources include deposits of securities by banks and insurance companies as well as employee payroll deductions.

Classification of Revenues and Expenses of Proprietary Funds

Operating and nonoperating revenues and expenses are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to the principal and usual activity of the fund. All other revenues and expenses are reported as nonoperating.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the two differing measurement focuses and bases of accounting between the statements and the inclusion of internal service funds with governmental activities on the government-wide statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Agency funds report only assets and liabilities using the accrual basis of accounting; they have no measurement focus.

Reimbursements are eliminated in the government-wide Statement of Activities to reduce the grossing-up effect of internal transactions. Reimbursements are repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements include payments for maintenance and construction projects, federal grant pass-throughs from one state agency to another, insurance premiums, technical services, and the allocation of central human resource costs to all agencies.

Governmental fund statements are reported using the current financial resources measurement focus and the

modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Significant revenue sources susceptible to accrual include sales tax, individual and corporate taxes, motor fuel taxes, and federal grants. Licenses, permits, fees, and other miscellaneous revenues, which are derived from an underlying transaction, are recognized when received since they are normally only measurable at that time. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded when paid.

The State reports only enterprise funds as business-type activities. The business-type activities follow all current GASB pronouncements. They also follow all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989, for business-type activities.

THC and the foundations of BSU, EITC, and ISU issue financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The financial statements and note disclosures of THC and these foundations have been reformatted to comply with GASB requirements.

D. Assets and Liabilities

Cash and Cash Equivalents

Cash and Cash Equivalents consist of bank accounts; petty cash; cash in transit; money market accounts; FDIC insured nonnegotiable certificates of deposit; and short-term, highly-liquid investments with a maturity of three months or less from the date of acquisition.

Pooled Cash and Investments

Cash balances of most funds are deposited with the State Treasurer's Office (STO). Balances not required to meet immediate needs are pooled in an internal investment pool. Idaho Code, Sections 67-2725 through 67-2749 and Sections 67-1210 and 67-1210A, govern STO deposit and investment policies for the pooled balances. See Note 2 for more information.

Investments

The State reports most investments at fair value based on published market prices and quotations from investment brokers. Investments held in lieu of surety deposits, which are not held for investment purposes, are carried at historical cost in the State's agency funds. Certain entities disclosed in Note 2 report money market investments and other highly liquid investments with a remaining maturity of one year or less at the time of purchase using amortized cost. See Note 2 for more information.

Securities Lending Collateral

Security lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Securities lending collateral is reported at fair market value. See Notes 2 and 3 for more information.

Receivables, Net

Receivables in the General Fund consist primarily of income and sales taxes. Special revenue fund receivables consist primarily of health and transportation federal grants, fuel taxes, and vendor receipts. Proprietary fund receivables consist mainly of loans, unemployment assessments, and student tuition and fees. Fiduciary fund receivables consist primarily of investments sold in the pension trust funds. The receivables are disaggregated on the financial statements. See Note 5 for more information on noncurrent receivables.

Internal Balances

Interfund receivables and payables consist of unpaid balances for goods and services provided by one fund to another and for certain statutorily required transfers due at year-end. Interfund goods and services provided are reported as revenues in seller funds and expenditures or expenses in purchaser funds. These balances are generally short-term receivables and payables. See Note 4 for interfund schedules and those receivables not expected to be collected within one year. Interfund receivable and payable balances and activity have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities, which are shown as Internal Balances.

Inventories and Prepaid Items

Inventory consists of materials and supplies that will be consumed within a year. Governmental and proprietary

fund-type inventories of supplies and materials are valued at cost, which approximates market value, generally using the first-in, first-out method. Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Inventory and prepaid expenses are accounted for using the consumption method.

Deferred Outflows

Deferred outflows are the changes in fair value of the hedged derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as investment income. See Note 2 for more information.

Other Assets

Other assets include interest receivable and other miscellaneous items.

Restricted Assets

Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation, or external parties; and the constraints change the nature or normal understanding of the availability of the asset.

Capital Assets, Net

Capital assets include land, improvements to land, land use rights, buildings, improvements to buildings, machinery, equipment, software, historical art and collections, capital assets in progress, all infrastructure regardless of acquisition date, and other tangible or intangible assets used in operations. Tangible assets with a value of $5,000 or more, and intangible assets with a value of $200,000 or more, and a useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's functionality or materially extend an asset's useful life are not capitalized. Interest expense related to capital asset construction is capitalized for enterprise funds.

Capital assets are reported at cost or estimated historical cost, if actual cost is not available. In cases where historical cost is not available, assets are valued using comparable assets indexed forward or backward with the Consumer Price Index. Donated capital assets are reported at their estimated fair value at the date of donation. Endowment land originally granted to the State by the federal government is reported at one dollar per acre.

Capital assets are depreciated or amortized with the exception of roads, rights-of-way, land, capital assets in progress, historical art and collections, and certain intangible assets with an indefinite useful life. Depreciation and amortization are recorded as depreciation expense. For all depreciable major asset classes, depreciation and amortization are calculated on a straight-line basis over their estimated useful lives, as follows:

Assets	Years
Buildings and Improvements to Buildings	30 - 50
Improvements Other Than Buildings	5 - 50
Machinery, Equipment, and Other	3 - 40
Infrastructure – Bridges	75
Infrastructure – Other	30 - 50

Roads are not depreciated but rather are accounted for under the modified approach. The modified approach recognizes that this class of infrastructure will be indefinitely maintained at a certain condition level and as such does not have a limited lifespan. Costs to maintain the roads at the set condition levels are expensed rather than capitalized, unless the road's service potential is increased or additions are made. The Idaho Transportation Department has the responsibility for determining and assessing the condition levels, maintaining the inventory of roads, and making annual estimates of costs to maintain the roads. Further information regarding infrastructure can be found in the Required Supplementary Information.

Historical art and collections include historical artifacts, documents, rare books, paintings, portraits, state capitol-related artifacts, furnishings, films, statues, and monuments. Some of the State's historical art and collections have not been capitalized because they are preserved and protected for public display, education, or research. The proceeds from the sales of collection items are used to acquire other items for the collection. Historical art and collections already capitalized at June 30, 1999, have remained capitalized even if they meet the conditions for exemption from capitalization.

Intangible assets acquired in fiscal years ending after June 30, 1980, and not previously capitalized, are retroactively reported as of July 1, 2009. Some intangible assets with indefinite useful lives as of July 1, 2009, and some internally generated intangible assets created prior to or in progress as of July 1, 2009, were retroactively reported if appropriate historical costs were determinable.

See Note 6 for more information on capital assets.

Payables

Payables in the General Fund consist primarily of sales taxes due to local governments and vendor obligations.

Payables in the special revenue funds relate primarily to vendor obligations, fuel taxes to be distributed to local governments, and Medicaid. Medicaid Payable includes the amount the State expects to pay within 60 days of fiscal year end. The remaining amount, estimated Medicaid claims expected to be presented within the next year, is reported as Claims and Judgments within the Long-Term Liabilities due within one year on the government-wide Statement of Net Assets. Proprietary fund payables consist mostly of payroll liabilities and vendor obligations. The pension trust fund payable is comprised primarily of investments purchased by the Public Employee Retirement System of Idaho.

Unearned/Deferred Revenue

Unearned revenue is recorded when cash is received prior to being earned. In the governmental fund statements, deferred revenue includes unearned revenue in addition to revenue that is earned but not available.

Amounts Held in Trust for Others

Amounts held in trust for others consist of cash or other assets held for an individual or entity until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally the owner may default on the conditions; at that time, the asset held in trust becomes the property of the State and revenue is recorded.

Obligations Under Securities Lending

Obligations under securities lending consist of the collateral that has been received from borrowers for lent securities. The State has an obligation to return the collateral when the borrower returns the securities to the State. See Notes 2 and 3 for more information.

Other Accrued Liabilities

Other accrued liabilities primarily consist of construction expenses, interest payable, and other miscellaneous liabilities.

Long-Term Liabilities

Government-wide and proprietary financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include the following:

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the loan. See Note 12 for more information.

Capital Leases Payable consists of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State. See Note 10 for more information.

Claims and Judgments are payables on behalf of the State and its agencies for various legal proceedings and claims. See Note 12 for more information.

Compensated Absences Payable includes vacation and compensatory time earned by employees but not paid and retirees' unused sick leave to be used for the acquisition of health insurance. See Note 12 for more information.

Policy Claim Liabilities includes amounts for probable claims that have been incurred and the amount of the loss has been reasonably estimated. See Notes 9 and 12 for more information.

Other Long-Term Liabilities consists of a net pension obligation and net other postemployment benefits obligations. See Notes 7, 8, and 12 for more information.

E. Net Assets / Fund Balance

Net Assets

Net assets are the difference between assets and liabilities on the government-wide, proprietary, and fiduciary fund financial statements.

Net assets are displayed in the following three categories:

Invested in Capital Assets, Net of Related Debt, consists of capital assets net of accumulated depreciation and reduced by outstanding related debt.

Restricted Net Assets result when third parties, constitutional provisions, or enabling legislation impose constraints on net asset use. The State does not have a policy regarding the preferred first usage of unrestricted or restricted net assets. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net assets are available.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets may have constraints or designations placed upon them by management, which can be unilaterally removed.

Fund Balance

Fund balance is the difference between assets and liabilities on the governmental fund financial statements. The Legislature approves appropriations for State agencies and in so doing specifies the funding sources and the order in which restricted, committed, assigned, or unassigned fund balance is spent. Fund balances are classified in the following five categories:

Nonspendable fund balance consists of amounts that cannot be spent because they are in nonspendable form, such as inventories, prepaid items, and long-term receivables; or they are legally or contractually required to be maintained intact, such as the corpus of the permanent fund.

Restricted fund balances consist of amounts that are constrained by either external parties or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed fund balances consist of amounts that are constrained by statutes enacted by the Legislature and approved by the Governor. The committed amounts cannot be used for any other purposes unless subsequent legislation changes or removes the specified purposes. The legislation that constrains the use of the resources is separate from the authorization to raise the underlying revenue.

Assigned fund balances consist of amounts that are constrained by the Legislature's or agency director's intent to be used for specific purposes, and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund.

NOTE 2. DEPOSITS, INVESTMENTS, DERIVATIVE INSTRUMENTS, AND RESTRICTED ASSETS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions. Legal provisions regarding deposits are found throughout Idaho Code, Title 67. The State Treasurer's Office (STO) acts as the State's bank, receiving and disbursing all moneys except for the following: the Idaho Bond Bank Authority, the Idaho Housing and Finance Association, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the college and university foundations, the Idaho State Building Authority, some of the endowment fund accounts, the State Bar, the Potato Commission, the Dairy Products Commission, the Wheat Commission, some of the colleges' and universities' accounts, Idaho Public Employees' Deferred Compensation Plan, and some of the Public Employee Retirement System of Idaho accounts. In accordance with Idaho Code, Sections 67-1210 and 67-1210A, the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of the pooled cash and investments held by the STO was 271 days.

Custodial credit risk is the risk that in the event of a financial institution failure, the State's deposits may not be returned. The State does not have a formal policy to address custodial credit risk.

Custodial Credit Risk at June 30, 2011
(dollars in thousands)

	Governmental and Business-Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	$209,483	$6,452	$71,555
Uninsured and Uncollateralized Deposits	18,637	1,994	15,244
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	19,623		851
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name			1,727

B. Investments

General Investment Policies

The Idaho Uniform Prudent Investor Act, Idaho Code, Sections 68-501 through 68-514, stipulates the standard to be followed by state investment personnel. The primary focus of the Act is preservation of capital and avoidance of speculative transactions through exercise of reasonable care, skill, and caution. The goal is to provide a reasonable return while following specific objectives of various trusts. The Act may be expanded, restricted, eliminated, or altered by provisions of Idaho statute or a trust.

The STO invests idle moneys, other than the public endowment funds, in accordance with Idaho Code, Sections 67-1210, 67-1210A, and 67-2739. The STO Investment Division handles short-term investing and outsources long-term investing.

Some investments are made directly by an agency rather than by the STO. Only a few agencies are authorized to make such investments and then only for specific programs. Investments are valued as described in Note 1.

Types of Investments

Idaho Code, Section 67-1210, authorizes the STO and agencies with investment authority to make direct investments in the following types of investments:

- U.S. government obligations, which pledge the full faith and credit of the U.S. government
- General obligation or revenue bonds of the State or any Idaho county, city, or taxing district
- Obligations issued under the Farm Credit Act of 1971; obligations issued by the Federal National Mortgage Association and the Federal Home Loan Bank; and obligations issued or guaranteed by other agencies or instrumentalities of Idaho or of the United States, including the U.S. Small Business Administration guaranteed portion of any approved loan by an Idaho banking corporation and by the STO
- Obligations issued by public corporations of the State
- Repurchase agreements covered by any legal investment for the State
- Tax and revenue anticipation instruments of the State or Idaho taxing districts
- Time deposit and savings accounts in state depositories, state and federal savings and loan associations, or state and federal credit unions located within the boundaries of Idaho
- Revenue bonds of Idaho higher education institutions
- Money market funds whose portfolios consist of investments specified in this section and are denominated in U.S. dollars

Idaho Code, Section 67-1210A, authorizes the STO to enter into the following additional types of transactions:

- Prime banker's acceptances and prime commercial paper
- Sale and repurchase of call options on securities owned by the STO or the Local Government Investment Pool
- Securities lending agreements
- Bonds, notes, and debentures of any U.S. corporation with at least an A rating by a nationally recognized statistical rating organization such as Standard & Poor's or Moody's

The Endowment Fund Investment Board (EFIB) manages investments of Idaho's permanent fund, the Land Endowments fund. Idaho Code, Section 57-720, gives the EFIB the authority to formulate investment policies of the permanent endowment fund and earnings reserve funds. Idaho Code, Section 57-723, stipulates that the EFIB and its investment managers are governed by the Idaho Uniform Prudent Investor Act and the Idaho Constitution. In addition to the investment types mentioned previously, the EFIB has approved the following types of investments:

- Collateralized mortgage obligations
- Collective funds whose portfolios are pooled and operated by a business trust company
- Domestic and international equities
- Financial index futures, options, and certain derivatives as approved by the EFIB

The Retirement Board of the Public Employee Retirement System of Idaho (PERSI) has established a Statement of Investment Policy in accordance with Idaho Code, Sections 59-1301 through 59-1399. In addition to the investments mentioned above for the STO and the EFIB, the following types of investments are approved for PERSI funds:

- Derivative instruments, specifically, swaps and forward foreign currency contracts by a few selected managers

- Private equity real estate investments in open-end and closed-end commingled real estate funds, direct real estate, publicly traded real estate investment trusts and other public real estate companies, private real estate companies, and real estate operating venture entities
- Alternative investments upon the recommendation of a qualified consultant after due diligence and with approval by the Board or subcommittee appointed by the Board

Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the value of investments or collateral securities that are in the possession of an outside party will not be recovered. The State does not have a formal policy to address custodial credit risk. The following describes the policies and risks for those state entities that are exposed to custodial credit risk:

- The Idaho Workers' Compensation Law, Idaho Code Title 72, requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank, in the name of the insurance company and subject to custodial credit risk was $256.4 million.
- The Judges' Retirement fund had $12.9 million of government agency securities, $0.7 million of foreign agency securities, $4.2 million of corporate bonds, $0.5 million of mortgage-backed securities, and $44.3 million of equity securities held by the broker-dealer, not in the fund's name. The fund's investment policy does not contain legal or policy requirements that would limit exposure to custodial credit risk.
- The PERSI investment policy mitigates custodial credit risk, to the extent possible, by requiring that investments be registered in the name of the PERSI and be delivered to a third party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of $27.6 million held by various counterparties, not in the PERSI's name.
- The Boise State University Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation held $8.4 million of U.S. Treasury bonds, $24.3 million of corporate bonds, $19.2 million of bond mutual funds, $41.1 million of equity mutual funds, and $2.2 million of private equity funds that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. The Foundation held $7.4 million of government agency securities, $41.7 million of corporate debt, $2.1 million of preferred stock, $1.2 million of municipal securities, $16.1 million of U.S. Treasuries, $101.7 million of common stock, $12.2 million of international equity funds, and $5.6 million of private equities that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The State has not adopted a formal policy that addresses interest rate risk, except as follows:

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Aggregate Bond Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities be based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2011.

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2011
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds	$800,228								$800,228
Certificates of Deposit	6,925	$200							7,125
Commercial Paper	247,415								247,415
U.S. Gov't Obligations	471,334	55,847	$27,006						554,187
U.S. Gov't Agency Obligations	822,851	77,524	4,805						905,180
U.S. Gov't Agency Mortgage-Backed Securities*	9,417	229,312	67,562						306,291
U.S. Gov't Corporation Mortgage-Backed Securities*	1,355	26,781	19,024						47,160
Asset-Backed Securities*	2,427								2,427
Commercial Mortgages*		25,494	466						25,960
Corporate Obligations	152,852	85,457	26,100						264,409
Municipal and Public Entity Obligations	24,500	42	15	$25					24,582
Bond Mutual Funds and Other Pooled Fixed-Income Securities	120,613	10,299	8,522	231	$271	$72	$584	$41	140,633
Foreign Agency Obligations	132	262	326						720
Idaho Small Business Loans	14	894	1,519		575				3,002
External Investment Pools	79,361								79,361
Total Debt Securities	2,739,424	512,112	155,345	256	846	72	584	41	3,408,680
Reinvestment of Securities Lending Collateral:									
Money Market Funds	250,295								250,295
Repurchase Agreements	635,000								635,000
Commercial Paper	342,939								342,939
Asset-Backed Securities*		21,642							21,642
Corporate Obligations	60,269								60,269
Total Debt Securities and Reinvestment of Securities Lending Collateral	**$4,027,927**	**$533,754**	**$155,345**	**$256**	**$846**	**$72**	**$584**	**$41**	4,718,825
Other Investments:									
Mutual Funds									3,399
Equity Securities and Mutual Funds									7,232
Domestic Equity Securities									44,309
Total									**$4,773,765**

*Mortgage-backed and asset-backed securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

Endowment Funds Interest Rate Risk at June 30, 2011
(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
Debt Securities:		
Barclays Capital Aggregate Bond	$305,396	5.20
U.S. Treasury Inflation-Protected Securities	38,003	4.70
Total Endowment Fund Debt Securities	343,399	
Other Investments:		
Equity Investments	914,881	
Money Market Funds	2,138	
Total Other Endowment Fund Investments	917,019	
Unsettled Trades:		
Receivable for Investments Sold	(10,145)	
Payable for Investments Purchased	22,496	
Total Endowment Fund Investments	**$1,272,769**	

PERSI Investments at June 30, 2011
(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	$2,467,995
Commingled Domestic Fixed-Income	71,122
Short-Term Domestic Investments	372,504
Idaho Commercial Mortgages	495,369
International Fixed-Income	63,635
Domestic Equities	4,337,047
Domestic Equities - Convertibles	486
International Equities	2,658,766
Real Estate	454,230
Private Equity	904,971
Mutual Funds	426,909
Commingled Domestic Equity	157,728
Commingled International Equity	43,438
Total Fair Value of PERSI Investments	**$12,454,200**

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2011
(dollars in thousands)

	Domestic Securities		International Securities		
Investment Type	**Fair Value**	**Effective Duration in Years**	**Fair Value**	**Effective Duration in Years**	**Total Fair Value**
Asset-Backed Securities	$7,408	1.73	$64	1.92	$7,472
Asset-Backed Securities	263	*	102	*	365
Mortgages	11,535	1.35			11,535
Commercial Paper	212,049	0.18			212,049
Corporate Bonds	449,628	6.13	2,903	4.91	452,531
Corporate Bonds	3,876	*			3,876
Fixed-Income Derivatives	123	3.07			123
Fixed-Income Derivatives	34	*			34
Government Agencies	108,547	5.51	2,614	1.89	111,161
Government Agencies	309	*			309
Government Bonds	417,061	5.51	57,952	4.86	475,013
Government Mortgage-Backed Securities	252,907	1.38			252,907
Government Mortgage-Backed Securities	116	*			116
Pooled Investments	12,989	0.08			12,989
Pooled Investments	71,122	*			71,122
Private Placements	31,373	2.93			31,373
Private Placements	127,102	*			127,102
U.S. Treasury Inflation-Protected Securities	1,185,403	7.95			1,185,403
Idaho Mortgages	495,369	*			495,369
Total PERSI Fixed Income Securities	**$3,387,214**		**$63,635**		**$3,450,849**

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2011
(dollars in thousands)

Investment Type	**Fair Value**	**Average Maturity In Years**
Money Market Funds	$21,381	Less than 1
Bond Fund	75,485	7.4
Inflation-Linked Bond Fund	10,773	8.9
Equity Funds	67,999	
International Equity Funds	29,170	
TIAA-CREF	6,312	
Total Idaho College Savings Program Investments	**$211,120**	

Deferred Compensation Plan Investments at December 31, 2010
(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Fixed Income:		
Nationwide Life Fixed Fund	$54,872	11.40
Idaho Retiree Fixed Fund	56,754	11.40
Great West Life Fixed Option	69	
Total Fixed Income	111,695	
Variable Income:		
Nationwide Investor Destinations Moderately Aggressive Fund	9,795	11.73
The Income Fund of America	10,776	6.60
Nationwide Investor Destinations Moderately Conservative Fund	1,743	11.01
Waddell & Reed Advisors High Income Fund	1,843	4.59
Nationwide Retirement Income Fund	115	5.44
Nationwide Investor Destinations Conservative Fund	983	10.38
Dreyfus Bond Market Index Fund	4,724	7.43
Nationwide Destinations 2015 Fund	978	9.12
Nationwide Destinations 2020 Fund	751	10.26
Nationwide Destinations 2025 Fund	528	12.49
Nationwide Investor Destinations Moderate Fund	8,509	10.99
Nationwide Destinations 2030 Fund	335	12.49
Nationwide Destinations 2035 Fund	117	12.49
Nationwide Destinations 2040 Fund	62	12.49
Nationwide Destinations 2045 Fund	58	12.49
Nationwide Destinations 2050 Fund	5	12.49
Nationwide Investor Destinations Aggressive Fund	4,420	12.49
The Growth Fund of America	26,816	
Fidelity	26,636	
Neuberger Berman	9,014	
Capital World	5,727	
State Street Equity	5,339	
EuroPacific Growth Fund	4,169	
Dreyfus	5,547	
American Century	5,541	
AllianceBernstein	1,804	
Van Kampen	2,243	
JPMorgan	2,489	
Charles Schwab	1,344	
Legg Mason Partners	580	
Great West	15	
Nationwide	447	
Carrier Suspense	1	
Total Variable Income	143,454	
Annuity Payout Options:		
Nationwide Life	3,215	
DCVAII	32	
Total Annuity Payout Options	3,247	
Life Insurance Contracts:		
Monumental Life	422	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	**$258,818**	

All investments are unrated.

Component Units Maturity of Debt Investments at June 30, 2011
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds	$286,788								$286,788
Certificates of Deposit	293	$235							528
U.S. Gov't Obligations	3,020	28,416	$8,817	$2,768	$5,103	$1		$154,100	202,225
U.S. Gov't Agency Obligations	5,094	30,459	21,172	5,902	11,947	43,025	$20,351		137,950
Corporate Obligations	20,764	52,718	11,253	935	462	1,163	1,086	948	89,329
Preferred Securities	3	56	61	21	15	1			157
Municipal Obligations		705	25	139	10	29	82	240	1,230
Bond Mutual Funds		12,777	6,447						19,224
Total Debt Securities	**$315,962**	**$125,366**	**$47,775**	**$9,765**	**$17,537**	**$44,219**	**$21,519**	**$155,288**	737,431
Other Investments:									
Cash Equivalents included with Investments									2,651
Domestic Equities									101,700
Foreign Equities									752
Private Equities									7,745
Investment Agreements									97,754
Corporate Obligations Without Maturity Dates									2,060
Equity and Income Mutual Funds									3,140
Mutual Funds									88,858
International Equity Funds									33,022
Real Estate and Perpetual Trusts*									23,217
Insurance Annuities									306
Hedge Funds									6,970
Interest Rate Swaps									(1,907)
Land Held by Endowment**									4,359
Component Units Investments									**$1,108,058**

*$9,928 valued at cost; **Investments valued at cost.

Credit Risk of Debt Securities

The risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill an obligation is commonly expressed in terms of the credit quality rating issued by a national rating organization. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality ratings. Unless otherwise stated, the ratings presented use the Moody's scale. The State does not have a formal policy to address credit risk of debt securities. The following Boards have formally adopted policies that address credit quality ratings of debt securities:

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that investment grade bonds must be rated BBB (or the equivalent) or better; commercial paper must be rated A1 (or the equivalent) or better; and money market funds shall contain securities with an absolute minimum of investment grade by Standard & Poor's (S&P) or Moody's.
- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance

with the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code, Section 67-6215B, or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing Investment Trust and the Bond Rating Compliance and Loan Guaranty Trust. The Board has not adopted a formal policy related to the Association's business operations investments.

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2011
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Fair Value	Aaa	Aa	A	Baa	Ba	A1-P1	Unrated
Money Market Funds*	$843,249	$761,060						$82,189
Certificates of Deposit	7,125							7,125
Commercial Paper	247,415						$247,415	
U.S. Gov't Agency Obligations	905,180	491,128	$121	$71	$2		309,205	104,653
U.S. Gov't Agency Mortgage-Backed Securities	306,291	305,233						1,058
Asset-Backed Securities	2,427	2,427						
Commercial Mortgages	25,960	25,741		63	136			20
Corporate Obligations	264,409	104,720	77,432	80,666	1,520	$58		13
Municipal and Public Entity Obligations	24,582		42					24,540
Bond Mutual Funds and Other Pooled Fixed-Income Securities	226,891	20,266	618	246	87			205,674
Foreign Agency Obligations	720	377	46	96	167	6		28
External Investment Pools	79,361							79,361
Total	**$2,933,610**	**$1,710,952**	**$78,259**	**$81,142**	**$1,912**	**$64**	**$556,620**	**$504,661**

Reinvestment of Securities Lending Collateral:

Investment Type	Fair Value	Aaa	A	Caa	Ca	C	A1-P1	Unrated
Money Market Funds	$250,295	$250,295						
Repurchase Agreements	635,000							$635,000
Commercial Paper	342,939						$342,939	
Asset-Backed Securities	21,642			$12,581	$5,276	$3,785		
Corporate Obligations	60,269		$32,596					27,673
Total	**$1,310,145**	**$250,295**	**$32,596**	**$12,581**	**$5,276**	**$3,785**	**$342,939**	**$662,673**

*Includes $21.6 million of money market funds that are reported with cash and cash equivalents.

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2011
(dollars in thousands)

Investment Type	Fair Value	Average S & P Rating
Barclays Capital Aggregate Bond	$305,396	AA
Northern Money Market Fund	2,138	A
Total	**$307,534**	

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2011
(dollars in thousands)

		Investment Type	
S & P Rating Level	**Fair Value**	**Domestic Securities**	**International Securities**
Agency (A-1+)	$176,133	$176,133	
Agency (A-1)	13,588	13,588	
Agency (A-2)	22,327	22,327	
AAA	100,279	76,424	$23,855
AA	62,776	62,776	
A	202,914	184,341	18,573
BBB	135,343	133,364	1,979
BB	7,332	7,332	
B	5,813	5,813	
CCC	4,027	4,027	
CC	859	859	
C	76	76	
D	833	833	
Not Rated	341,088	321,860	19,228
Total	**$1,073,388**	**$1,009,753**	**$63,635**

Component Units Credit Quality Ratings of Debt Securities at June 30, 2011
(dollars in thousands)

Investment Type	**Fair Value**	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa**	**Ca**	**Unrated**
Money Market Funds	$286,788									$286,788
Certificates of Deposit	528	$235								293
U.S. Gov't Agency Obligations	137,950	133,440								4,510
Corporate Obligations	89,329	12,788	$22,806	$30,064	$14,944	$1,877	$4,399	$753	$2	1,696
Preferred Securities	157									157
Municipal Obligations	1,230		249	736		40				205
Bond Mutual Funds	19,224	6,212	12,861	103	2		24			22
Total	**$535,206**	**$152,675**	**$35,916**	**$30,903**	**$14,946**	**$1,917**	**$4,423**	**$753**	**$2**	**$293,671**

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principle that governments should provide note disclosure when 5 percent of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. State statute places no limit on the amount that may be invested in any one issuer.

- The State, the Idaho Potato Commission, the STO pool portfolio, and the colleges and universities have not adopted a formal policy to address concentration of credit risk.
- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

Primary Government Concentration of Credit Risk at June 30, 2011
(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Boise State University:	Abbey National North America LLC	$7,991	7.9
	General Electric Capital	6,065	6.0
Idaho Potato Commission:	Federal Home Loan Bank	881	100.0
STO Pool:	Federal Home Loan Mortgage Corporation	111,931	6.9
	Federal National Mortgage Association	140,822	8.7

Component Unit Concentration of Credit Risk at June 30, 2011
(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Boise State University Foundation:	Sanderson International Value Fund	$5,904	5.2
Health Reinsurance:	Federal Farm Credit	8,205	47.8
	Federal Home Loan Bank	4,495	26.2
	Federal Home Loan Mortgage Corporation	1,982	11.5
	Federal National Mortgage Association	2,494	14.5
Idaho Housing and Finance Association:	Federal Farm Credit Bank	53,578	8.0
	Trinity Plus Funding Company	87,646	13.2

Foreign Currency Denominated Investments

Investments denominated in foreign currencies face a potential risk of loss in fair value from changes in currency exchange rates. The following describes the policies related to foreign currency risk for those state entities that have investments denominated in a foreign currency:

- The EFIB investment policy statement permits investing up to 21 percent of the EFIB total investments in international equities. No foreign fixed-income securities are permitted except currency.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a range of currency exposure. Each portfolio is monitored for currency exposure. Managers are required to report variances.
- The Lewis-Clark State College Foundation investment policy permits investments in equities denominated in foreign currencies. The policy limits the investments in international equities to no more than 15 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation does not presently have a policy that addresses foreign currency risk.

Endowment Funds Foreign Currency Risk at June 30, 2011
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$8,934
Brazilian Real	Equities	2,402
Canadian Dollar	Equities	6,627
Danish Krone	Equities	2,020
Euro	Equities	51,040
Hong Kong Dollar	Equities	15,646
Indonesian Rupiah	Equities	2,024
Japanese Yen	Equities	45,851
Norwegian Krone	Equities	4,463
Philippine Peso	Equities	1,671
Singapore Dollar	Equities	4,133
South African Rand	Equities	3,017
South Korean Won	Equities	2,103
Swedish Krona	Equities	6,798
Swiss Franc	Equities	17,982
Taiwanese Dollar	Equities	2,250
U.K. Pound	Equities	39,974
Total		**$216,935**

PERSI Foreign Currency Risk at June 30, 2011
(dollars in thousands)

	Investment Type			Fair Value
Currency	**Short-Term Investments**	**Equities**	**Fixed Income**	**of Currency in U.S. Dollars**
Australian Dollar	($28,358)	$77,882	$14,678	$64,202
Brazilian Real	1,684	105,447	1,362	108,493
British Pound Sterling	(10,722)	367,454	2,981	359,713
Canadian Dollar	(15,695)	48,342	19,273	51,920
Chilean Peso		1,582		1,582
Chinese Yuan		123		123
Czech Koruna	48	4,016		4,064
Danish Krone	230	10,983		11,213
Egyptian Pound	475	11,423		11,898
Euro	(25,310)	656,854	7,070	638,614
Hong Kong Dollar	2,410	255,913		258,323
Hungarian Forint	(216)	9,568		9,352
Indonesian Rupiah	366	108,524		108,890
Israeli Shekel	139	8,684		8,823
Japanese Yen	1,265	369,875		371,140
Kenyan Shilling		289		289
Malaysian Ringgit	8	20,567	532	21,107
Mexican Peso	(5,152)	20,470	8,851	24,169
New Taiwan Dollar	1,011	82,399		83,410
New Turkish Lira	37	79,788		79,825
New Zealand Dollar	7	1,519		1,526
Norwegian Krone	64	5,118		5,182
Philippine Peso	102	3,303		3,405
Polish Zloty	(3,797)	19,092	4,415	19,710
Russian Ruble		4,660		4,660
South African Rand	(4,847)	89,595	4,930	89,678
Singapore Dollar	1	32,035		32,036
South Korean Won	449	187,598		188,047
Sri Lanka Rupee		689		689
Swedish Krona	762	28,990		29,752
Swiss Franc	(2,692)	94,982		92,290
Thai Baht	248	32,391		32,639
Zimbabwe Dollar		681		681
Total	**($87,483)**	**$2,740,836**	**$64,092**	**$2,717,445**

College and University Foundation Foreign Currency Risk at June 30, 2011
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$2,704
Brazilian Real	Equities	1,180
Canadian Dollar	Equities	127
Chilean Peso	Equities	152
Chinese Yuan	Equities	1,366
Colombian Peso	Equities	37
Czech Koruna	Equities	28
Danish Krone	Equities	61
Egyptian Pound	Equities	16
Euro	Equities	4,252
Hong Kong Dollar	Equities	2,979
Hungarian Forint	Equities	49
Indian Rupee	Equities	646
Indonesian Rupiah	Equities	236
Israeli Shekel	Equities	39
Japanese Yen	Equities	3,673
Malaysian Ringgit	Equities	258
Mexican Peso	Equities	415
Moroccan Dirham	Equities	7
New Zealand Dollar	Equities	17
Norwegian Krone	Equities	13
Peruvian Nuevo Sol	Equities	22
Philippine Peso	Equities	52
Polish Zloty	Equities	148
Russian Ruble	Equities	512
Singapore Dollar	Equities	1,650
South African Rand	Equities	608
South Korean Won	Equities	1,184
Swedish Krona	Equities	526
Swiss Franc	Equities	1,733
Taiwan Dollar	Equities	960
Thai Baht	Equities	150
Turkish Lira	Equities	145
U.K. Pound	Equities	6,493
Total		**$32,438**

Debt Investments with Terms That May Cause the Fair Value to Be Highly Sensitive To Interest Rate Changes

Mortgage-Backed Securities have a return based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments. To the extent possible, this prepayment risk is reflected in the interest rate risk of the portfolios by using the weighted average method to calculate interest rate risk for long-term investments and the modified duration method used by the EFIB and the PERSI.

Treasury Inflation Protected Securities (TIPS) are fixed-income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. The Endowment Funds had investments in TIPS with a fair value of $38.0 million, and the PERSI had investments in TIPS with a fair value of $1.2 billion.

The Idaho Housing and Finance Association has seven U.S. agency obligations with an aggregate value of $27.3 million with call options. The Association is invested in pay-fixed, receive-variable interest rate swaps with notional amounts totaling $13.1 million, and fair value of negative $1.9 million. The Association pays fixed rate payments between 3.368 percent and 5.3 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) plus 10 to 20 basis points or the London Interbank Offered Rate (LIBOR) plus 15 basis points.

Repurchase Agreements

Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at a higher price.

The Idaho Housing and Finance Association invests excess cash overnight in repurchase agreements that are held in the Association's account in the name of the bank and are collateralized by the U.S. government and agency obligations. The Association had repurchase agreements of $17.6 million with Wells Fargo Bank and $9.5 million with Key Bank.

Idaho State University Foundation invests idle cash in uninsured repurchase agreements that are fully collateralized by the U.S. government. The Foundation had repurchase agreements of $0.1 million with Key Bank National Association.

Securities Lending Agreements

Securities lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Idaho Code, Section 67-1210A, authorizes the STO to engage in securities lending agreements. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The investments are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair value of securities lent and collateral received with additional collateral obtained as necessary to meet margin requirements. The cash collateral received is held in a separate account in the name of the STO. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end, the STO pool portfolio had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. No restrictions exist on the amount of loans that can be made. Either the State or the borrower can cancel all securities loans upon demand. Generally the average term of these loans is under ten days. The cash collateral received is invested by the agent in marketable securities of varying terms with maturities ranging between one day and three years. As of June 30, 2011, more than 57 percent of the portfolio was invested in instruments with a 10 day maturity or less and the weighted average maturity of the cash collateral portfolio was 124 days.

At year-end the STO pool securities lending portfolio held $21.6 million in four home equity trusts with final stated maturities greater than three years. The current securities lending agreement requires the portfolio hold only securities with a stated final maturity no greater than three years. The decision to identify these securities as noncompliant has been disputed by Key Bank. Personnel from both the STO and the bank are attempting to identify a resolution.

Recovery payments of $0.1 million for prior period losses to the securities lending portfolio were received for settlement of the Primary Reserve fund.

Primary Government and Fiduciary Funds
Balances of Securities Lending Transactions at June 30, 2011
(dollars in thousands)

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
U.S. Treasury Obligations	$305,670	$312,929
U.S. Gov't Agency Obligations	776,148	794,400
Mortgage-Backed Securities	215,938	220,228
Corporate Debt Instruments	25,320	26,097
Total	**$1,323,076**	**$1,353,654**

Reinvestment of securities lending balances of the STO pool portfolio and internal participants' portions of the STO External Investment Pools are reported in the General Fund. The reinvestment of securities lending balances attributable to the external participants are reported in the investment trust funds.

C. Derivative Instruments

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

Primary Government

The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge. On the government-wide Statement of Net Assets the fair value amount at June 30, 2011, was $7.0 million which is reported as other liabilities; changes in fair value were $1.1 million which is reported as deferred outflows. The Authority contract has the following objectives and terms:

Type	Objective	Notional Amount *(in thousands)*	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	$42,590	12/1/2008	9/1/2025	Pay 4.3%; Receive 67% of 1-month LIBOR rate	Aa

The Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position. The interest rate contract requires the counterparty to post collateral under certain conditions pursuant to the derivative instrument.

The Authority is exposed to interest rate risk on its interest rate contract. As the one-month LIBOR rate decreases, the Authority's net payment on the interest rate contract increases.

The Authority is exposed to basis risk on its interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2011, the interest rate on the Authority's hedged variable-rated debt was 0.27 percent while 67 percent of 1-month LIBOR was 0.125 percent.

The Authority or its counterparty may terminate the interest rate contract if the other party fails to perform under the terms of the contract. In addition, the Authority may terminate at any time. If at the time of termination the interest rate contract is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability.

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The fair value of the swaps was a negative $85.5 million and is reported as other liabilities on the Statement of Net Assets. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value of $85.5 million for hedge swaps are reported as deferred outflows on the Statement of Net Assets. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses and Changes in Net Assets at $1.9 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association
Hedging Derivative Instruments - Interest Rate Swap Agreements
(in thousands)

						Terms	
Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Fixed Rate Paid	Variable Rate Received
2000 Series F	$5,905	($810)	$90	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	7,205	(1,274)	572	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series A	7,895	(1,056)	172	11/6/2008	1/1/2020	4.7600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	4,025	(571)	534	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series C	8,125	(1,151)	182	11/6/2008	7/1/2020	4.8600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D	10,785	(1,619)	172	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series E	10,785	(1,505)	202	11/6/2008	7/1/2022	4.5300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series F	8,345	(1,147)	175	11/6/2008	1/1/2021	4.7000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A	8,035	(1,280)	107	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series B	6,160	(961)	265	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C	8,200	(1,246)	133	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D	10,285	(1,558)	166	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series E	8,155	(1,081)	152	11/6/2008	7/1/2021	4.4800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series F	7,100	(733)	89	11/6/2008	1/1/2024	3.7900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	7,090	(875)	36	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A	9,850	(1,523)	152	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series B	9,190	(1,060)	77	11/6/2008	7/1/2024	4.0360%	SIFMA+.20%
2003 Series C	5,390	(520)	39	11/6/2008	1/1/2025	3.7800%	SIFMA+.20%
2003 Series D	8,640	(1,449)	139	11/6/2008	7/1/2025	4.8400%	SIFMA+.20%
2003 Series E	8,640	(1,270)	116	11/6/2008	7/1/2025	4.5300%	SIFMA+.20%
2004 Series A	8,505	(1,062)	129	11/7/2008	1/1/2026	4.0290%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series B	9,105	(1,373)	168	11/7/2008	1/1/2027	4.3700%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series C	8,850	(1,284)	156	11/7/2008	7/1/2025	4.3300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series D	11,025	(1,236)	174	11/7/2008	1/1/2028	3.8500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series A	11,420	(1,323)	192	11/7/2008	1/1/2029	3.9000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series B	11,230	(1,367)	196	11/7/2008	7/1/2028	3.9850%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series C	11,415	(1,174)	174	11/7/2008	7/1/2028	3.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series D	11,620	(1,281)	182	11/7/2008	7/1/2028	3.8650%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2005 Series E	11,835	(1,362)	193	11/7/2008	1/1/2029	3.9300%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2005 Series F	12,245	(1,561)	219	11/7/2008	1/1/2029	4.0950%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series A	12,010	(1,530)	223	11/7/2008	1/1/2029	4.1000%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series B	8,875	(1,234)	170	11/7/2008	7/1/2025	4.3500%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series C	8,665	(1,204)	173	11/7/2008	1/1/2025	4.3600%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series D	10,110	(1,463)	210	11/7/2008	1/1/2025	4.4500%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series E	11,700	(1,576)	211	11/7/2008	1/1/2026	4.2800%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series F	11,890	(1,432)	197	11/7/2008	1/1/2026	4.0300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series G	11,865	(1,330)	184	11/7/2008	7/1/2026	3.9100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series A	12,170	(1,489)	210	11/7/2008	7/1/2026	4.0438%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series B	14,060	(1,568)	226	11/7/2008	1/1/2027	3.8950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series C	14,550	(1,723)	240	11/7/2008	1/1/2027	3.9770%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-1	17,200	(1,991)	79	11/7/2008	1/1/2026	3.9800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-2	100	(3)	229	11/7/2008	7/1/2011	5.0870%	LIBOR+.15%
2007 Series E-1	21,000	(2,479)	399	11/7/2008	7/1/2025	4.0230%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series E-2	185	(6)	(8)	11/7/2008	7/1/2011	5.2470%	LIBOR+.15%
2007 Series F-1	26,250	(3,661)	(3,211)	11/7/2008	1/1/2025	4.3710%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series F-2	235	(8)	3,786	11/7/2008	7/1/2011	5.6590%	LIBOR+.15%
2007 Series G	25,000	(4,334)	420	11/7/2008	7/1/2028	4.3400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series H	29,505	(4,666)	596	11/7/2008	7/1/2030	4.1460%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series I	21,000	(3,153)	315	11/7/2008	7/1/2028	4.0900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series J	26,250	(3,844)	386	11/7/2008	7/1/2028	4.0500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series K	24,000	(3,122)	334	11/7/2008	7/1/2030	3.8800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2008 Series A	24,000	(2,761)	304	11/7/2008	7/1/2030	3.7190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series B	26,995	(2,597)	308	11/7/2008	7/1/2029	3.5950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series C	21,155	(2,113)	301	11/7/2008	7/1/2026	3.7500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	5,985	(489)	146	10/2/2008	7/1/2026	3.3680%	SIFMA+.10% (LIBOR<3.5%)/68% LIBOR
	$651,810	**($85,488)**	**$11,781**				

Idaho Housing and Finance Association
Investment Derivative Instruments - Interest Rate Swap Agreements
(in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2000 Series F	$70	($10)	$99	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	3,550	(628)	(291)	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	4,295	(609)	(347)	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D			50	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A			80	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series B	1,950	(303)	(81)	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C	30	(5)	50	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D	730	(110)	57	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	10	(1)	75	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A			41	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-1			7	11/7/2008	1/1/2026	3.9800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series E-2			2	11/7/2008	7/1/2011	5.2470%	LIBOR+.15%
2007 Series H	495	(81)	(81)	11/7/2008	7/1/2030	4.1460%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	1,950	(160)	(53)	10/2/2008	7/1/2026	3.3680%	SIFMA+.10% (LIBOR<3.5%)/68% LIBOR
	$13,080	**($1,907)**	**($392)**				

The Association was not exposed to credit risk on any outstanding swaps due to their negative fair values. The Association's counterparty has a current rating of Aa.

All but seven of the Association's swaps have a dual basis: SIFMA index plus 20 (10 for the 2008D issue) basis points when the 1-month LIBOR is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of LIBOR when LIBOR is 3.5 percent or greater. Four non-basis swaps have a basis of SIFMA plus 20 basis points and three have a basis of LIBOR plus 15 basis points. The Association is exposed to basis risk when variable payments received are based on LIBOR and do not offset the variable-rate paid on bonds, which is based on SIFMA. On June 30, 2011, SIFMA was 9 basis points and 1-month LIBOR was 18.56 basis points.

Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable-rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable-rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable-rate debt are reported as investment derivatives.

The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. The risk may be offset by identifying a suitable counter party willing to enter into identical swap contracts at the termination date.

D. Restricted Assets

A portion of cash and investments are classified as restricted assets for governmental activities, business-type activities, and component units on the Statement of Net Assets. The break out of purpose and amount are as follows:

Primary Government and Component Units
Restricted Assets at June 30, 2011
(dollars in thousands)

Purpose	Amount
Governmental Activities:	
Restricted Cash:	
Group Insurance Reserves	$52,378
Pollution Clean Up	16,378
Bond Covenants	579
Matching Fund Contributions	29,159
Donations for Various Projects	332
Petroleum Violation Escrow	4,124
Juvenile Corrections Social Security Benefits	886
Legislation and Donations	10,385
The Idaho State Bar Client Assistance Fund	525
Debt Service	20,530
Restricted Investments:	
Donations for Various Projects	5,022
Legal Settlements	2,292
Legislation and Donations	137,039
Debt Service	4,915
Total Governmental Activities	**$284,544**
Business-Type Activities:	
Restricted Cash:	
Debt Service	$553
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	23,481
Bond Indentures	19,019
Idaho Lottery Dividends Payout	36,285
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	60,765
Bond Indentures	636
Total Business-Type Activities	**$140,739**
Component Units:	
Restricted Cash:	
Single-Family and Multi-Family Escrow Deposits	$3,339
Donations for the College and University Foundations	15,846
Restricted Investments:	
Donations for the College and University Foundations	3,413
Total Component Units	**$22,598**

NOTE 3. EXTERNAL INVESTMENT POOLS

A. Overview of the External Investment Pools

The State Treasurer manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to $10.0 million. Withdrawals of $10.0 million or more require 3 business

days' notification. The weighted average maturity of investments in the LGIP at June 30, 2011, was 122 days. The LGIP distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool. The STO created the DBF for those state and public agencies able to exchange current liquidity for potentially greater returns over the long run (3.5 years or longer). Withdrawals of $10.0 million or less generally require 5 business days' notification prior to the last day of the month. Withdrawals of more than $10.0 million require 25 business days' notification prior to the last day of the month. All withdrawals from the DBF occur on the last day of the month. The weighted average maturity of investments in the DBF at June 30, 2011, was 4.5 years. The DBF distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool.

The STO must operate and invest the funds of both pools for the benefit of the participants. The STO makes investments in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The Pools are not registered with the Securities and Exchange Commission or any other regulatory body. The STO does not provide any legally binding guarantees to support the value of shares to the participants. Each month the STO transfers funds to cover administrative costs associated with the specific pool to the STO operating fund.

The LGIP and the DBF are reported as fiduciary-type investment trust funds. The Pools have not issued separate reports as external investment pools. The assets and liabilities in these notes will not agree to the amounts shown on the fiduciary fund financial statements because only the external portion of investment pool assets is required to be reported in the investment trust funds. The internal portion of pool assets is reported in the appropriate individual fund or component unit.

Investments were valued through a quoted market price at June 30, 2011. The LGIP provides participants with a net asset valuation factor that enables them to convert their monthly statement balance to fair value. The DBF reports participants' balances at fair value on their monthly statements. The State uses the aggregate method to determine the increase or decrease in fair value of each pool.

Internal participant funds generally receive the income from investments generated by their participation in the external investment pools, with the exception of the Unemployment Compensation enterprise fund. The investment income from that fund is assigned to the Miscellaneous Special Revenue fund (a nonmajor governmental fund) per Idaho Code 72-1347A.

The LGIP and the DBF engage in securities lending transactions. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The cash collateral can be pledged without borrower default. The securities are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair value of securities lent and collateral received. Additional collateral is obtained as necessary to meet margin requirements. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end the STO had no credit risk exposure to borrowers, because the collateral exceeded the amount borrowed. No custodial credit risk existed because the securities were held by the State's agent in the STO's name. No restrictions exist on the amount of loans that can be made. Substantially all securities loans can be terminated on demand either by the State or by the borrower. Generally the average term of these loans is under 10 days. The cash collateral received is invested by the agent in marketable securities with maturities ranging between one day and one year. As of June 30, 2011, more than 57 percent of the LGIP cash collateral was invested in instruments with a 1-day maturity, and the weighted average maturity of all collateral investments was 13 days. More than 60 percent of the DBF cash collateral was invested in instruments with a 1-day maturity and the weighted average maturity of all cash collateral investments was 13 days.

Recovery payments of $0.1 million for prior period losses to the securities lending portfolio were received for settlement of the Primary Reserve fund.

The Pools disclose certain risks that may be associated with their deposits and investments. Disclosures are made under each individual pool for the following required risk disclosures:

> *Interest rate risk* occurs when investments are fixed for longer periods. The Pools do not have a formally adopted policy to address interest rate risk.
>
> *Concentration of credit risk* results when investments are concentrated in one issuer, which represents heightened risk of potential loss. No specific percentage identifies when concentration of credit risk is present. When 5 percent or more of the pool's total investments are concentrated in any one issuer, the pools have adopted the principle of

disclosing the amount and percentage invested. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Pools do not have a formally adopted policy to address the amount that may be invested with any one issuer.

Credit risk associated with investments is the risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill its obligation. Obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. The Pools do not have a formally adopted policy to address credit risk associated with investments.

B. Local Government Investment Pool

Local Government Investment Pool
Condensed Statement of Net Assets
June 30, 2011
(amounts in thousands)

Assets	
Investments, at Fair Value	$1,252,454
Interest Receivable to the Pool	4,264
Reinvestment of Securities Lending Collateral	615,199
Securities Lending Income Receivable	113
Total Assets	1,872,030
Liabilities	
Distributions Payable	293
Administrative Fees Payable	41
Obligations Under Securities Lending	615,199
Securities Lending Agent Fees Payable	9
Securities Lending Borrower Rebates Payable	56
Total Liabilities	615,598
Net Assets Held in Trust for Pool Participants	**$1,256,432**
Net Assets Consist of:	
Net Assets Held in Trust for External Participants ($1.00 par)	$1,175,395
Net Assets Held in Trust for Internal Participants ($1.00 par)	81,037
Net Assets Held in Trust for Pool Participants	**$1,256,432**
Total Participant Units Outstanding ($1.00 par)	1,247,814
Participant Net Asset Value, Offering Price and Redemption Price Per Share ($1,256,432 divided by 1,247,814 units)	**$1.01**

Local Government Investment Pool
Condensed Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

Investment Income		
Interest Income		$14,278
Securities Lending Income		1,834
Change in Fair Value of Investments		(10,729)
Total Investment Income		5,383
Expense		
Administrative Fees		(491)
Securities Lending Agent Fees		(121)
Securities Lending Borrower Rebates		(1,030)
Total Investment Expense		(1,642)
Net Investment Income		3,741
Distributions to Participants		
Distributions Paid and Payable		(3,418)
Share Transactions at Net Asset Value of $1.00 per Share		
Pooled Participant Deposits	$2,795,726	
Pooled Participant Withdrawals	(2,619,650)	
Change in Net Assets and Shares Resulting From Share Transactions		176,076
Total Change in Net Assets		176,399
Net Assets Held in Trust for Pool Participants		
Beginning of Period		1,080,033
End of Period		**$1,256,432**

Local Government Investment Pool
Summary of Fair Value and Interest Rate Risk at June 30, 2011
(dollars in thousands)

			Investment Maturities In Years	
Investment Type	**Fair Value**	**Interest Rates**	**Less than 1**	**1-5**
Money Market Mutual Funds	$76,942	0.010%-0.390%	$76,942	
Commercial Paper	223,864	0.070%-0.430%	223,864	
Corporate Debt Instruments	188,114	0.301%-4.500%	140,176	$47,938
U.S. Gov't Agency Obligations	587,334	0.170%-6.125%	576,376	10,958
U.S. Treasury Obligations	176,200	1.000%-4.625%	176,200	
Total Securities	1,252,454		1,193,558	58,896
Accrued Interest	4,264		4,264	
Reinvestment of Securities Lending Collateral:				
Money Market Mutual Funds	136,138	0.075%-0.085%	136,138	
Repurchase Agreements	310,000	0.070%-0.320%	310,000	
Commercial Paper	153,976	0.040%-0.180%	153,976	
Corporate Debt Instruments	15,085	0.509%-0.563%	15,085	
Securities Lending Income Receivable	113		113	
Total Assets	**$1,872,030**		**$1,813,134**	**$58,896**

Local Government Investment Pool
Change in Fair Value
(dollars in thousands)

Fair Value of Investments at June 30, 2011	$1,252,454
Proceeds of Investments Sold in FY2011	5,607,541
Cost of Investments Purchased in FY2011	(5,791,260)
Fair Value at June 30, 2010	(1,079,464)
Change in Fair Value of Investments During FY2011	**($10,729)**

Local Government Investment Pool
Credit Quality Ratings of Debt Securities at June 30, 2011
(dollars in thousands)

Investment Type	Fair Value	Aaa	Aa	A	P-1	Unrated
Money Market Mutual Funds	$76,942	$11,942				$65,000
Commercial Paper	223,864				$223,864	
Corporate Debt Instruments	188,114	101,140	$32,039	$54,935		
U.S. Gov't Agency Obligations	587,334	382,301			119,949	85,084
Reinvestment of Securities Lending Collateral:						
Money Market Mutual Funds	136,138	136,138				
Repurchase Agreements	310,000					310,000
Commercial Paper	153,976				153,976	
Corporate Debt Instruments	15,085			15,085		
Total Investments	**$1,691,453**	**$631,521**	**$32,039**	**$70,020**	**$497,789**	**$460,084**

Moody's or equivalent credit quality ratings have been used.

Local Government Investment Pool
Concentration of Credit Risk at June 30, 2011
(dollars in thousands)

Issuer	Fair Value	Percent of Total LGIP Investments
Citigroup	$145,943	7.81
Federal Farm Credit Bank	146,485	7.84
Federal Home Loan Bank	94,045	5.04
Federal National Mortgage Association	178,236	9.54
Morgan Stanley	121,000	6.48

Local Government Investment Pool
Balances of Securities Lending Transactions at June 30, 2011
(dollars in thousands)

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
Corporate Debt Instruments	$5,762	$5,939
U.S. Gov't Agency Obligations	428,481	439,268
U.S. Gov't Obligations	166,124	169,947
Total	**$600,367**	**$615,154**

C. Diversified Bond Fund

Diversified Bond Fund
Condensed Statement of Net Assets
June 30, 2011
(amounts in thousands)

Assets	
Investments, at Fair Value	$500,138
Interest Receivable to the Pool	1,994
Reinvestment of Securities Lending Collateral	291,050
Securities Lending Income Receivable	53
Total Assets	793,235
Liabilities	
Distributions Payable	1,170
Administrative Fees Payable	16
Obligations Under Securities Lending	291,050
Securities Lending Agent Fees Payable	4
Securities Lending Borrower Rebates Payable	30
Total Liabilities	292,270
Net Assets Held in Trust for Pool Participants	**$500,965**
Net Assets Consist of:	
Net Assets Held in Trust for External Participants ($1.00 par)	$122,655
Net Assets Held in Trust for Internal Participants ($1.00 par)	378,310
Net Assets Held in Trust for Pool Participants	**$500,965**
Total Participant Units Outstanding ($1.00 par)	476,159
Participant Net Asset Value, Offering Price and Redemption Price Per Share ($500,965 divided by 476,159 units)	**$1.05**

Diversified Bond Fund
Condensed Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

Investment Income		
Interest Income		$16,283
Securities Lending Income		1,033
Change in Fair Value of Investments		(3,067)
Total Investment Income		14,249
Expense		
Administrative Fees		(958)
Securities Lending Agent Fees		(62)
Securities Lending Borrower Rebates		(614)
Total Investment Expense		(1,634)
Net Investment Income		12,615
Distributions to Participants		
Distributions Paid and Payable		(12,501)
Share Transactions at Net Asset Value of $1.00 per Share		
Pooled Participant Deposits	$128,759	
Pooled Participant Withdrawals	(33,163)	
Change in Net Assets and Shares Resulting From Share Transactions		95,596
Total Change in Net Assets		95,710
Net Assets Held in Trust for Pool Participants		
Beginning of Period		405,255
End of Period		**$500,965**

Diversified Bond Fund
Summary of Fair Value and Interest Rate Risk at June 30, 2011
(dollars in thousands)

			Investment Maturities In Years		
Investment Type	**Fair Value**	**Interest Rates**	**Less than 1**	**1-5**	**6-10**
Money Market Mutual Funds	$60,288	0.150%	$60,288		
Corporate Debt Instruments	43,668	0.785%-5.900%	3,631	$21,294	$18,743
Asset-Backed Securities*	1,932	4.900%	1,932		
Mortgage-Backed Securities*	18,004	5.197%-5.928%		18,004	
U.S. Gov't Agency Obligations	52,517	1.125%-4.500%	6,045	46,472	
U.S. Gov't Agency Mortgage-Backed Securities*	211,327	3.450%-6.500%	4,723	162,641	43,963
U.S. Gov't Corporation Mortgage-Backed Securities*	31,371	5.000%-6.500%	143	16,378	14,850
U.S. Treasury Obligations	81,031	1.000%-4.625%	31,248	32,234	17,549
Total Securities	500,138		108,010	297,023	95,105
Accrued Interest	1,994		1,994		
Reinvestment of Securities Lending Collateral:					
Money Market Mutual Funds	53,554	0.075%-0.085%	53,554		
Commercial Paper	53,992	0.040%-0.180%	53,992		
Corporate Debt Instruments	7,504	0.509%-0.563%	7,504		
Repurchase Agreements	176,000	0.070%-0.270%	176,000		
Securities Lending Income Receivable	53		53		
Total Assets	**$793,235**		**$401,107**	**$297,023**	**$95,105**

*These securities are reported using weighted-average maturity to more accurately reflect the projected terms of the securities, considering interest rates and repayment terms.

Diversified Bond Fund
Change in Fair Value
(dollars in thousands)

Fair Value of Investments at June 30, 2011	$500,138
Proceeds of Investments Sold in FY2011	369,453
Cost of Investments Purchased in FY2011	(468,432)
Fair Value at June 30, 2010	(404,226)
Change in Fair Value of Investments During FY2011	**($3,067)**

Diversified Bond Fund
Concentration of Credit Risk at June 30, 2011
(dollars in thousands)

Issuer	Fair Value	Percent of Total DBF Investments
Citigroup	$62,499	7.90
Federal Home Loan Mortgage Corporation	73,942	9.35
Federal National Mortgage Association	169,622	21.44
Goldman Sachs	39,822	5.03
Morgan Stanley	56,500	7.14

Diversified Bond Fund
Credit Quality Ratings of Debt Securities at June 30, 2011
(dollars in thousands)

Investment Type	Fair Value	Aaa	Aa	A	P-1	Unrated
Money Market Mutual Funds	$60,288	$60,288				
Corporate Debt Instruments	43,668		$26,673	$16,995		
Asset-Backed Securities	1,932	1,932				
Mortgage-Backed Securities	18,004	18,004				
U.S. Gov't Agency Obligations	52,517	52,517				
U.S. Gov't Agency Mortgage-Backed Securities	211,327	211,327				
Reinvestment of Securities Lending Collateral:						
Money Market Mutual Funds	53,554	53,554				
Commercial Paper	53,992				$53,992	
Corporate Debt Instruments	7,504			7,504		
Repurchase Agreements	176,000					$176,000
Total Investments	**$678,786**	**$397,622**	**$26,673**	**$24,499**	**$53,992**	**$176,000**

Moody's or the equivalent credit quality ratings have been used.

Diversified Bond Fund
Balances of Securities Lending Transactions at June 30, 2011
(dollars in thousands)

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
Corporate Debt Instruments	$13,141	$13,607
U.S. Treasury Obligations	70,925	72,864
Mortgage-Backed Securities	147,587	150,610
U.S. Gov't Agency Obligations	52,516	53,946
Total	**$284,169**	**$291,027**

NOTE 4. INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances consist of the following receivables and payables *(dollars in thousands)*:

		Interfund Payables							
		General Fund	Health and Welfare	Trans-portation	Nonmajor Govern-mental	College and University	Nonmajor Enterprise	Pension Trust	Total
Interfund Receivables	General Fund		$38,132	$11	$469	$4,113	$8,011		**$50,736**
	Health and Welfare				16				**16**
	Nonmajor Governmental		139	199	1,744				**2,082**
	College and University	$1,428		70	888				**2,386**
	Nonmajor Enterprise		11	69					**80**
	Internal Service	73	385	66	71	31			**626**
	Pension Trust							$1,581	**1,581**
	Total	**$1,501**	**$38,667**	**$415**	**$3,188**	**$4,144**	**$8,011**	**$1,581**	**$57,507**

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one individual fund within the State to another and for certain statutorily required transfers due at year-end. Most balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The receivables not expected to be collected within one year include $0.3 million advanced by the General Fund to nonmajor governmental funds and $1.5 million advanced by nonmajor governmental funds to other nonmajor governmental funds.

B. Interfund Transfers

Interfund transfers for the fiscal year were as follows *(dollars in thousands)*:

		Transfers In						
		General Fund	Health and Welfare	Nonmajor Govern-mental	College and University	Loan	Internal Service	Total
Transfers Out	General Fund		$435,659	$14,663	$258,860		$2,764	**$711,946**
	Health and Welfare			229				**229**
	Transportation	$25		15,660				**15,685**
	Land Endowments	67,787						**67,787**
	Nonmajor Governmental	62,725	1,091	46	100	$4,715		**68,677**
	Unemployment Compensation	5,197		6,465				**11,662**
	Loan	2,465		68				**2,533**
	Nonmajor Enterprise	61,061	2,730	1,120				**64,911**
	Internal Service	1,803						**1,803**
	Total	**$201,063**	**$439,480**	**$38,251**	**$258,960**	**$4,715**	**$2,764**	**$945,233**

Interfund transfers are primarily performed for two reasons:

1) Taxes, fees, penalties, earnings, and other revenues are transferred from the agencies that initially collect them (such as the Tax Commission) to the General Fund and other funds as dictated by state law.
2) Revenues are transferred from the fund that is statutorily required to collect them to the fund that has budgetary authorization to spend them.

During fiscal year 2011 the following nonroutine statutory transfers were made:

- $2.5 million was transferred from the Revolving Development Loan fund to the General Fund. The moneys will be used as the State's portion of cost for projects selected by the Idaho Water Resource Board that demonstrate hydrologic benefit to the Eastern Snake River Plan.
- $4.7 million was transferred from the nonmajor special revenue Water Pollution Control fund to the Drinking Water Loan fund ($2.7 million) and to the Wastewater Facility Loan Fund ($2.0 million). These transfers were made to provide the state match to federal dollars to provide loans for public drinking water systems and wastewater facilities.

NOTE 5. NONCURRENT RECEIVABLES

Primary Government

Loans and notes receivable in the General Fund consist of long-term receivables from low interest loans made available to upgrade and modernize Idaho's freight-shipping infrastructure in the amount of $2.1 million, of which $1.7 million is not expected to be collected within one year. Taxes receivable in the General Fund primarily consist of income and sales tax in the amount of $278.2 million. The amount not expected to be collected within one year is $51.3 million, net of allowance for doubtful accounts of $0.5 million.

Loans and notes receivable in the Transportation fund consist of long-term receivables from the sale of capital assets in the amount of $0.8 million, of which $0.6 million is not expected to be collected within one year.

Loans and notes receivable in the nonmajor special revenue funds primarily consist of long-term receivables for energy and soil conservation projects and for the construction of an irradiation facility in the amount of $9.5 million, of which $7.8 million is not expected to be collected within one year. Accounts receivable in the nonmajor special revenue funds are mainly due to compliance penalties, restitution to crime victims who have suffered an economic loss, and cost of supervision of individuals on probation and parole in the amount of $7.9 million. The amount not expected to be collected within one year is $2.9 million, net of allowance for doubtful accounts of $2.0 million. Taxes receivable in the nonmajor special revenue funds consist of sales, travel and convention, potato, cigarette, tobacco, and fuel taxes in the amount of $2.8 million, of which $0.1 million is not expected to be collected within one year.

Loans and notes receivable in the Loan fund consist of long-term receivables for water project development, drinking water system improvements, and wastewater facility enhancements in the amount of $323.3 million, of which $311.9 million is not expected to be collected within one year.

Loans and notes receivable in the College and University fund consist of student loans, pledges receivable, and notes receivable in the amount of $25.5 million. The amount not expected to be collected within one year is $21.8 million, net of allowance for doubtful accounts of $2.2 million.

Noncurrent interfund receivables are discussed in Note 4.

Component Units

Loans receivable for the Idaho Housing and Finance Association primarily consist of long-term receivables from single-family mortgage loans in the amount of $1.2 billion. The amount not expected to be collected within one year is $1.1 billion.

Loans, notes, and pledges receivable for the College and University Foundation fund consist of long-term receivables mainly from pledges in the amount of $27.3 million. The amount not expected to be collected within one year is $18.7 million, net of allowance for doubtful accounts of $1.4 million.

Loans receivable for the Bond Bank Authority consist of long-term receivables from loans to municipalities in the amount of $234.4 million. The amount not expected to be collected within one year is $227.1 million.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows *(dollars in thousands)*:

Primary Government **Governmental Activities:**	**Balances at July 1, 2010 As Restated***	**Increases**	**Decreases**	**Balances at June 30, 2011**
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$1,012,848	$34,078	($2,901)	$1,044,025
Capital Assets in Progress	1,037,658	427,282	(233,126)	1,231,814
Infrastructure	2,155,646	128,694	(1,152)	2,283,188
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,206,274	590,054	(237,179)	4,559,149
Capital Assets Being Depreciated:				
Buildings and Improvements	874,817	55,461	(17,790)	912,488
Improvements Other Than Buildings	80,438	4,225	(8,884)	75,779
Machinery, Equipment, and Other	411,164	53,491	(32,459)	432,196
Infrastructure	760,467	48,262	(521)	808,208
Total Capital Assets Being Depreciated	2,126,886	161,439	(59,654)	2,228,671
Less Accumulated Depreciation for:				
Buildings and Improvements	(280,022)	(20,089)	993	(299,118)
Improvements Other Than Buildings	(24,913)	(3,818)	1,278	(27,453)
Machinery, Equipment, and Other	(243,512)	(33,276)	16,546	(260,242)
Infrastructure	(182,137)	(12,528)	457	(194,208)
Total Accumulated Depreciation	(730,584)	(69,711)	19,274	(781,021)
Total Capital Assets Being Depreciated, Net	1,396,302	91,728	(40,380)	1,447,650
Governmental Activities Capital Assets, Net	**$5,602,576**	**$681,782**	**($277,559)**	**$6,006,799**

* Beginning balances were adjusted between asset classes.

Depreciation expense was charged to functions of governmental activities as follows *(dollars in thousands)*:

Governmental Activities:	
General Government	$12,333
Public Safety and Correction	8,644
Health and Human Services	7,070
Education	2,154
Economic Development	27,969
Natural Resources	9,183
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	2,358
Total Accumulated Depreciation Increase for Governmental Activities	**$69,711**

Business-Type Activities:	Balances at July 1, 2010	Increases	Decreases	Balances at June 30, 2011
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$99,227	$3,037	($182)	$102,082
Capital Assets in Progress	94,412	56,388	(78,838)	71,962
Historical Art and Collections	2,191	28		2,219
Total Capital Assets not Being Depreciated	195,830	59,453	(79,020)	176,263
Capital Assets Being Depreciated:				
Buildings and Improvements	1,128,870	94,728	(4,597)	1,219,001
Improvements Other Than Buildings	49,652	12,866	(538)	61,980
Machinery, Equipment, and Other	362,118	24,958	(10,441)	376,635
Total Capital Assets Being Depreciated	1,540,640	132,552	(15,576)	1,657,616
Less Accumulated Depreciation for:				
Buildings and Improvements	(378,511)	(31,387)	1,736	(408,162)
Improvements Other Than Buildings	(29,347)	(2,470)	419	(31,398)
Machinery, Equipment, and Other	(264,271)	(23,920)	9,499	(278,692)
Total Accumulated Depreciation	(672,129)	(57,777)	11,654	(718,252)
Total Capital Assets Being Depreciated, Net	868,511	74,775	(3,922)	939,364
Business-Type Activities Capital Assets, Net	**$1,064,341**	**$134,228**	**($82,942)**	**$1,115,627**
Component Units:				
Capital Assets not Being Depreciated:				
Land	$5,713	$13	($347)	$5,379
Total Capital Assets not Being Depreciated	5,713	13	(347)	5,379
Capital Assets Being Depreciated:				
Buildings and Improvements	60,755	6,468	(354)	66,869
Improvements Other Than Buildings	243			243
Machinery, Equipment, and Other	7,692	962	(2,112)	6,542
Total Capital Assets Being Depreciated	68,690	7,430	(2,466)	73,654
Less Accumulated Depreciation for:				
Buildings and Improvements	(27,046)	(2,351)	242	(29,155)
Improvements Other Than Buildings	(207)	(4)		(211)
Machinery, Equipment, and Other	(4,717)	(433)		(5,150)
Total Accumulated Depreciation	(31,970)	(2,788)	242	(34,516)
Total Capital Assets Being Depreciated, Net	36,720	4,642	(2,224)	39,138
Component Unit Activities Capital Assets, Net	**$42,433**	**$4,655**	**($2,571)**	**$44,517**

NOTE 7. RETIREMENT PLANS

A. Summary of Public Employee Retirement System of Idaho Plans

The Public Employee Retirement System of Idaho (PERSI) administers the Public Employee Retirement System Base Plan (PERSI Base Plan), the Firefighters' Retirement Fund (FRF), and the defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employee Retirement System of Idaho, P.O. Box 83720, Boise, ID 83720-0078.

Summary of Significant Accounting Policies

The PERSI basic financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as additions to net assets when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus.

Investments are presented at fair value. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of longer-term real estate investments has been estimated based on the PERSI's consultant assessments and/or independent appraisals. Short-term investments are reported at market value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market value. Investments of the PERSI Base Plan and FRF are pooled for investment purposes.

1. PERSI Base Plan

Plan Description

Organization and Purpose
The PERSI Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan. The Base Plan is governed by Idaho Code Title 59, Chapter 13.

Membership
State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units is 737.

Benefits
The benefit structure is based on each member's years of service, age, and highest average salary. In addition, benefits are provided for disability or death, and to survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus service. The annual service retirement allowance for each month of credited service is 2 percent (2.3 percent for police) of the average monthly salary for the highest consecutive 42 months.

The benefit payments are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1 percent minimum cost of living increase per year on the condition the Consumer Price Index increases 1 percent or more. The PERSI Retirement Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Legislature.

Funding Policy

Contributions and Vesting
Funding policy for the PERSI Base Plan is determined by the Board as defined by Idaho law. The funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code, Section 59-1322, is 25 years.

The last actuarial valuation was performed as of July 1, 2011. Normal cost is 13.9 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 2.99 percent of covered payroll.

The contribution rates for the year were as follows:

Employee Group	Employer	Employee
General	10.39%	6.23%
Police and Fire	10.73%	7.69%

Employer contributions required and paid were $74.3 million, $71.7 million, and $69.5 million for the fiscal years ended June 30, 2009, 2010, and 2011, respectively.

After five years of credited service (five months for elected or appointed officials) members become fully vested in retirement benefits earned to date. Upon termination of employment accumulated member contributions plus interest are refundable. The interest is compounded monthly per annum and accrued at 10.74 percent from January 1, 2011, through June 30, 2011, and at 1.0 percent from July 1, 2010, through December 31, 2010. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

Although enrollees in the College and University Optional Retirement Plan no longer belong to the PERSI, the colleges and universities are required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate for the year was 1.49 percent for colleges and universities. Eastern Idaho Technical College is required to contribute 3.83 percent to the PERSI Base Plan through July 1, 2011.

Funding
Contributions from members and employers, in addition to earnings from investments, fund the PERSI Base Plan benefits. Member and employer contributions are a percentage of applicable member compensation. As defined by state law, member contribution rates are a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the PERSI Retirement Board and limitations set forth in state statute. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of the PERSI. Costs of administering the plans are financed through the contributions and investment earnings of the system.

2. Firefighters' Retirement Fund

Plan Description

The FRF is a cost-sharing multiple-employer defined benefit retirement plan. The FRF is governed by Idaho Code Title 72, Chapter 14. The FRF is administered by the PERSI, which is part of the primary government. However, the State does not employ firefighters participating in the FRF; therefore, no employer costs are disclosed. Twenty-two employer units, all consisting of local fire departments, were participating in the FRF. The significant accounting policies are the same as detailed for the PERSI. Complete FRF disclosures may be found in the PERSI financial statements.

3. Defined Contribution Retirement Plans

Plan Description

Organization and Purpose
The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code Title 59, Chapter 13. The 414(k) plan was established for gain sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to board approval.

Membership
The 401(k) plan is open to all active PERSI Base Plan members and was established February 1, 2001. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. On February 1, 2001, all eligible PERSI Base Plan members who were active as of June 30, 2000, and eligible to receive gain sharing contributions, received an allocation. The plans have 737 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

The assets of the 401(k) and the 414(k) plans are commingled for investment and recordkeeping purposes. The other significant accounting policies are the same as for the PERSI.

Funding Policy

Contributions
Beginning in January 2002, employees in the 401(k) plan could make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit. Participants direct their investment mix with limited restrictions and may elect to change their salary deferral. On May 1, 2001, the 401(k)

plan became open to voluntary employer matching contributions at rates determined by the employers. Employers and participants in the plans contributed $0.2 million and $33.1 million, respectively, during the fiscal year.

B. Other State-Sponsored Retirement Plans

1. Judges' Retirement Fund

Plan Description

Organization and Purpose
The Judges' Retirement Fund (JRF) is a single-employer defined benefit retirement plan, which provides retirement benefits for Idaho Supreme Court justices, court of appeals judges, district court judges, and eligible administrative directors, hereinafter referred to as "members." The Judicial Department, under the direction of the Idaho Supreme Court, administers the JRF. The JRF is guided by Idaho Code, Sections 68-501 through 68-514; and Idaho Code, Title 1, Chapter 20; and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

The JRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Idaho Supreme Court, P.O. Box 83720, Boise, ID 83720-0101.

Membership and Vesting
Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to 4 years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon meeting one of the following criteria:

- attainment of age 65 and a minimum of 4 years of service
- attainment of age 60 and a minimum of 10 years of service
- attainment of age 55 and a minimum of 15 years of service
- after 20 years of service

The JRF has 78 retired members or beneficiaries collecting benefits, 5 terminated members entitled to, but not yet receiving benefits, and 51 active members.

Benefits
The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to, but not on July 1, 2000, are paid under Option A. Members serving on or after July 1, 2000, may choose between two benefit payment options, A or B. Both options are based upon current annual compensation of the highest office in which the member served, with benefits for Option A accumulating as follows:

> For the first 10 years of service benefits are credited at 5 percent per year of the member's compensation. For the remaining years of service, benefits are credited at 2.5 percent per year of the member's compensation.

In addition to the above benefits, Option B includes:

> Benefits credited at 12.5 percent per year for senior judges with 5 years of service.

The maximum benefit is 75 percent of compensation. After four years of credited service any member retiring by reason of disability will be entitled to benefits calculated using Option A. Upon the death of retired or sitting members, surviving spouses will be entitled to benefits equal to 50 percent of the member's calculated benefit.

Summary of Significant Accounting Policies

The JRF's financial statements are prepared using the accrual basis of accounting and flow of economic resources measurement focus. Member and Department contributions are recognized as revenues in the period in which the member's services are performed. Investment income and filing fees are recognized when earned. Benefit payments and refunds are recognized when the obligation is due and payable in accordance with terms of the plan. Other expenditures are recognized when the obligation is incurred.

The JRF's investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest which approximates market value. Purchases and sales are recorded at the trade date.

Funding Policy

Contributions
The JRF's benefits are funded by contributions from members and the Judicial Department, earnings from investments, and court filing fees. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Judicial Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy provides for Department and member contributions at 7 percent and 6 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately $5.7 million for the fiscal year. In addition, specified court-filing fees in civil court actions are dedicated to the JRF.

Actuarial valuations of the funding status and required contribution levels are generally performed biennially using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The unfunded actuarial liability created by this method is amortized as a level percentage of salary over 25 years on an open basis. The actuarial assumptions include a 7.5 percent investment rate of return, projected annual salary increases of 3 percent, an inflation rate of 3 percent, and annual postretirement benefit increases of 3 percent. Assets are presented at market value. Based on the most recent actuarial valuation as of June 30, 2011, the annual required contribution (ARC) is $3.3 million. Total Judicial Department and member contributions to the pension plan for the fiscal year amounted to $2.3 million, of which $1.6 million was received from filing fees, $0.4 million from the Judicial Department, and $0.3 million from the members. Net pension obligation increased from $11.1 million in 2010 to $12.5 million in 2011 due to the annual pension cost exceeding the employer's contributions. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the change in the actuarial value of plan assets.

The funding progress for the fiscal year is as follows (*dollars in thousands*):

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
6/30/11	$ 63,140	$ 77,228	$ 14,088	81.8%	$ 5,700	247%

The State's annual pension cost and net pension obligation to the JRF for the current year and two preceding years are as follows:

Idaho Judges' Retirement Fund
Annual Pension Cost and Net Pension Obligation
(dollars in thousands)

	2009	2010	2011
Annual Required Contribution (ARC)	$2,377	$3,735	$3,286
Interest on Net Pension Obligation (NPO)	178	700	836
Adjustment to ARC	(213)	(608)	(726)
Annual Pension Cost (APC)	2,342	3,827	3,396
Contributions Made	(2,006)	(2,023)	(2,028)
Increase in NPO	336	1,804	1,368
Prior Year NPO	2,375	2,711	11,140
Change in Actuarial Estimate		6,625	
Current Year NPO	**$2,711**	**$11,140**	**$12,508**
Percentage of APC Contributed	85.7%	52.9%	59.7%

2. College and University Optional Retirement Plan

Plan Description

Organization and Purpose
Effective July 1, 1990, the State Legislature authorized the Idaho State Board of Education to establish the Optional Retirement Plan (ORP), a defined contribution plan for college and university faculty and exempt employees. The ORP is governed by Idaho Code, Sections 33-107A and 33-107B. Vendor options include Teachers' Insurance and Annuity Association College Retirement Equities and Variable Annuity Life Insurance Company. The Plan is administered by TIAA-CREF, and they may be reached at (800) 842-2009.

Membership
Faculty and exempt employees hired July 1, 1990, or thereafter, automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP.

Funding Policy

Contributions and Vesting
The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was $38.7 million, which consisted of $22.1 million from the colleges and universities and $16.6 million from employees.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

3. Department of Labor Retirement Plan

Plan Description

Organization and Purpose
This stand-alone insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980. The Plan is governed by Idaho Code, Section 72-1335, and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Idaho Department of Labor, which may be reached at (208) 332-3570.

Membership
As of September 30, 2010, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	385
Inactive Participants	9
Current Active Employees	18
Total	412

Benefits
Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased, for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2010, the last actuarial valuation date, no unfunded liability existed. The normal service retirement allowance is the average annual salary for the highest three consecutive years times 2 percent for each year of credited service.

The present value of future retirement benefits is $117.5 million. The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6 percent for 2011. Net assets available for benefits (at fair value) are $159.1 million.

Funding Policy

Contributions
Until August 1999, 7 percent of payroll was contributed by the employee. The employee contribution was required by the Plan and was made even though a contribution was not actuarially needed to finance future benefits. In August 1999 the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions were then suspended through September 30, 2011, consistent with the most recent actuarial valuations. This valuation certified that the total contribution rate should remain at zero through September 30, 2012. The total employer contribution for federal fiscal year 2011 was zero.

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

The Department of Administration administers postemployment benefits for healthcare, disability, and life insurance for retired or disabled employees of state agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as agent multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5768 and 72-1335, establishes the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2010. No assets have been set aside to pay future benefits; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees, $0.12 per person per month for fiscal year 2011. This rate is reviewed annually.

Each of the employers participating in the plans is required by GASB Statement No. 45 to disclose additional information regarding funding policy, the employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report that includes financial statements and required supplementary information for these benefits. That report may be obtained by writing to the University of Idaho, Attn. General Accounting, P.O. Box 443166, Moscow, ID 83844-3166. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2010. The University has established a trust to fund the medical and dental portions of these benefits. The trust statements are for the fiscal year ended December 31, 2010. The cost of administering the medical and dental portion of the plan is included in medical claim costs; the life insurance portion is financed by a 10 percent surcharge.

The number of participating employers and the classes of employees covered by the above plans are as follows:

Classes of Employees and Number of Participating Employers

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Active Employees	16,634	18,457	18,457	-	5,079	1,286
Retired/Disabled Employees	883	126	581	128	1,264	854
Terminated, Vested Employees			-	-	91	-
Number of participating employers	27	27	27	27	1	1

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. In fiscal year 2011 retired plan members contributed 79 percent of the total premium cost, and employers were charged $16.44 per active employee per month towards the retiree premium cost, 21 percent of the total cost of the retiree plan.

Long-Term Disability Plan
Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or $4,000, whichever is less. The benefit does not increase with inflation and may be offset by other sources of income such as Social Security, Workers' Compensation, unemployment benefits, employment rehabilitation earnings, and certain retirement benefits. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company, and the obligation for the payment of benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for the period was 0.324 percent of payroll. The employers' actual contribution was $2.6 million in fiscal year 2011. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

For up to 30 months following the date of disability an employee may continue healthcare coverage under this plan. Each employer pays 100 percent of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. In fiscal year 2011 employers were charged $6.96 per active employee per month.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than $20,000. In addition, a $2,000 life insurance benefit is provided for spouses and a $1,000 life insurance benefit is provided for dependent children. These benefits do not increase with inflation. The employer pays 100 percent of the cost of the premiums; the contribution is actuarially determined based on actual claims experience.

Retiree Life Insurance Plan
Boise State University, Eastern Idaho Technical College, Idaho State University, and Lewis-Clark State College provide basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement.

The Judicial Department provides basic life insurance for life to all retired Idaho Supreme Court justices, state court of appeals judges, district court judges, magistrate judges, and court administrators. Eligible retirees receive life insurance coverage equal to 100 percent of the annual salary of the position from which they retire.

The Department of Labor provides basic life insurance to all certified retired employees of the Department. Eligible retirees receive insurance equal to 50 percent of their annual salary at retirement, not to exceed $5,000.

These participating agencies pay 100 percent of the cost of basic life insurance for eligible retirees. The contribution rate for the fiscal year was a percentage of payroll as indicated in the following chart:

Retiree Life Insurance Contribution Rates

	Under Age 65	Age 65 - 69	Age 70 and Over	All Ages
Colleges and Universities	1.177%	0.089%	0.060%	
Judicial Department	1.170%	0.887%	0.593%	
Department of Labor				0.593%

University of Idaho Plan
The University of Idaho plan provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors; life insurance is provided only to retirees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for these benefits. The University pays a portion of the coverage for retirees and disabled employees; the retiree or disabled employee pays the remainder. Spouses and survivors are required to pay 100 percent of the cost for the medical and dental benefits.

Employees hired after January 1, 2002, are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. The University determines the defined premium costs that will be borne by the retiree plan participants. The University solely bears the risk for adverse financial performance, subject to a cap of $150,000 per retiree per year, after which the University is reinsured. Retiree health plan performance is reviewed annually and premium rates are then adjusted by the University as necessary.

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows. Investments are reported at fair value. The financial position of each of the State's OPEB plans is as follows:

Statement of Plan Net Assets
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
ASSETS						
Pooled Cash and Investments	$238	$98				$528
Interest Receivable						10
Investments, at Fair Value						
Fixed Income Securities						9,245
Equity Securities						8,085
Total Assets	$238	$98	$0	$0	$0	$17,868
LIABILITIES						
Deferred Revenue	$238	$98				
Total Liabilities	$238	$98	$0	$0	$0	0
NET ASSETS						
Net Assets Held in Trust for OPEB						17,868
Total Net Assets						$17,868

Statement of Changes in Plan Net Assets
(dollars in thousands)

	University of Idaho Plan
ADDITIONS	
Contributions	
Employer	$4,311
Total Contributions	4,311
Interest	316
Net Increase (Decrease) in Fair Value of Investments	1,412
Total Additions	6,039
DEDUCTIONS	
Total Deductions	0
Net Increase in Plan Net Assets	6,039
Net Assets, Beginning of Year	11,829
Net Assets, End of Year	$17,868

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer. The following table illustrates the annual OPEB cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO) and NOO (funding excess) for the current year:

Annual OPEB Cost and Net OPEB Obligation
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Annual required contribution	$ 3,753	$ 1,231	$ 719	$ 774	$ 2,912	$ 5,250
Interest on NOO	1,056	58	(3)	(19)	225	
Adjustment to ARC	(1,573)	(87)	3	(26)	(335)	
Total Annual OPEB Cost	3,236	1,202	719	729	2,802	5,250
Contributions Made	(1,444)	(1,023)	(1,070)	(713)	(545)	(5,620)
Increase (Decrease) in NOO	1,792	179	(351)	16	2,257	(370)
NOO (Funding Excess) – Beginning of Year	26,274	1,446	(66)	(430)	5,618	(1,101)
NOO (Funding Excess) – End of Year	$ 28,066	$ 1,625	$ (417)	$ (414)	$ 7,875	$ (1,471)

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation (funding excess) for the current and prior two years.

Annual OPEB Cost and Net OPEB Obligation Comparison
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
Annual OPEB Cost	2009	$ 2,851	$ 1,562	$ 698	$ 892	$ 2,639	$ 6,362
	2010	2,685	1,602	696	892	2,744	5,863
	2011	3,236	1,202	719	729	2,802	5,250
Percentage of AOC Contributed	2009	111.0%	96.1%	147.4%	96.0%	36.4%	101.1%
	2010	58.6%	55.7%	107.5%	79.7%	31.3%	116.3%
	2011	44.6%	85.1%	148.8%	97.8%	19.5%	107.0%
NOO (Funding Excess) – End of Year	2009	$ 25,162	$ 736	$ (14)	$ (611)	$ 3,733	$ (145)
	2010	26,274	1,446	(66)	(430)	5,618	(1,101)
	2011	28,066	1,625	(417)	(414)	7,875	(1,471)

Funded Status and Funding Progress

The following table illustrates the funded status and the funding progress for the State as an employer:

Funded Status and Funding Progress
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
	Actuarial Valuation Date	7/1/2010	7/1/2010	7/1/2010	7/1/2010	7/1/2010	7/1/2010
1	Actuarial Value of Assets	$0	$0	$0	$0	$0	$19,159
2	Actuarial Accrued Liability (AAL)	22,551	8,169	9,089	5,208	36,700	74,563
3	Unfunded AAL (UAAL) (2) - (1)	$22,551	$8,169	$9,089	$5,208	$36,700	$55,404
4	Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	0.0%	25.7%
5	Annual Covered Payroll	$763,295	$763,295	$763,295	$763,295	$244,743	$121,834
6	UAAL as a Percentage of Covered Payroll (3) : (5)	2.95%	1.07%	1.19%	0.68%	15.00%	45.47%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members.

The projection of benefits for financial reporting purposes does not incorporate the potential effects of legal funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table presents the significant methods and assumptions for all plans:

Significant Methods and Actuarial Assumptions

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Percentage of Payroll	Level Dollar
Amortization Period	11 years, Closed	30 years, Open	30 years, Open	8 years, Closed	30 years, Open	30 years, Open
Assumptions:						
Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	N/A
Investment Return	4.00%	4.00%	4.00%	4.00%	4.00%	6.25%
OPEB Increases	N/A	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.00%
Healthcare Cost Initial Trend Rate	10.00%	10.00%	N/A	N/A	N/A	11.00%
Healthcare Cost Ultimate Trend Rate	5.00%	5.00%	N/A	N/A	N/A	5.00%

NOTE 9. RISK MANAGEMENT

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Risk Management and Group Insurance internal service funds and various outside entity insurance providers.

The Risk Management fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of $500,000 for each occurrence. Property damage claims are self-insured for up to $250,000 per occurrence annually. Physical damage to covered vehicles is self-insured for actual cash value. The State purchases commercial insurance for claims not self-insured by the above coverages and for other identified risks of loss, including workers' compensation insurance.

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end $12.7 million of unpaid claim liabilities for Risk Management are recorded at the present value of $11.7 million, using a 4 percent discount interest rate.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs. Life, health, and disability insurance programs are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 19.6 percent of the annual premiums for medical, 10 percent for dental, and 10 percent for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2011 claims payments reflect increased healthcare costs. Unpaid claim liabilities at fiscal year-end of $7.4 million for Group Insurance are not discounted. The State maintains program and premium stabilization balances; these amounts are included with restricted net assets in the Group Insurance fund.

All state entities may participate in the Risk Management and Group Insurance programs. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered. Payments made to the Group Insurance fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably estimated.

Changes in policy claim liabilities are as follows (*dollars in thousands*):

	Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimate	Claims (Payments) Refunds	Ending Balance
Risk Management	2010	$ 15,825	$ 2,021	$ (3,739)	$ 14,107
	2011	$ 14,107	$ 2,089	$ (4,508)	$ 11,688
Group Insurance	2010	$ 3,928	$ (2,461)	$ 1,382	$ 2,849
	2011	$ 2,849	$ 9,684	$ (5,176)	$ 7,357

NOTE 10. LEASES

A. State as Lessee

The State leases land, buildings, docks, vehicles, and office equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rentals are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease expenditures/expenses for fiscal year 2011 were $26.3 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

The State has entered into capital leases that are, in substance, a purchase. At the date of acquisition the assets are valued on the balance sheet at the present value of the future minimum lease payments. Capital lease assets and obligations are recorded in the respective funds as capital assets and long-term obligations. Interest expense for capital leases is not capitalized. Amortization of assets acquired under capital lease is included with depreciation expense.

Assets under capital lease are as follows *(dollars in thousands)*:

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	$410		$410
Buildings and Improvements	34,651	$6,973	41,624
Machinery, Equipment, and Other	4,231	2,664	6,895
Accumulated Depreciation	(3,758)	(5,936)	(9,694)
Total Assets under Capital Leases	**$35,534**	**$3,701**	**$39,235**

Future minimum lease commitments for noncancelable operating and capital leases are as follows *(dollars in thousands)*:

	Operating Leases	Capital Leases			
Fiscal Year	Primary Government	Governmental Activities	Business-Type Activities With Third Parties	Business-Type Activities With Component Units	Total Primary Government
2012	$26,235	$4,452	$134	$426	$5,012
2013	20,604	4,312	134	431	4,877
2014	17,110	4,275	22	429	4,726
2015	14,626	3,790		432	4,222
2016	11,963	3,281		433	3,714
2017 - 2021	18,551	16,501		416	16,917
2022 - 2026	1,420	15,747			15,747
2027 - 2031	1,433	8,163			8,163
Total Payments	**$111,942**	60,521	290	2,567	63,378
Executory Costs		(11,726)			(11,726)
Imputed Interest		(16,034)	(19)	(485)	(16,538)
Total Present Value of Minimum Lease Payments		**$32,761**	**$271**	**$2,082**	**$35,114**

B. State as Lessor

Operating Leases

Non-state parties rent land, buildings, and improvements other than buildings under operating leases from the State.

Capital Leases

The Boise State University Foundation, a component unit, leases a building to Boise State University. The lease agreement does not specify a final lease term; at the end of the lease, the Foundation will either donate the building to the University or continue to lease the building for $1 annually. The capital lease receivable is on the balance sheet as part of due from primary government and is valued at the net investment in direct financing lease.

The State leased the following assets under operating leases (*dollars in thousands*):

Asset Class	Primary Government
Land	$1,416
Buildings and Improvements	19,361
Improvements Other Than Buildings	10
Accumulated Depreciation	(1,486)
Total Assets Held for Lease	**$19,301**

Future minimum rentals for operating leases and future minimum lease payments receivable for capital leases are as follows *(dollars in thousands)*:

	Operating Leases	Capital Leases
Fiscal Year	Primary Government	Component Unit
2012	$7,021	$426
2013	4,592	431
2014	4,197	429
2015	3,359	432
2016	3,118	433
2017 - 2021	11,068	416
2022 - 2026	8,292	
2027 - 2031	5,094	
Total Rentals and Receivables	**$46,741**	**$2,567**

Net Investment in Direct Financing Lease:	
Minimum Lease Payments Receivable	$2,567
Unearned Income	(485)
Net Investment in Direct Financing Lease	**$2,082**

NOTE 11. SHORT-TERM DEBT

Primary Government

Idaho Code, Section 63-3201, authorizes the State Treasurer, upon approval of the State Board of Examiners, to borrow money in anticipation of current year tax receipts. The State uses external tax anticipation notes to cover the shortfall between General Fund revenues and disbursements during the year. General Fund revenues are received in relatively

uneven amounts throughout the fiscal year due to various factors affecting the timing of receipts; such factors are the collection of individual income taxes in April, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. During fiscal year 2011 the State anticipated that 46.5 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 69 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open market were issued on July 1, 2010, and were redeemed on June 30, 2011.

Component Units

The Idaho Housing and Finance Association utilizes short-term borrowing in the form of commercial paper to provide funds to purchase single-family mortgage loans on an interim basis and to finance multi-family construction loans. As of June 30, 2011, the Association has commercial paper outstanding, maturing within 1 to 119 days from date of issue, with a weighted average interest rate of 0.41 percent.

The Idaho Small Employer Health Reinsurance Program has a $1.0 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 1.65 percent per annum and was 4.9 percent as of December 31, 2010. The line matures November 2, 2011, and is not secured.

Short-term debt activity was as follows *(dollars in thousands)*:

	Beginning Balance	Issued/Draws	Redeemed/ Repayments	Ending Balance
Primary Government				
Governmental Activities:				
External Tax Anticipation Notes	$0	$500,000	($500,000)	$0
Component Units				
Commercial Paper	$50,000	$285,100	($285,100)	$50,000
Line of Credit	$100	$369	($469)	$0

NOTE 12. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Primary Government

Idaho's compensated absences policy permits employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Employees earn vacation based on hours worked and years of service; compensatory time earned is based on hours worked in excess of forty hours per week. Upon termination of employment, an employee is paid for unused vacation time and administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

A liability is accrued in the government-wide, proprietary, and fiduciary fund financial statements for all vacation pay and compensatory time when incurred. The liability is based on the pay rate in effect at the balance sheet date. The State assumes a first-in, first-out flow for compensated absence balances.

Idaho Code, Section 67-5333, establishes the policy for sick leave benefits. The State does not pay amounts for accumulated sick leave when employees separate from service. Therefore, the State does not accumulate a liability for sick leave. However, upon retirement 50 percent of an employee's unused sick leave value (not to exceed 600 hours) may be used to purchase health insurance for the retiree.

Credited Hours of State Service		Maximum Allowable Hours
0–10,400	(0-5 years)	420
10,401–20,800	(5-10 years)	480
20,801–31,200	(10-15 years)	540
31,201+	(15 years or more)	600

The health insurance premiums are funded by remitting 0.65 percent of payroll to the Sick Leave Insurance Reserve fund administered by the Public Employee Retirement System of Idaho. A compensated absences liability is recorded for the actuarial accrued unfunded liability on the government-wide statements and as of June 30, 2011, was $14.3 million.

B. Revenue Bonds

Primary Government

The Idaho State Building Authority is authorized by Idaho Code Title 67, Chapter 64, to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds except the Series 2008A bonds, for which the Authority has a funded debt service reserve. No amounts were outstanding at June 30, 2011, under these surety bonds.

The State's colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued $549.0 million in bonds between 1998 and 2011. Annual principal and interest payments on the bonds are expected to require 11.9 percent of the revenues. The total principal and interest payments remaining on the bonds are $790.0 million, payable through 2041. For the current year principal and interest payments and total pledged revenues were $35.3 million and $297.1 million, respectively.

The Idaho Water Resource Board within the Department of Water Resources is authorized to issue and sell revenue bonds under provisions of Idaho Code, Sections 42-1739 through 42-1749. Bonds in the original amount of $5.3 million are outstanding and secured by revenues derived from the generation of hydroelectric power, a mortgage, the assignment of water rights and by a reserve fund with the trustee bank. The reserve requirement is equal to the lesser of 125 percent of the annual debt service, the maximum annual debt service, or 10 percent of the outstanding principal of the bonds. An amount equal to 125 percent of the current year's debt service payment is accumulating in the Loan fund for debt service payment in the event the pipeline is out of service and unable to generate revenue. These bonds are not considered general obligations of the State. Total principal and interest remaining on the bonds is $4.8 million, payable through 2019. Annual principal and interest payments on the bonds are expected to require 69.3 percent of the revenues. For the current year principal and interest payments and total pledged revenues were $0.6 million and $0.9 million, respectively.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code, Sections 67–6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments and the construction of highway transportation projects. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or any of its political subdivisions. The bonds have been issued in a variable rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation bonds are secured by principal and interest payments from the Idaho Transportation Department.

The State's college and university foundations have a number of bonds outstanding for the purpose of funding construction projects. Foundation bonds are secured by various revenue sources, including leases, donations, pledges, and other funds. The college and university foundations issued $27.0 million in bonds between 2001 and 2002. The total principal and interest payments remaining on the bonds are $9.0 million, payable through 2021. Annual principal and interest payments on the bonds are expected to require 92.7 percent of the revenues. For the current year principal and interest payments and total pledged revenues were $3.7 million and $4.0 million, respectively.

The Idaho Bond Bank Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution, Article VIII, Section 2A, and Idaho Code, Sections 67-8701 through 67-8729. The bonds are used by the Authority to make loans to Idaho cities in order to finance the construction of public water and/or sewer improvements. The bonds are limited obligations of the Authority and do not constitute a debt of the State or any of its political subdivisions.

Revenue bond debt service requirements to maturity are as follows (*dollars in thousands*):

	Primary Government							
	Governmental Activities		Business-Type Activities					
Fiscal Year Ending	Nonmajor Special Revenue		College and University		Loan		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$24,210	$10,159	$14,470	$21,739	$380	$220	**$39,060**	**$32,118**
2013	25,370	9,163	15,180	21,092	400	198	**40,950**	**30,453**
2014	25,620	7,958	15,880	20,372	425	175	**41,925**	**28,505**
2015	18,830	6,913	16,840	19,632	450	151	**36,120**	**26,696**
2016	7,555	6,323	17,730	16,490	475	125	**25,760**	**22,938**
2017-2021	43,655	26,177	86,030	82,345	1,590	201	**131,275**	**108,723**
2022-2026	48,510	15,311	72,115	62,335			**120,625**	**77,646**
2027-2031	5,420	9,302	64,310	46,559			**69,730**	**55,861**
2032-2036	11,385	7,101	69,750	30,570			**81,135**	**37,671**
2037-2041	14,620	3,867	82,510	14,015			**97,130**	**17,882**
2042-2046	7,865	466					**7,865**	**466**
Total	**$233,040**	**$102,740**	**$454,815**	**$335,149**	**$3,720**	**$1,070**	**$691,575**	**$438,959**
Interest Rate	0.27% to 5.98%		2.00% to 6.52%		5.46% to 6.28%			

	Component Units							
Fiscal Year Ending	Idaho Housing and Finance Association		College and University Foundations		Idaho Bond Bank Authority		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$153,980	$57,525	$403	$327	$7,320	$10,713	**$161,703**	**$68,565**
2013	48,175	56,350	425	312	7,835	10,436	**56,435**	**67,098**
2014	51,730	54,340	4,508	163	8,720	10,126	**64,958**	**64,629**
2015	54,825	52,153	460	80	8,985	9,784	**64,270**	**62,017**
2016	58,905	49,814	855	91	9,050	9,429	**68,810**	**59,334**
2017-2021	338,805	211,040	5,942	454	53,500	41,243	**398,247**	**252,737**
2022-2026	397,765	141,584			67,625	27,126	**465,390**	**168,710**
2027-2031	397,100	64,799			43,550	12,167	**440,650**	**76,966**
2032-2036	286,165	28,417			15,390	5,851	**301,555**	**34,268**
2037-2041	180,013	8,131			12,420	1,593	**192,433**	**9,724**
2042-2046	155,310	23					**155,310**	**23**
Total	**$2,122,773**	**$724,176**	**$12,593**	**$1,427**	**$234,395**	**$138,468**	**$2,369,761**	**$864,071**
Interest Rate	0.00% to 8.7%		*0.08% to 5.35%		2.00% to 6.25%			

* Interest for the ISU Foundation is re-marketed at the Weekly Rate.

C. Advance Refundings

Primary Government

In prior years the Idaho State Building Authority defeased several bonds by placing governmental securities into irrevocable trusts sufficient to provide for all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

In prior years Boise State University defeased several bonds by placing the proceeds of general revenue and refunding bonds into escrow accounts in amounts sufficient to pay all future debt service payments on those bonds. The University of Idaho issued the Series 2011 bonds to restructure the existing Series 2007A bond's total debt service (principal and interest) payment terms and to secure a new fixed interest rate of 5.25 percent for the succeeding ten-year period. From fiscal years 2011 through 2021, the refunding of the Series 2007A bonds will result in a cash flow savings of $3.2 million due to the reduced debt service payments during that period. The projected debt service payments under the total life of the Series 2011 bonds will increase by $26.9 million over the previously projected debt service payments over the life of the Series 2007A bonds, resulting in an economic cost to the University of $6.8 million. Due to the credit terms negotiated in its

issuance of the Series 2011 bonds, the University anticipates restructuring the then-outstanding balance of these bonds of $49.4 million in fiscal year 2021. The related liabilities were appropriately removed from the financial statements in the year of defeasance.

The outstanding debt payable for each defeased debt issue is as follows *(dollars in thousands)*:

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2003 Series B Bonds	$4,765	$4,765
Boise State University	2002 Student Union and Housing System	34,710	34,710

D. Notes Payable

Primary Government

The Idaho Transportation Department financed the improvement of various roads and related infrastructure within the State through the issuance of $557.7 million in notes payable to the Idaho Housing and Finance Association. The notes are related to GARVEE bonds and will be repaid by grant revenues received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require 11.7 percent of the revenues. The total principal and interest payments remaining on the notes are $732.6 million, payable through 2027. For the current year principal and interest payments and total pledged revenues were $46.8 million and $399.0 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

The Idaho State Building Authority issued a $1.7 million note payable during 2009. The note is payable from and secured by a pledge of lease revenues, other funds, and reserves held.

The Department of Administration purchased operating and capital equipment through the issuance of a note payable for $3.8 million in 2004.

The State's colleges and universities purchased land and financed various construction projects through the issuance of notes payable. The notes are secured by student fees revenues. Lewis-Clark State College issued $5.8 million in notes payable between 2003 and 2010. Annual principal and interest payments on the notes are expected to require 95.4 percent of the revenues. The total principal and interest remaining on the notes is $4.2 million, payable through 2014. For the current year principal and interest payments and total pledged revenues were $0.5 million and $0.6 million, respectively.

The Department of Labor issued $202.4 million in notes payable between 2009 and 2010 to the federal government to cover the deficit in the Unemployment Trust Fund. The fund's unemployment insurance receipts had fallen short of the amount needed to pay the prior year unemployment benefits.

The Idaho Lottery purchased capital equipment through the issuance of a note payable for $184 thousand in 2008.

Component Unit

The Idaho Housing and Finance Association issued notes payable for the construction and purchase of affordable multifamily housing complexes. The notes are secured by the deeds of trust on the buildings and equipment or an assignment or pledge of purchase rights for security purposes.

Note debt service requirements to maturity are as follows (*dollars in thousands*):

Fiscal Year Ending June 30	Primary Government – Governmental Activities: Transportation Principal	Transportation Interest	Nonmajor Special Revenue Principal	Nonmajor Special Revenue Interest	Internal Service Principal	Internal Service Interest	Total Principal	Total Interest
2012	$19,824	$25,167	$82	$83	$146	$168	**$20,052**	**$25,418**
2013	20,682	24,349	87	78	166	160	**20,935**	**24,587**
2014	21,484	23,552	91	74	187	151	**21,762**	**23,777**
2015	22,396	22,638	96	69	210	140	**22,702**	**22,847**
2016	23,404	21,626	102	63	234	129	**23,740**	**21,818**
2017-2021	131,535	90,049	599	226	1,611	417	**133,745**	**90,692**
2022-2026	167,111	46,361	445	50	653	31	**168,209**	**46,442**
2027-2031	68,919	3,462					**68,919**	**3,462**
Total	**$475,355**	**$257,204**	**$1,502**	**$643**	**$3,207**	**$1,196**	**$480,064**	**$259,043**
Interest Rate	2.00% to 6.35%		5.52%		5.34%			

Fiscal Year Ending June 30	Business-Type Activities: College and University Principal	College and University Interest	Unemployment Compensation Principal	Unemployment Compensation Interest	Nonmajor Enterprise Funds Principal	Nonmajor Enterprise Funds Interest	Total Principal	Total Interest	Component Units: Idaho Housing and Finance Association Principal	Idaho Housing and Finance Association Interest
2012	$1,684	$504	$202,402	$5,530	$34		**$204,120**	**$6,034**	$808	$1,105
2013	1,783	422					**1,783**	**422**	858	1,053
2014	4,710	335					**4,710**	**335**	927	997
2015	1,462	150					**1,462**	**150**	1,385	933
2016	1,430	79					**1,430**	**79**	1,037	842
2017-2021	639	15					**639**	**15**	4,959	3,217
2022-2026									3,802	1,889
2027-2031									3,342	726
2032-2036									1,698	310
2037-2041									1,032	74
2042-2046									235	12
2047-2051									4,936	2
Total	**$11,708**	**$1,505**	**$202,402**	**$5,530**	**$34**	**$0**	**$214,144**	**$7,035**	**$25,019**	**$11,160**
Interest Rate	3.51% to 8.50%		4.09%		1.90%				0.00% to 9.13%	

E. Claims and Judgments

Primary Government

Claims and judgments are payable on behalf of the State and its agencies for various legal proceedings and claims. In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State recorded the following claims and judgments:

The Department of Health and Welfare estimates Medicaid claims incurred in fiscal year 2011 but not reported at year end in the amount of $150.6 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. The State recorded a liability of $2.7 million.

The Department of Environmental Quality entered into a contract with the Environmental Protection Agency (EPA) in April 1995 for the purpose of environmental remediation within the Bunker Hill Superfund Site. Federal Superfund law requires the State to match 10 percent of federal funds spent on actual remediation work and to meet all costs of future site operation and maintenance costs. The December 2010 amended remediation cost estimate

was $135.5 million, which was measured using the expected cash flow technique. The State's share was $14.1 million. The State has expended $15.2 million toward the required match leaving an overpayment of the match liability of $1.2 million. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002 the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission that will direct clean up of the Coeur d'Alene Basin in Idaho. The EPA issued a record of decision in September 2002. The State and federal government signed the Coeur d'Alene Basin Superfund contract on October 2, 2003. The current estimate of the remediation cost is $310.0 million; Idaho's match is 10 percent or $31.0 million, which was measured using the expected cash flow technique. The State has expended $2.6 million toward the required match, leaving a liability of $28.4 million; Washington State will match the remainder of the liability. Work began in 2003 and will take 30 years to complete. Environmental liability estimates are subject to amendment due to changes in prices, technology, laws, regulations, and other factors. The State does not anticipate any recovery from other parties for the Coeur d'Alene Basin project. The present value of operational and maintenance costs are estimated at $41.0 million.

Component Units

The component units recorded the following claims and judgments:

The Petroleum Clean Water Trust Fund had policy claim liabilities of $5.9 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of $3.8 million for unpaid claims.

F. Changes in Long-Term Liabilities

The changes in long-term liabilities are summarized as follows *(dollars in thousands):*

Long-Term Liabilities	Balances at July 1, 2010 As Restated	Increases	Decreases	Balances at June 30, 2011	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	$256,100		($23,060)	$233,040	$24,210
Premiums/Discounts/Other	988		(782)	206	
Notes Payable	4,914		(205)	4,709	228
Notes Payable to Component Unit	370,430	$125,861	(20,936)	475,355	19,824
Total Bonds and Notes Payable	632,432	125,861	(44,983)	713,310	44,262
Capital Leases	33,229	2,603	(3,071)	32,761	2,256
Compensated Absences	51,996	60,290	(51,191)	61,095	46,789
Policy Claim Liabilities	16,956	11,768	(9,679)	19,045	11,800
Claims and Judgments	79,970	152,910	(52,107)	180,773	153,458
Net Pension Obligation	11,140	3,396	(2,028)	12,508	
Net OPEB Obligation	22,169	3,654	(1,972)	23,851	
Total Governmental Activity	**$847,892**	**$360,482**	**($165,031)**	**$1,043,343**	**$258,565**

Long-Term Liabilities	Balances at July 1, 2010 As Restated	Increases	Decreases	Balances at June 30, 2011	Amounts Due Within One Year
Business-Type Activities:					
Revenue Bonds	$472,717	$60,763	($74,945)	$458,535	$14,850
Premiums/Discounts	950	(782)	(1,072)	(904)	(148)
Notes Payable	216,183	470	(2,509)	214,144	204,120
Total Bonds and Notes Payable	689,850	60,451	(78,526)	671,775	218,822
Capital Leases	468		(197)	271	121
Capital Leases to Component Unit	2,377		(295)	2,082	305
Compensated Absences	20,882	20,967	(20,808)	21,041	21,041
Claims and Judgments	1		(1)		
Net OPEB Obligation	11,267	3,479	(1,039)	13,707	
Voluntary Termination Benefits	894		(894)		
Total Business-Type Activity	**$725,739**	**$84,897**	**($101,760)**	**$708,876**	**$240,289**
Component Units:					
Revenue Bonds	$2,527,191	$68,490	($225,920)	$2,369,761	$161,703
Premiums/Discounts	23,033	698	(1,034)	22,697	675
Notes Payable	21,086	4,874	(941)	25,019	808
Total Bonds and Notes Payable	2,571,310	74,062	(227,895)	2,417,477	163,186
Policy Claim Liabilities	10,561	13,291	(14,059)	9,793	5,554
Total Component Unit Activity	**$2,581,871**	**$87,353**	**($241,954)**	**$2,427,270**	**$168,740**

Internal service funds predominantly serve the governmental funds. Accordingly, $3.2 million of notes payable, $0.4 million of capital leases, $0.7 million of compensated absences, $19.0 million of policy claim liabilities, and $0.3 million of net OPEB obligations were included in the governmental activities for internal service fund liabilities.

The compensated absences liability attributable to governmental activities will be liquidated by the General Fund, special revenue, and internal service funds. In the past approximately 34.4 percent has been paid by the General Fund, 64 percent by special revenue funds, and the remainder by internal service funds. Primarily the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim liabilities will be liquidated through the State's Group Insurance and Risk Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds, and nonmajor special revenue funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the property financed and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the revenues pledged under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Five series of Water Resource Bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of $73.2 million.

Component Unit

The Idaho Housing and Finance Association has outstanding bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Thirty-five series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of $146.1 million.

H. Termination Benefits

Primary Government

In November 2009, the University of Idaho initiated a voluntary Exit Incentive Program (EIP) to afford Board-appointed eligible faculty and staff members who desired to leave University employment an opportunity to do so with an economic incentive. In order to have been eligible to participate in this program, faculty and staff had to meet the following requirements on or before December 15, 2009: 1) Ten or more years of qualified service (as defined in the EIP) to the University; 2) Attainment of at least age 60 prior to June 30, 2010, and have accumulated at least 80 points through a combination of one point for each year of age and one point for each full year of qualified service; and 3) Be an employee in good standing. The employee could not be under a suspension with or without pay, they could not have received a written notification of layoff, termination of employment, or nonrenewal (except for unit wide notices of nonrenewal), or have been notified of dismissal proceedings initiated by the University.

Eligible employees and faculty had to enroll in the EIP between December 15, 2009, and March 5, 2010. For those eligible persons who elected to enroll in the EIP, each participant signed a formal agreement releasing the University from certain types of legal liability and preventing the participant from being eligible to seek reemployment by the University for a period of at least 90 days. The University has obligated itself to make payments under this plan to the heirs or beneficiaries of the participant should the participant die before receiving payments under the EIP.

The exit incentive payment provided to eligible employees and faculty who enrolled is one-half of the employee's or faculty member's salary as defined in their salary agreement or salary letter and did not include any compensation amounts not included in the agreement or letter such as bonuses or summer salaries for faculty. Payment of the exit incentive amount will occur in two equal payments, the first in July 2010 and the second in July 2011, each payment comprised of one-quarter of the employee or faculty member's salary as described above. Total incentive payments for those staff and faculty members who enrolled in the program have been calculated to be $1.8 million. This amount has been recognized and recorded in the Statement of Net Assets in "Other" liabilities, divided equally between current and noncurrent liabilities to reflect the timing of EIP payments. In accordance with the requirements of GASB Statement No. 47, *Accounting for Termination Benefits*, the University performed a present value analysis of the calculated payments for both years that resulted in an immaterial difference between the discounted and full value of these payments. The University therefore chose to record the EIP liability at its full amount.

NOTE 13. EQUITY

A. Restatement of Beginning Fund Balances and Net Assets

During fiscal year 2011, the State implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The adoption of this standard required fund reclassifications and the restatement of beginning fund balances by the following amounts:

- The General Fund balance increased by $30.7 million.
- The nonmajor special revenue fund balance decreased by $30.7 million.

The State also implemented GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an Amendment of GASB Statement 53*, which required the Idaho Housing and Finance Association, a component unit, to restate beginning net assets by an increase of $30.3 million.

The government-wide Statement of Activities beginning net assets balances include the above adjustments.

B. Net Assets Restricted by Enabling Legislation

Net assets are reported as restricted when constraints are placed on net asset use by external parties such as creditors, grantors, contributors, or other governments; or by state law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources and requires that those resources be used only for the purposes stipulated in the legislation.

The government-wide Statement of Net Assets reported restricted net assets of $2.1 billion for governmental activities, $769.7 million for business-type activities, and $500.4 million for component units. These amounts include $407.7 million of net assets restricted by enabling legislation for governmental activities and

$411.4 million of net assets restricted by enabling legislation for business-type activities.

C. Governmental Fund Balances – Restricted, Committed, and Assigned

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to which the state is bound to honor limitations on the use of the funds' resources. When a fund has more than one revenue stream, equity is classified according to the materiality of any limitations on the fund.

Restricted fund balances represent those amounts that are legally restricted for specific purposes due to limitations imposed by external parties, such as creditors and grantors, or imposed through constitutional provisions or enabling legislation.

Committed fund balances represent amounts that can only be used for a specific purpose imposed by formal action of the Legislature and signed by the Governor.

Assigned fund balances represent amounts the government intends to use for a specific purpose but are neither restricted nor committed.

The following schedule presents the nature and purpose of these fund balances:

Restricted, Committed, and Assigned Governmental Fund Balances
(dollars in thousands)

	Restricted	Committed	Assigned	Total
Funds				
General				
Economic Development		$4,437	$28,357	$32,794
Education	$11,451	66,557		78,008
Environmental Quality		7,971		7,971
General Government Administrative Costs	5,951		10,336	16,287
Millennium Endowment Fund	130,188			130,188
Municipal Revenue Sharing	22,160			22,160
Opportunity College Scholarships		20,119		20,119
School Building Maintenance and Repair		24,722		24,722
State Building Construction and Maintenance		44,058		44,058
Other Purposes		1	17,085	17,086
Total	$169,750	$167,865	$55,778	$393,393
Transportation				
GARVEE Debt Service	$30,153			$30,153
Transportation Programs	167,109	$2,223		169,332
Total	$197,262	$2,223	$0	$199,485
Land Endowments				
Endowment Fund Beneficiaries	$204,368			$204,368
Total	$204,368	$0	$0	$204,368

	Restricted	Committed	Assigned	Total
Nonmajor Special Revenue				
Agricultural Programs	$30,717			$30,717
Corrections	3,434	$1,781		5,215
Courts	1,266	3,016		4,282
Economic Development	36,133			36,133
Education		2,121		2,121
Employment Administration and Training Programs	15,805	18,411		34,216
Environmental Quality	24,091	20,544	$1,651	46,286
Professional Licensing and Monitoring	62,913			62,913
Public Recreation	1,436	21,049		22,485
Public Safety	2,917	8,282		11,199
Soil Conservation Program	10,130			10,130
State Building Debt Service	28,267			28,267
State Land Management	12,092			12,092
Tourism and Promotion	5,708			5,708
Wildlife Management	26,349			26,349
Workers Compensation	23,992			23,992
Other Purposes	461	1,367		1,828
Total	$285,711	$76,571	$1,651	$363,933

D. Budget Stabilization

The Legislature has the authority to set aside resources through the appropriation process for use in an emergency or when budgetary imbalances occur. The State has the following budget stabilization arrangements:

- The *Higher Education Budget Stabilization Fund* balance can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2011, the fund balance was zero.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. The balance in the Budget Stabilization Fund shall not exceed more than 5 percent of total General Fund receipts for the fiscal year just ended. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 5 percent of General Fund receipts. The Board of Examiners has authority to transfer unencumbered moneys from the Budget Stabilization Fund to the General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. Idaho Code Section 67-3520 requires certain distributions be made from the cigarette and tobacco product tax revenues, with the remainder transferred to the Budget Stabilization Fund. As of June 30, 2011, the fund balance was $0.6 million.
- The *Public Education Stabilization Fund* may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. The fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.34 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund. Additions to the

Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2011, the fund balance was $11.2 million.

- Idaho Code, Section 26-31-110, requires that the Mortgage Recovery Account in the Regulatory Fund maintain a minimum balance of $1.5 million.

NOTE 14. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code, Title 57, Chapter 7 and Title 67, Chapter 16. Net appreciation on investments of the donor-restricted endowments available for expenditure for the Land Endowments fund was $34.1 million, which is included in net assets restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Department of Parks and Recreation has a $1.1 million donor-restricted endowment for the preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a $2.3 million donor-restricted endowment for the management of the Trail of the Coeur d'Alene. Only earnings from investments may be expended by the Idaho Parks and Recreation Board; although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was $33,173, which is reported in net assets restricted for other purposes.

Component Units

Endowments for the Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University Foundation, Lewis-Clark State College Foundation, and University of Idaho Foundation are managed in accordance with Idaho Code, Title 33, Chapter 50 and rules adopted by their boards as specified below.

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $11.3 million during the fiscal year. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Eastern Idaho Technical College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of scholarships at the College. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. The Foundation determines the amount to be paid out as scholarships to the College on an annual basis.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $3.8 million during the fiscal year. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of appropriating for annual distribution 4.5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distributions are planned.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments had net appreciation of $0.9 million during the fiscal year. Accumulated earnings are reported in net assets

restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $28.1 million during the fiscal year. Unrealized appreciation is included in net assets restricted for permanent trust-nonexpendable. All other appreciation is also included in restricted net assets as expendable or nonexpendable permanent trust depending on the terms of the endowment agreements. The Foundation has the following two-tier spending policy dependent upon the endowment agreement that exists for each endowment:

1. Endowments with agreements that require reinvestment of all realized capital gains as principal can distribute only realized interest and dividends, and all realized gains are reinvested.

2. For endowments without restrictive reinvestment language, the Board of Directors establishes an annual spending rate. For fiscal year 2011, the spending rate was set at 4.5 percent of the three-year rolling average of the endowment's monthly fair market value. If the total realized dividends, interest, and short-term capital gains are less than the total amount required to make a distribution based on the established spending rate, realized long-term capital gains will be used to make up the shortfall.

NOTE 15. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES

A. Litigation and Contingencies

Primary Government

In November 1998 a Master Settlement Agreement was reached between the 5 largest tobacco manufacturers and 46 states. Since then more than 40 tobacco companies have joined the Agreement. Under the terms of the Agreement, the State of Idaho anticipates receiving annual payments in perpetuity, subject to numerous adjustments. The State received cash payments of $24.4 million during fiscal year 2011. A number of tobacco manufacturers allege that Idaho has not diligently enforced the Idaho Master Settlement Agreement Act, and therefore should have one or more of its annual payments eliminated. While Idaho believes the allegations regarding Idaho enforcement are without merit, the litigation, until resolved, threatens one or more future payments.

The State is also a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code, Section 33-5303, requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distributions normally made to the school district to reimburse the State. As of June 30, 2011, the principal amount of qualified bonds outstanding to school districts was $580.7 million, and the interest amount outstanding was $204.3 million.

Idaho Code, Section 67-8716, requires the State to guarantee the bonds of any municipality qualified by the State Treasurer. If the State is required to make the bond payment of any municipality, the State will redirect distributions normally made to the municipality to reimburse the State. As of June 30, 2011, the Idaho Bond Bank Authority had a principal amount of qualified bonds outstanding to municipalities of $234.4 million and the interest amount outstanding was $138.5 million.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The Department of Health and Welfare had $13.4 million of questioned costs at June 30, 2011. These costs will be contested with the federal agency involved. Management estimates the liability to be less than the questioned amounts.

The Idaho Transportation Department (ITD) faces a potential liability of $7.8 million for unpaid contractual claims. A probable cost of $2.7 million has been recognized as a liability with a remaining contingent liability of $5.1 million.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The State's opinion is that these refunds, if any, will not have a significant effect on the financial position of the State.

B. Commitments

Primary Government

The Public Employee Retirement System of Idaho has a total of $528.6 million in outstanding commitments for investments to private equity partnerships.

The ITD has a total of $140.9 million in outstanding commitments for infrastructure and $25.1 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay Idaho Housing and Finance Association $623.9 million in principal and $347.8 million in interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date ITD has borrowed $557.7 million against the total; of that amount, $82.3 million has been repaid, resulting in a $475.4 million liability being recorded. Details can be found in Note 12.

The Department of Administration has a total of $78.3 million in outstanding commitments for capital asset-related construction projects underway at year-end. The Department has also entered into a contract with Education Network of America to provide network managed services for schools connected to the Idaho Education Network which enables students to receive classes and courses from education providers. The contract will expire in January 2014 and the total estimated cost is $4.7 million. The estimated cost for fiscal year 2012 is $1.7 million.

The colleges and universities estimate costs of $67.5 million to complete a variety of capital asset-related construction projects underway at year-end.

The Department of Environmental Quality (DEQ) administers two revolving loan funds. The funds provide a financing source for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of $71.2 million and the Drinking Water Loan fund had commitments of $29.9 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose. DEQ has also committed to various contracts addressing pollution remediation, best management practice implementation, and other environmental projects totaling $5.0 million.

The Department of Correction has a contract with Corrections Corporation of America to operate a 2,080 bed prison. The estimated cost for fiscal year 2012 is $28.1 million. The Department has a contract until June 30, 2013, with Correctional Medical Services, Inc. to provide medical services for inmates. The estimated cost for fiscal year 2012 is approximately $22.9 million. The Department also has a contract with Management and Training Corporation to operate a 432 bed substance abuse treatment prison facility. The Department has committed to pay monthly per diems based on offender count. The fiscal year 2012 estimated cost is $6.5 million.

The Department of Juvenile Corrections contracts with various private juvenile placement providers for care and rehabilitation services. Contract daily rates range from $90 to $360 per day. The estimated cost for fiscal year 2012 is $6.1 million.

The Department of Parks and Recreation has a total of $3.9 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Dairy Products Commission annually commits to participate in a national advertising pool administered by Dairy Management, Inc. By contractual agreement, the Commission's 2011 advertising pool commitment is $3.0 million and $2.2 million for nutrition, product, and manufacturing/ingredient research.

The Department of Fish and Game has a contract with Outdoor Central to facilitate selling hunting and fishing licenses. The contract will expire in March 2012 and the total estimated cost is $1.5 million.

The Idaho State Police contracted with Computer Projects of Illinois Inc. to enhance the message switching system. The contract will expire on June 30, 2012, and the total estimated cost is $1.5 million.

The Commission for Libraries contracted with Ebsco, ProQuest, and World Book to provide electronic access to full-text magazines, professional journals, reference books, and newspapers for Idaho citizens. The contract will expire in June 2014 and the total estimated cost is $1.1 million.

The State Lottery contracted with INTRALOT, Inc. through February 18, 2014, to pay 1.98 percent of total net sales and a $3,466 monthly fee for a wireless tablet-reporting system to be used by Lottery's regional sales representatives.

Component Units

Idaho Housing and Finance Association has commitments to purchase $61.7 million of single-family mortgages. The Association has commitments to sell or secure $52.8 million of single-family mortgages.

The Idaho State University Foundation has a total of $2.8 million in unfunded private equity commitments.

C. Encumbrances

Encumbrances within the restricted, committed, and assigned fund balances of the governmental funds are as follows *(dollars in thousands)*:

	General Fund	Health and Welfare	Transporation	Nonmajor Governmental
Encumbrances	$36,207	$23,606	$32,498	$32,323

NOTE 16. SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the following events occurred:

Primary Government

On July 1, 2011, the Office of the State Treasurer issued tax anticipation notes in the amount of $500.0 million. The notes were issued to cover temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2012 fiscal year. The notes mature on June 29, 2012.

On August 31, 2011, the Department of Labor entered into an agreement with Idaho Housing and Finance Association to borrow $187.6 million to repay loans from the federal government related to Unemployment Insurance Trust fund shortfalls.

Component Units

On August 30, 2011, the Idaho Bond Bank Authority issued Series 2011A revenue bonds in the amount of $10.7 million. Proceeds of the bonds will be used by the Authority to make loans to the City of Garden City, Lemhi County, and Payette County, in order to refinance certain public capital improvements.

In July 2011, the Boise State University Foundation transferred funds to the College of Western Idaho in the amount of $1.6 million. The Foundation held permanently and temporarily restricted funds which were designated by the donors to benefit programs and services which were offered by Boise State's College of Applied Technology but are now being offered and administered by the College of Western Idaho.

Pioneer Historic Byway
Caribou and Franklin Counties

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	General			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sales Tax	$1,161,484	$1,161,484	$1,161,484	
Individual and Corporate Taxes	1,645,208	1,645,208	1,645,208	
Other Taxes	58,945	58,945	58,945	
Licenses, Permits, and Fees	24,984	24,984	24,984	
Sale of Goods and Services	23,247	23,247	23,247	
Grants and Contributions	13,606	13,606	13,606	
Investment Income	19,652	19,652	19,652	
Tobacco Settlement	24,445	24,445	24,445	
Other Income	20,698	20,698	20,698	
Total Revenues	$2,992,269	$2,992,269	2,992,269	
EXPENDITURES				
General Government	$792,904	$795,453	701,996	$93,457
Public Safety and Correction	232,005	234,278	229,612	4,666
Health and Human Services	37,342	37,915	37,872	43
Education	1,704,412	1,777,055	1,727,937	49,118
Economic Development	49,067	49,225	44,009	5,216
Natural Resources	27,187	27,376	28,161	(785)
Total Expenditures	$2,842,917	$2,921,302	2,769,587	$151,715
Revenues Over (Under) Expenditures			222,682	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			2,585	
Sale of Capital Assets			114	
Transfers In			201,063	
Transfers Out			(711,946)	
Total Other Financing Sources (Uses)			(508,184)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(285,502)	
Reconciling Items				
Changes Affected by Accrued Revenues			(314,439)	
Changes Affected by Accrued Expenditures			619,659	
Fund Balances - Beginning of Year, as Restated			650,848	
Fund Balances - End of Year			$670,566	

The accompanying note is an integral part of this financial schedule.

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$52,266	$52,266	$52,266		$227,905	$227,905	$227,905	
19,075	19,075	19,075		122,854	122,854	122,854	
215,880	215,880	215,880		6,184	6,184	6,184	
1,520,702	1,520,702	1,520,702		427,628	427,628	427,628	
705	705	705		2,600	2,600	2,600	
15,617	15,617	15,617		4,341	4,341	4,341	
$1,824,245	$1,824,245	1,824,245		$791,512	$791,512	791,512	
$42	$42	39	$3				
2,011,046	2,406,720	2,294,966	111,754				
				$997,208	$1,000,835	758,203	$242,632
$2,011,088	$2,406,762	2,295,005	$111,757	$997,208	$1,000,835	758,203	$242,632
		(470,760)				33,309	
		493				12,399	
		439,480					
		(229)				(15,685)	
		439,744				(3,286)	
		(31,016)				30,023	
		41,122				(5,583)	
		(74,669)				1,750	
		10,631				189,404	
		($53,932)				$215,594	

NOTE TO BUDGETARY REPORTING

Budgetary Process and Control

Budgets are adopted in accordance with Idaho Code, Title 67, Chapter 35. In September of each year, state agencies submit requests for appropriations to the Governor's Office, Division of Financial Management (DFM), so an executive budget may be prepared. The budget is generally prepared by agency, fund, program, and object and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Legal level of budgetary control is maintained at the same level of detail as appropriated. Appropriated funds include the General Fund, special revenue funds, the capital projects fund, enterprise funds, internal service funds, earnings of the permanent fund, and pension trust funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures which can be made to the extent of available cash. Unexpended appropriation balances generally lapse at fiscal year-end unless reappropriated by the Legislature. Appropriations are subject to the provisions of Idaho Code, Title 67, Chapter 36.

The Governor's budget recommendations are presented to the Legislature within the first five days of each regular legislative session, which begins in January. The Joint Finance and Appropriations Committee reviews the Governor's recommended budget, makes amendments, and prepares the annual appropriation bills for submission to both houses of the Legislature. A simple majority vote by both houses of the Legislature is required to pass the appropriation bills. The Governor has line item veto power over appropriation bills. Approval by two-thirds of both houses is required to override a governor's veto. The appropriation bills become the State's authorized operating budget upon the Governor's signature, or become law without the Governor's signature within five days after being presented to him, per Idaho Constitution, Article IV, Sections 10 and 11.

Agencies may request additional appropriations for the current year, which may be granted under authority of the Legislature. If expenditures are expected to exceed available cash, the State Board of Examiners (SBE) may authorize reduction of a portion of the General Fund appropriation. The Governor may issue an executive order for temporary reduction of spending authority, which is recorded in the accounting system as a negative supplemental appropriation. The Governor may call extraordinary sessions as provided by Article IV, Section 9, of the Idaho Constitution.

Limitations exist regarding the extent to which management may modify an appropriation. Legislative approval is required for the transfer of appropriations from one fund to another. The following adjustments may be made, with the appropriate approval:

> Idaho Code, Section 67-3511(1), allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per Idaho Code, Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The SBE must approve object transfers.
>
> Idaho Code, Section 67-3511(2), allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The DFM and the SBE must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

Should any change occur that is not within the described limitations, legal compliance is not achieved.

The General Fund had a negative variance stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Budgetary Basis of Accounting

The State's legal budget is prepared using cash basis records. Revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are allowed for budgetary control purposes. Fund balances are restricted or committed for obligations incurred for goods or services that have not been received. Encumbrances may be carried over to the next fiscal year with the approval of the DFM. The Budgetary Comparison Schedule is prepared on the budgetary basis and includes this variation from generally accepted accounting principles (GAAP). The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions,

object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial reporting purposes, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov. Look under "Accounting" and then "Financial Reports and Public Information."

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

Under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* governments are allowed an alternative to depreciation for their infrastructure assets, referred to as the modified approach. Using the modified approach, governments report maintenance and preservation expenses and do not report depreciation expense on qualifying assets. In order to use the modified approach, the State must manage the infrastructure assets using an asset management system and maintain those assets at established condition levels. The asset management system must meet all of the following requirements:

- Maintain an up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of eligible assets and summarize the results using a measurement scale
- Annually estimate the cost to maintain and preserve the assets at the condition level established
- Document the condition level at which the assets are being preserved and maintained

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 11,997 lane miles.

Measurement Scale

The Idaho Transportation Department (ITD) determines the condition of the State's roadway surfaces by use of the Pavement Management System. The roadway surface condition is determined using two pavement-condition data elements, road roughness and pavement distress, collected as follows:

Road Roughness is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. In Idaho, the public's perception of the state highway system is very important. For that reason, a roughness index (RI) was adopted that correlates the longitudinal profile of the road surface to an index based upon the public's perception of road roughness. The RI ranges from 0.0 (extremely rough) to 5.0 (smooth).

A Class II-type profilometer is currently used by the ITD to measure pavement roughness. This instrument uses laser sensors and personal computers and is mounted in a vehicle that travels at normal speeds and collects and stores road-profile information at one-foot intervals. Longitudinal profiles of all pavement management sections statewide are obtained annually.

Pavement Distress (Cracking) is another important indicator of pavement condition. The video-inspection vehicle used to collect profile information also collects pavement video of the entire state highway system each year. The pavement management engineer then uses this video or actual field observations to determine the type, extent, and severity of cracking within each pavement management section. Based upon this input, a cracking index (CI) is calculated for each section. The CI rating is very similar to the RI with 5.0 corresponding to a section with little or no cracking and 0.0 representing a section with severe cracking.

Pavement surface condition assessment is dependent upon functional classification and is divided into two categories: interstates and arterials, and collectors. Pavement surface condition is determined by applying the lower of the CI or RI to the measurement ranges shown in the following table:

Pavement Condition	Interstates and Arterials	Collectors
	Lower Index of Cracking (CI) or Roughness (RI)	
Good	(CI or RI) > 3.0	(CI or RI) > 3.0
Fair	≥ 2.5 (CI or RI) ≤ 3.0	≥ 2.0 (CI or RI) ≤ 3.0
Poor	≥ 2.0 (CI or RI) < 2.5	≥ 1.5 (CI or RI) < 2.0
Very Poor	(CI or RI) < 2.0	(CI or RI) < 1.5

Established Condition Level

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2010 the assessed level was maintained at 16 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

Most Recent Five Complete Condition Assessments
Percent of Total Lane Miles per Pavement Condition

	2010		2009		2008		2007		2006	
Good	7,531	63%	7,226	60%	7,401	62%	7,370	62%	7,318	61%
Fair	2,544	21%	2,653	22%	2,203	18%	2,293	19%	2,223	19%
Poor	1,651	14%	1,589	13%	1,779	15%	1,810	15%	1,879	16%
Very Poor	271	2%	521	5%	561	5%	457	4%	457	4%
Total Lane Miles	**11,997**	**100%**	**11,989**	**100%**	**11,944**	**100%**	**11,930**	**100%**	**11,877**	**100%**

Estimated and Actual Costs to Maintain

The information below reflects the State's estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level, and the actual amount spent during the past six fiscal years (*dollars in thousands):*

	FY2012	FY2011	FY2010	FY2009	FY2008	FY2007	FY2006
Estimated	$110,125	$170,828	$144,000	$85,000	$90,800	$88,200	$69,200
Actual		137,922	111,489	103,720	108,624	79,301	69,502

Actual costs were less than estimated costs in fiscal year 2011 by 19.3 percent due to a decline in road construction costs.

PENSION – Schedule of Funding Progress

Judges' Retirement Fund (*dollars in thousands*):

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
6/30/09	$ 48,439	$ 75,345	$ 26,906	64.3%	$ 5,960	451.4%
6/30/10	53,367	76,100	22,733	70.1%	5,645	402.7%
6/30/11	63,140	77,228	14,088	81.8%	5,700	247.2%

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Funding Progress *(dollars in thousands):*

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2006	$ 0	$ 353,159	$ 353,159	0.0 %	$ 764,953	46.2 %
	7/1/2008	0	21,603	21,603	0.0	803,608	2.7
	7/1/2010	0	22,551	22,551	0.0	763,295	3.0
Long-Term Disability Healthcare	7/1/2006	0	10,006	10,006	0.0	764,953	1.3
	7/1/2008	0	9,975	9,975	0.0	803,608	1.2
	7/1/2010	0	8,169	8,169	0.0	763,295	1.1
Life Insurance	7/1/2006	0	10,616	10,616	0.0	764,953	1.4
	7/1/2008	0	8,344	8,344	0.0	803,608	1.0
	7/1/2010	0	9,089	9,089	0.0	763,295	1.2
	7/1/2006	0	6,378	6,378	0.0	764,953	0.8
Income	7/1/2008	0	5,813	5,813	0.0	803,608	0.7
	7/1/2010	0	5,208	5,208	0.0	763,295	0.7
Retiree Life Insurance	7/1/2006	0	30,577	30,577	0.0	237,374	12.9
	7/1/2008	0	33,482	33,482	0.0	248,565	13.5
	7/1/2010	0	36,700	36,700	0.0	244,743	15.0
University of Idaho	7/1/2008	8,333	77,141	68,808	10.8	129,435	53.2
	7/1/2009	13,768	75,973	62,205	18.1	124,584	49.9
	7/1/2010	19,159	74,563	55,404	25.7	121,834	45.5

Due to retiree healthcare benefit changes legislatively approved in fiscal year 2009, an officer or employee must have been an active employee on or before June 30, 2009, and retire directly from state service in order to be eligible; the maximum benefit is $1,860 per retiree per year. As of January 1, 2010, the retiree healthcare coverage is no longer available to Medicare-eligible retirees or their Medicare-eligible dependents. These changes significantly reduced the liability.

Combining Financial Statements

Pillar Falls
Twin Falls County

GOVERNMENTAL FUNDS include nonmajor special revenue funds, a capital projects fund, and a permanent fund. The following provides a brief description of the governmental funds.

NONMAJOR SPECIAL REVENUE FUNDS account for specific revenues that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Agriculture and Natural Resources Fund accounts for the financial position and operations associated with the maintenance, preservation, and regulation of the State's parks, water, air, and agricultural resources. The major sources of funding are dedicated user fees, the sale of goods and services, and federal grants.

The Regulatory Fund accounts for the financial position and operations associated with various professional licensing and monitoring functions. The major sources of funding are taxes and license fees.

The Fish and Game Fund accounts for the financial position and operations associated with enforcing and administering the fish and game laws in Idaho and to perpetuate and manage the State's wildlife resources. The major sources of funding are dedicated user fees and federal grants.

The Federal Fund accounts for a portion of the financial position and operations associated with federal grants received by the State. Some federal grants are included in other funds of the State.

The Federal Stimulus Fund accounts for a portion of the financial position and operations associated with the federal stimulus awards received by the State. Some stimulus awards are included in other funds of the State.

The Miscellaneous Fund accounts for the financial position and operations associated with general government services. The major sources of funding are provided by the sale of goods and services, miscellaneous taxes, and other revenues.

The Building Authority accounts for the financial position and operations associated with the construction and financing of facilities, such as office buildings and parking garages to be used by the State. The major sources of funding are the sale of goods and services and bonds issued. The Building Authority is a blended component unit.

THE CAPITAL PROJECTS FUND accounts for specific revenues that are restricted, committed, or assigned to finance construction of capital assets.

The Transportation Infrastructure Fund accounts for the financial position and operations associated with the construction and financing of roads, bridges, and rest areas. The major sources of funding are provided by federal highway funds and notes issued.

THE PERMANENT FUND accounts for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support certain state programs.

The Land Endowments Fund accounts for the financial position and operations associated with the investment of revenues generated from the management and sale of endowment land assets for the benefit of public schools, colleges, hospitals, and prisons.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(dollars in thousands)

			Special Revenue	
	Agriculture and Natural Resources	**Regulatory**	**Fish and Game**	**Federal**
ASSETS				
Cash and Cash Equivalents	$11,709	$1,843		
Pooled Cash and Investments	65,973	52,053	$10,898	$10,730
Investments	15,206	12,255	4,748	4,348
Securities Lending Collateral	7,093	6,807	9,052	2,530
Accounts Receivable, Net	2,205	32		253
Taxes Receivable, Net	1,512			
Interfund Receivables	1,463	49	223	262
Due from Other Entities	4,435		6,308	55,267
Inventories and Prepaid Items	2,169	332	6,471	847
Loans, Notes, and Pledges Receivable, Net	7,499		10	
Other Assets	222	48	64	26
Restricted Assets:				
Cash and Cash Equivalents	21,758	928	2,807	25,557
Investments	2,292		10,808	
Total Assets	$143,536	$74,347	$51,389	$99,820
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$4,145	$14	$2,242	$38,469
Payroll and Related Liabilities	2,326	1,172	2,021	3,694
Interfund Payables	579	7	27	2,552
Due to Other Entities	1			
Deferred Revenue	3,659	748	1,824	19,762
Amounts Held in Trust for Others	453	1,848	5	
Obligations Under Securities Lending	7,093	6,807	9,052	2,530
Other Accrued Liabilities	1,013	504	491	236
Total Liabilities	19,269	11,100	15,662	67,243
Fund Balances				
Nonspendable:				
Permanent Trusts			2,908	
Inventories and Prepaid Items	2,169	333	6,470	847
Noncurrent Receivables	650			
Restricted	78,204	62,914	26,349	31,730
Committed	41,593			
Assigned	1,651			
Total Fund Balances	124,267	63,247	35,727	32,577
Total Liabilities and Fund Balances	$143,536	$74,347	$51,389	$99,820

		Capital Projects		
Federal Stimulus	**Miscellaneous**	**Building Authority**	**Transportation Infrastructure**	**Total**
		$464		$14,016
$480	$73,687		$3	213,824
	17,063	2,331		55,951
	9,929			35,411
	8,138		6,587	17,215
	1,328			2,840
	85			2,082
2,663	308			68,981
85	1,590			11,494
	2,000			9,509
	540	46		946
3,602		20,530		75,182
		4,915		18,015
$6,830	$114,668	$28,286	$6,590	$525,466
$377	$1,364	$19	$6,172	$52,802
52	1,924			11,189
	23			3,188
				1
5,057	7,437			38,487
				2,306
	9,929			35,411
287	152		415	3,098
5,773	20,829	19	6,587	146,482
				2,908
85	1,589			11,493
				650
972	57,272	28,267	3	285,711
	34,978			76,571
				1,651
1,057	93,839	28,267	3	378,984
$6,830	$114,668	$28,286	$6,590	$525,466

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

			Special Revenue	
	Agriculture and Natural Resources	**Regulatory**	**Fish and Game**	**Federal**
REVENUES				
Sales Tax	$4,800			
Other Taxes	37,597	$63,026		
Licenses, Permits, and Fees	37,009	45,609	$31,189	$1
Sale of Goods and Services	2,476	1,107	208	273
Grants and Contributions	33,690	81	45,433	482,617
Investment Income	1,249	645	606	231
Other Income	2,803	259	1,039	140
Total Revenues	119,624	110,727	78,475	483,262
EXPENDITURES				
Current:				
General Government		2,851		39,871
Public Safety and Correction		2,404		8,953
Education				280,837
Economic Development	38,267	40,160	166	85,640
Natural Resources	65,117	690	68,818	4,584
Capital Outlay	5,919	734	6,826	7,637
Intergovernmental Revenue Sharing	10,419			43,250
Debt Service:				
Principal Retirement	62		433	
Interest and Other Charges	17	14	410	4
Total Expenditures	119,801	46,853	76,653	470,776
Revenues Over (Under) Expenditures	(177)	63,874	1,822	12,486
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued	1			
Capital Lease Acquisitions				
Sale of Capital Assets	184	110	910	37
Transfers In	14,983	1	6	
Transfers Out	(4,732)	(61,917)	(139)	(1,635)
Total Other Financing Sources (Uses)	10,436	(61,806)	777	(1,598)
Net Changes in Fund Balances	10,259	2,068	2,599	10,888
Fund Balances - Beginning of Year, as Restated	114,008	61,179	33,128	21,689
Fund Balances - End of Year	$124,267	$63,247	$35,727	$32,577

			Capital Projects	
Federal Stimulus	**Miscellaneous**	**Building Authority**	**Transportation Infrastructure**	**Total**
				$4,800
	$23,644			124,267
	21,044			134,852
$1	12,308	$38,276		54,649
47,759	(59)			609,521
95	3,538	325	$23	6,712
111	10,223	124		14,699
47,966	70,698	38,725	23	949,500
1,692	4,732	334		49,480
2,683	47,579			61,619
8,527	6,529			295,893
596	20,286		7,961	193,076
18,326	66			157,601
695	4,660	207	117,930	144,608
14,682	9,606			77,957
	360	23,138		23,993
	200	11,822		12,467
47,201	94,018	35,501	125,891	1,016,694
765	(23,320)	3,224	(125,868)	(67,194)
			125,861	125,862
	18			18
	75			1,316
	23,261			38,251
	(254)			(68,677)
	23,100		125,861	96,770
765	(220)	3,224	(7)	29,576
292	94,059	25,043	10	349,408
$1,057	$93,839	$28,267	$3	$378,984

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sales Tax	$4,800	$4,800	$4,800	
Other Taxes	37,399	37,399	37,399	
Licenses, Permits, and Fees	37,373	37,373	37,373	
Sale of Goods and Services	2,586	2,586	2,586	
Grants and Contributions	31,217	31,217	31,217	
Investment Income	1,134	1,134	1,134	
Other Income	2,408	2,408	2,408	
Total Revenues	$116,917	$116,917	116,917	
EXPENDITURES				
General Government				
Public Safety and Correction				
Education				
Economic Development	$45,763	$45,782	39,869	$5,913
Natural Resources	102,034	102,397	78,738	23,659
Total Expenditures	$147,797	$148,179	118,607	$29,572
Revenues Over (Under) Expenditures			(1,690)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			1	
Capital Lease Acquisitions				
Sale of Capital Assets			184	
Transfers In			14,983	
Transfers Out			(4,732)	
Total Other Financing Sources (Uses)			10,436	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			8,746	
Reconciling Items				
Changes Affected by Accrued Revenues			2,707	
Changes Affected by Accrued Expenditures			(1,194)	
Fund Balances - Beginning of Year, as Restated			114,008	
Fund Balances - End of Year			$124,267	

continued

Special Revenue							
Regulatory				Fish and Game			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$67,049	$67,049	$67,049					
45,562	45,562	45,562		$31,218	$31,218	$31,218	
893	893	893		208	208	208	
81	81	81		42,962	42,962	42,962	
199	199	199		591	591	591	
259	259	259		599	599	599	
$114,043	$114,043	114,043		$75,578	$75,578	75,578	
$2,851	$2,851	2,851					
3,168	3,168	2,481	$687				
45,990	46,093	41,744	4,349	$216	$216	166	$50
1,309	1,309	696	613	79,211	83,051	75,706	7,345
$53,318	$53,421	47,772	$5,649	$79,427	$83,267	75,872	$7,395
		66,271				(294)	
		110				910	
		1				6	
		(61,917)				(139)	
		(61,806)				777	
		4,465				483	
		(3,316)				2,897	
		919				(781)	
		61,179				33,128	
		$63,247				$35,727	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Special Revenue			
	Federal			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	$214	$214	$214	
Grants and Contributions	490,398	490,398	490,398	
Investment Income	298	298	298	
Other Income	241	241	241	
Total Revenues	$491,151	$491,151	491,151	
EXPENDITURES				
General Government	$89,119	$90,034	56,848	$33,186
Public Safety and Correction	16,999	19,890	12,681	7,209
Education	322,273	376,569	308,723	67,846
Economic Development	115,339	119,733	103,238	16,495
Natural Resources	19,438	22,917	12,913	10,004
Total Expenditures	$563,168	$629,143	494,403	$134,740
Revenues Over (Under) Expenditures			(3,252)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			37	
Transfers In				
Transfers Out			(1,635)	
Total Other Financing Sources (Uses)			(1,598)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(4,850)	
Reconciling Items				
Changes Affected by Accrued Revenues			(7,889)	
Changes Affected by Accrued Expenditures			23,627	
Fund Balances - Beginning of Year, as Restated			21,689	
Fund Balances - End of Year			$32,577	

continued

Special Revenue							
Federal Stimulus				Miscellaneous			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				$19,974	$19,974	$19,974	
				20,954	20,954	20,954	
				8,953	8,953	8,953	
$53,610	$53,610	$53,610		1,014	1,014	1,014	
95	95	95		3,239	3,239	3,239	
111	111	111		9,913	9,913	9,913	
$53,816	$53,816	53,816		$64,047	$64,047	64,047	
$2,891	$3,090	2,204	$886	$6,168	$6,168	6,049	$119
7,071	7,071	4,726	2,345	66,403	66,510	56,398	10,112
14,509	16,683	15,721	962	8,795	8,792	7,443	1,349
16,699	17,819	10,154	7,665	29,696	29,708	24,272	5,436
45,812	46,317	22,335	23,982	103	104	66	38
$86,982	$90,980	55,140	$35,840	$111,165	$111,282	94,228	$17,054
		(1,324)				(30,181)	
						18	
						75	
						23,261	
						(254)	
						23,100	
		(1,324)				(7,081)	
		(5,850)				6,651	
		7,939				210	
		292				94,059	
		$1,057				$93,839	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Special Revenue			
	Building Authority			
	Original Budget	**Final Budget**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	$38,276	$38,276	$38,276	
Grants and Contributions				
Investment Income	325	325	325	
Other Income	124	124	124	
Total Revenues	$38,725	$38,725	38,725	
EXPENDITURES				
General Government	$35,501	$35,501	35,501	
Public Safety and Correction				
Education				
Economic Development				
Natural Resources				
Total Expenditures	$35,501	$35,501	35,501	
Revenues Over (Under) Expenditures			3,224	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)				
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			3,224	
Reconciling Items				
Changes Affected by Accrued Revenues				
Changes Affected by Accrued Expenditures				
Fund Balances - Beginning of Year, as Restated			25,043	
Fund Balances - End of Year			$28,267	

Capital Projects Transportation Infrastructure				Total			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				$4,800	$4,800	$4,800	
				124,422	124,422	124,422	
				135,107	135,107	135,107	
				51,130	51,130	51,130	
				619,282	619,282	619,282	
$23	$23	$23		5,904	5,904	5,904	
				13,655	13,655	13,655	
$23	$23	23		$954,300	$954,300	954,300	
				$136,530	$137,644	103,453	$34,191
				93,641	96,639	76,286	20,353
				345,577	402,044	331,887	70,157
$125,891	$125,891	125,891		379,594	385,242	345,334	39,908
				247,907	256,095	190,454	65,641
$125,891	$125,891	125,891		$1,203,249	$1,277,664	1,047,414	$230,250
		(125,868)				(93,114)	
		125,861				125,862	
						18	
						1,316	
						38,251	
						(68,677)	
		125,861				96,770	
		(7)				3,656	
						(4,800)	
						30,720	
		10				349,408	
		$3				$378,984	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Permanent Fund
For the Fiscal Year Ended June 30, 2011
(dollars in thousands

	Land Endowments			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sale of Goods and Services	$69,298	$69,298	$69,298	
Investment Income	254,519	254,519	254,519	
Total Revenues	$323,817	$323,817	323,817	
EXPENDITURES				
Natural Resources	$36,590	$36,614	31,898	$4,716
Total Expenditures	$36,590	$36,614	31,898	$4,716
Revenues Over (Under) Expenditures			291,919	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			140	
Transfers Out			(67,787)	
Total Other Financing Sources (Uses)			(67,647)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			224,272	
Reconciling Items				
Changes Affected by Accrued Expenditures			(13)	
Fund Balances - Beginning of Year			1,043,671	
Fund Balances - End of Year			$1,267,930	

NONMAJOR ENTERPRISE FUNDS account for those funds that provide goods or services to the general public and finance their operations primarily through user charges. The following provides a brief description of the nonmajor enterprise funds.

The State Lottery Fund accounts for the financial position and operations associated with lottery games. Established by the Legislature in 1988, the State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, to oversee lottery operations, and to maximize the net income of the lottery for the benefit of the State. Annually, on July 1, the State Lottery's surplus net income is distributed evenly between the permanent building account and the school district building account as dictated by Idaho Code, Section 67-7434.

The State Liquor Fund accounts for the financial position and operations associated with the distribution, sale, and consumption of alcoholic beverages. Per Idaho Code, Section 23-404, after deducting administrative and operating costs for the Liquor Division, distributions are made to cities, counties, the General Fund, and various other funds of the State.

The Correctional Industries Fund accounts for the financial position and operations associated with employment for inmates of the Department of Correction. Correctional Industries manufactures and sells a variety of items including license plates, furniture, highway signs, printing services, and other miscellaneous products and services.

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	$2,780		$1,138	$3,918
Pooled Cash and Investments		$17,438	2,559	19,997
Accounts Receivable, Net	1,022	60	615	1,697
Interfund Receivables			80	80
Inventories and Prepaid Items	314	11,856	2,090	14,260
Other Current Assets		82		82
Total Current Assets	4,116	29,436	6,482	40,034
Noncurrent Assets				
Restricted Cash and Cash Equivalents	36,285			36,285
Other Noncurrent Assets		9	1	10
Capital Assets, Net	268	10,947	2,362	13,577
Total Noncurrent Assets	36,553	10,956	2,363	49,872
Total Assets	$40,669	$40,392	$8,845	$89,906
LIABILITIES				
Current Liabilities				
Accounts Payable	$1,452	$6,878	$132	$8,462
Payroll and Related Liabilities	141	432	95	668
Interfund Payables		8,000	11	8,011
Due to Other Entities		6,102		6,102
Other Accrued Liabilities	1,772			1,772
Compensated Absences Payable	116	457	119	692
Bonds, Notes, and Capital Leases Payable	34			34
Total Current Liabilities	3,515	21,869	357	25,741
Noncurrent Liabilities				
Other Long-Term Obligations	70	306	54	430
Total Noncurrent Liabilities	70	306	54	430
Total Liabilities	3,585	22,175	411	26,171
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	234	10,947	2,362	13,543
Restricted for:				
Other Purposes	36,850	7,270	6,072	50,192
Total Net Assets	37,084	18,217	8,434	63,735
Total Liabilities and Net Assets	$40,669	$40,392	$8,845	$89,906

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Licenses, Permits, and Fees		$2		$2
Sale of Goods and Services	$147,793	141,185	$7,192	296,170
Other Income	53	75	247	375
Total Operating Revenues	147,846	141,262	7,439	296,547
OPERATING EXPENSES				
Personnel Costs	2,395	9,590	1,993	13,978
Services and Supplies	18,944	76,506	4,123	99,573
Benefits, Awards, and Premiums	90,230			90,230
Depreciation	176	500	355	1,031
Other Expenses	257	3,881	256	4,394
Total Operating Expenses	112,002	90,477	6,727	209,206
Operating Income (Loss)	35,844	50,785	712	87,341
NONOPERATING REVENUES (EXPENSES)				
Investment Income	3	176	47	226
Interest Expense	(1)			(1)
Intergovernmental Distributions		(26,562)		(26,562)
Gain (Loss) on Sale of Capital Assets			1	1
Other Nonoperating Revenues (Expenses)			(1)	(1)
Total Nonoperating Revenues (Expenses)	2	(26,386)	47	(26,337)
Income (Loss) Before Transfers	35,846	24,399	759	61,004
Transfers Out	(36,500)	(28,411)		(64,911)
Change in Net Assets	(654)	(4,012)	759	(3,907)
Total Net Assets - Beginning of Year	37,738	22,229	7,675	67,642
Total Net Assets - End of Year	$37,084	$18,217	$8,434	$63,735

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$149,001	$141,267	$4,189	$294,457
Receipts for Interfund Services			3,125	3,125
Payments to Suppliers	(18,895)	(80,503)	(5,018)	(104,416)
Payments to Employees	(2,371)	(9,508)	(1,954)	(13,833)
Payments for Interfund Services		(1,230)	(94)	(1,324)
Payments for Benefits, Awards, and Claims	(91,648)			(91,648)
Net Cash Provided (Used) by Operating Activities	36,087	50,026	248	86,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(26,551)		(26,551)
Transfers Out	(36,500)	(20,411)		(56,911)
Net Cash Provided (Used) by Noncapital Financing Activities	(36,500)	(46,962)		(83,462)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments	(49)			(49)
Interest Payments	(1)			(1)
Acquisition and Construction of Capital Assets	(4)	(4,329)	(680)	(5,013)
Net Cash Provided (Used) by Capital and Related Financing Activities	(54)	(4,329)	(680)	(5,063)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	3	176	47	226
Net Cash Provided (Used) by Investing Activities	3	176	47	226
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(464)	(1,089)	(385)	(1,938)
Beginning Cash, Cash Equivalents, and Pooled Cash	39,529	18,527	4,082	62,138
Ending Cash, Cash Equivalents, and Pooled Cash	$39,065	$17,438	$3,697	$60,200
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$35,844	$50,785	$712	$87,341
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	176	500	355	1,031
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	1,155	87	(125)	1,117
Inventories and Prepaid Items		(101)	(312)	(413)
Other Assets	151	(87)		64
Accounts Payable/Interfund Payables	(1,240)	(1,245)	30	(2,455)
Compensated Absences		(25)	3	(22)
Other Accrued Liabilities	1	112	(415)	(302)
Net Cash Provided (Used) by Operating Activities	$36,087	$50,026	$248	$86,361

Noncash Transactions (dollars in thousands):
State Liquor recorded an interfund transfer of $8,000 due on July 1, 2011 and acquired capital assets of $62 in a prior period.

INTERNAL SERVICE FUNDS account for those funds which provide goods or services to state agencies and governmental units on a cost-reimbursement basis. The following provides a brief description of operations included in the internal service funds.

The Group Insurance Fund, created by Idaho Code, Section 67-5771, is administered by the Department of Administration. The fund accounts for health insurance for all state employees and optional coverage for dependents and retirees. The fund also provides life insurance and short and long-term disability coverage.

The Risk Management Fund, created by Idaho Code, Section 67-5776, accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using a combination of self-insurance and insurance purchased from commercial carriers.

The General Services Fund, created by Idaho Code, Sections 67-5703, 67-5744, and 67-3516, accounts for statewide auditing, human resources, treasury services, surplus property redistribution and sale, copying services, purchasing, mail services for state agencies, and voice and data communication services.

The Data Processing Services Fund, created by Idaho Code, Section 67-1021, accounts for data processing services provided by the Office of the State Controller to the various state agencies. In addition, the State Department of Education provides data processing services to local school districts and some state agencies.

Combining Statement of Net Assets
Internal Service Funds
June 30, 2011
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	$34,725	$3,070	$4,214	$1,874	$43,883
Securities Lending Collateral	12,962	9,182			22,144
Accounts Receivable, Net			128		128
Interfund Receivables			237	389	626
Inventories and Prepaid Items			1,078	678	1,756
Loans, Notes, and Pledges Receivable, Net	5				5
Other Current Assets	92	65			157
Total Current Assets	47,784	12,317	5,657	2,941	68,699
Noncurrent Assets					
Restricted Cash and Cash Equivalents	52,378				52,378
Investments	22,274	15,778			38,052
Loans, Notes, and Pledges Receivable, Net	91				91
Other Noncurrent Assets			5	2	7
Capital Assets, Net	6	7	17,608	1,080	18,701
Total Noncurrent Assets	74,749	15,785	17,613	1,082	109,229
Total Assets	$122,533	$28,102	$23,270	$4,023	$177,928
LIABILITIES					
Current Liabilities					
Accounts Payable			$553		$553
Payroll and Related Liabilities	$13	$18	328	$172	531
Unearned Revenue	16,487			212	16,699
Obligations Under Securities Lending	12,962	9,182			22,144
Other Accrued Liabilities	3	1	220		224
Compensated Absences Payable	16	20	416	255	707
Bonds, Notes, and Capital Leases Payable			276	53	329
Policy Claim Liabilities	7,357	4,443			11,800
Total Current Liabilities	36,838	13,664	1,793	692	52,987
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			3,287		3,287
Policy Claim Liabilities		7,245			7,245
Other Long-Term Obligations	7	11	178	84	280
Total Noncurrent Liabilities	7	7,256	3,465	84	10,812
Total Liabilities	36,845	20,920	5,258	776	63,799
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	6	7	14,045	1,027	15,085
Restricted for:					
Claims and Judgments	52,378				52,378
Other Purposes	33,304	7,175	1,578	2,220	44,277
Unrestricted			2,389		2,389
Total Net Assets	85,688	7,182	18,012	3,247	114,129
Total Liabilities and Net Assets	$122,533	$28,102	$23,270	$4,023	$177,928

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Licenses, Permits, and Fees	$35				$35
Sale of Goods and Services	172,004	$3,748	$20,283	$6,852	202,887
Grants and Contributions	402		96		498
Other Income		271	41	11	323
Total Operating Revenues	172,441	4,019	20,420	6,863	203,743
OPERATING EXPENSES					
Personnel Costs	254	356	7,077	3,754	11,441
Services and Supplies	411	3,206	13,601	1,784	19,002
Benefits, Awards, and Premiums	195,245	2,089			197,334
Depreciation	1	1	1,633	723	2,358
Other Expenses	157	244	358	35	794
Total Operating Expenses	196,068	5,896	22,669	6,296	230,929
Operating Income (Loss)	(23,627)	(1,877)	(2,249)	567	(27,186)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,534	395	57	18	2,004
Interest Expense	(24)	(17)	(182)	(2)	(225)
Gain (Loss) on Sale of Capital Assets			(110)		(110)
Total Nonoperating Revenues (Expenses)	1,510	378	(235)	16	1,669
Income (Loss) Before Transfers	(22,117)	(1,499)	(2,484)	583	(25,517)
Capital Contributions			43		43
Transfers In			2,764		2,764
Transfers Out			(1,803)		(1,803)
Change in Net Assets	(22,117)	(1,499)	(1,480)	583	(24,513)
Total Net Assets - Beginning of Year	107,805	8,681	19,492	2,664	138,642
Total Net Assets - End of Year	$85,688	$7,182	$18,012	$3,247	$114,129

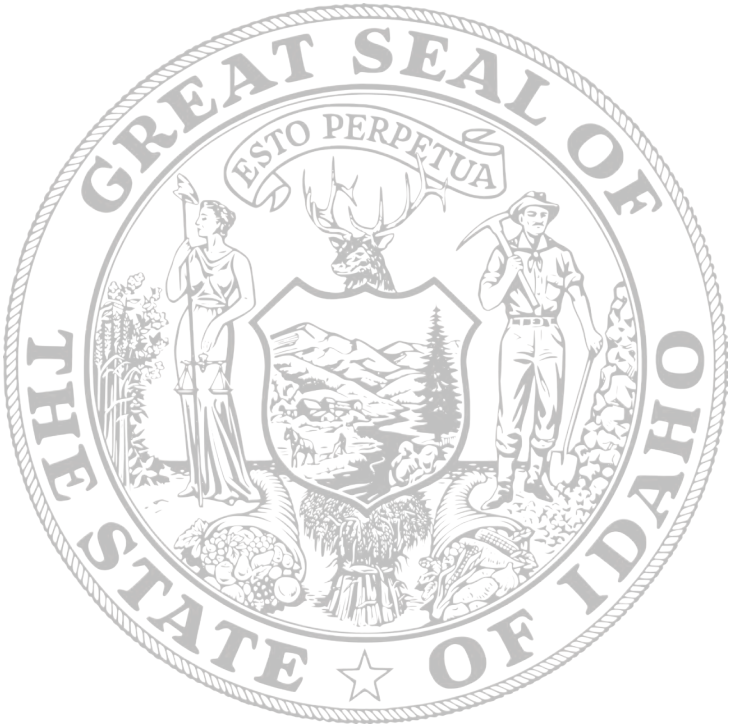
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Group Insurance	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$14,670	$73
Receipts for Interfund Services	161,268	3,946
Receipts from Grants and Contributions	402	
Payments to Suppliers	(365)	(3,127)
Payments to Employees	(251)	(354)
Payments for Interfund Services	(202)	(249)
Payments for Benefits, Awards, and Claims	(190,737)	(4,508)
Net Cash Provided (Used) by Operating Activities	(15,215)	(4,219)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In		
Transfers Out		
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments		
Interest Payments		
Acquisition and Construction of Capital Assets		
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	1,987	553
Purchase of Investments	(695)	(456)
Redemption of Investments	4,743	
Other Investing Activities	(26)	(18)
Net Cash Provided (Used) by Investing Activities	6,009	79
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(9,206)	(4,140)
Beginning Cash, Cash Equivalents and Pooled Cash	96,309	7,210
Ending Cash, Cash Equivalents, and Pooled Cash	$87,103	$3,070
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	($23,627)	($1,877)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1	1
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	17	
Inventories and Prepaid Items		75
Other Assets		
Accounts Payable/Interfund Payables		
Unearned Revenue	3,882	
Compensated Absences	(1)	(1)
Policy Claim Liabilities	4,508	(2,419)
Other Accrued Liabilities	5	2
Net Cash Provided (Used) by Operating Activities	($15,215)	($4,219)

Noncash Transactions (dollars in thousands):

Investments increased in fair value by $402 for Group Insurance and $140 for Risk Management. General Services disposed of capital assets at a loss of $110, acquired capital assets by a donation of $43, and acquired capital assets of $819 in a prior period.

General Services	Data Processing Services	Total
$1,544	$4	$16,291
18,518	7,211	190,943
96		498
(11,347)	(1,973)	(16,812)
(7,065)	(3,756)	(11,426)
(2,582)	(59)	(3,092)
		(195,245)
(836)	1,427	(18,843)
2,764		2,764
(1,803)		(1,803)
961		961
(265)	(124)	(389)
(190)	(2)	(192)
(1,243)	(1,124)	(2,367)
(1,698)	(1,250)	(2,948)
57	18	2,615
		(1,151)
		4,743
		(44)
57	18	6,163
(1,516)	195	(14,667)
5,730	1,679	110,928
$4,214	$1,874	$96,261
($2,249)	$567	($27,186)
1,633	723	2,358
(202)	140	(45)
706	(213)	568
(2)	(1)	(3)
(731)		(731)
(61)	212	4,033
(47)	(20)	(69)
		2,089
117	19	143
($836)	$1,427	($18,843)


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

FIDUCIARY FUNDS report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State's own programs. The following provides a brief description of the State's fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, deferred compensation plans, and other postemployment benefit plans. The State's pension trust funds include the following:

The PERSI Base Plan and **the Firefighters' Retirement Fund** are cost-sharing, multiple employer defined benefit retirement plans that provide benefits based on member's years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and to eligible members' beneficiaries.

The Judges' Retirement Fund provides retirement benefits to retired justices, judges, eligible administrative directors, and allowances to surviving spouses.

The Deferred Compensation Plan is an IRS Section 457(b) tax-advantaged trust fund that accounts for the resources contributed by individuals to fund their retirement.

The Defined Contribution 414(K) Plan and **the Defined Contribution 401(K) Plan** are defined contribution retirement plans that consist of gain sharing allocations, voluntary employee contributions, rollover contributions, and some employer matching contributions.

The Sick Leave Insurance Reserve-State Fund and **the Sick Leave Insurance Reserve-Schools Fund** provide payment of health insurance premiums on behalf of retired employees based on accumulated unused sick leave at the time of retirement.

INVESTMENT TRUST FUNDS account for assets invested by the State on behalf of other governmental entities. The following provides a brief description of the State's investment trust funds:

The Local Government Investment Pool accounts for the investments managed by the State Treasurer's Office for Local Government Investment Pool participants. The purpose of the Pool is to provide a safe liquid vehicle for investing idle funds and to obtain the best interest rate available at the time of investment.

The Diversified Bond Fund accounts for the investments managed by the State Treasurer's Office for Diversified Bond Fund participants. The purpose of the Fund is to provide an investment vehicle with a reasonable level of current income and potential capital appreciation as measured on a long-term basis.

AGENCY FUNDS account for resources held by the State in a purely custodial capacity. The following provides a brief description of the State's agency funds:

The Custodial Fund accounts for the receipts and disbursements of monies collected by the State and distributed to entities or individuals. This includes deposits of securities by banks and insurance companies doing business in the State.

The Payroll Fund is a clearing fund for state and federal withholding, social security taxes, and voluntary employee deductions related to the State's payroll.

Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2011
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457
ASSETS				
Cash and Cash Equivalents	$304	$8	$254	
Pooled Cash and Investments	2,079	53	289	
Investments:				
Pooled Short Term	362,545	9,288		
Fixed Income Investments	2,468,395	63,235	18,282	$143,454
Marketable Securities	6,821,547	174,752	44,309	
Mutual Funds and Private Equities	882,367	22,604		111,694
Mortgages and Real Estate	925,880	23,719		
Other Investments				3,669
Receivables:				
Investments Sold	806,532	20,578		621
Contributions	2,849	41	47	47
Interest and Dividends	39,955	1,019	7	
Interfund Receivables				
Other Receivables			134	
Other Assets	45,960			
Capital Assets, Net	2,212			
Total Assets	12,360,625	315,297	63,322	259,485
LIABILITIES				
Accounts Payable	547		30	
Interfund Payables	1,581			
Investments Purchased	965,471	24,632		
Other Accrued Liabilities	10,012	249		
Total Liabilities	977,611	24,881	30	
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	11,383,014	290,416	63,292	259,485
Postemployment Healthcare Benefits				
Total Net Assets	$11,383,014	$290,416	$63,292	$259,485

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
	$10			$576
		$37	$38	2,496
	671			372,504
		27,544	43,578	2,764,488
		75,428	125,738	7,241,774
$60,194	366,715			1,443,574
				949,599
				3,669
				827,731
	193			3,177
204	1,009			42,194
		455	1,126	1,581
				134
		307	950	47,217
				2,212
60,398	368,598	103,771	171,430	13,702,926
				577
				1,581
				990,103
		11	18	10,290
		11	18	1,002,551
60,398	368,598			12,425,203
		103,760	171,412	275,172
$60,398	$368,598	$103,760	$171,412	$12,700,375

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457
ADDITIONS				
Contributions:				
Member	$178,416	$14	$342	$10,211
Employer	279,175	13,314	399	
Transfers In from Other Plans				11,395
Total Contributions	457,591	13,328	741	21,606
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	1,697,094	43,298	10,913	17,583
Interest, Dividends, and Other	272,131	6,944	1,351	4,249
Securities Lending Income			30	
Less Investment Expense:				
Investment Activity Expense	(40,385)	(1,030)	(123)	
Securities Lending Interest Expense			(9)	
Net Investment Income	1,928,840	49,212	12,162	21,832
Miscellaneous Income	38		1,613	
Total Additions	2,386,469	62,540	14,516	43,438
DEDUCTIONS				
Benefits and Refunds Paid to Plan Members	597,373	19,239	4,688	
Transfers Out to Other Plans				
Administrative Expense	5,974		95	8
Participant Withdrawals				12,414
Total Deductions	603,347	19,239	4,783	12,422
Change in Net Assets Held in Trust for:				
Employee Pension Benefits	1,783,122	43,301	9,733	31,016
Employee Postemployment Healthcare Benefits				
Net Assets - Beginning of Year	9,599,892	247,115	53,559	228,469
Net Assets - End of Year	$11,383,014	$290,416	$63,292	$259,485

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
	$33,067			$222,050
	181	$5,676	$13,307	312,052
	7,470			18,865
	40,718	5,676	13,307	552,967
$9,321	51,080	19,159	31,908	1,880,356
1,444	7,554			293,673
				30
(199)	(112)	(46)	(77)	(41,972)
				(9)
10,566	58,522	19,113	31,831	2,132,078
		3	2	1,656
10,566	99,240	24,792	45,140	2,686,701
2,339	7,771	3,766	11,502	646,678
1,628	12,033			13,661
		39	65	6,181
				12,414
3,967	19,804	3,805	11,567	678,934
6,599	79,436			1,953,207
		20,987	33,573	54,560
53,799	289,162	82,773	137,839	10,692,608
$60,398	$368,598	$103,760	$171,412	$12,700,375

Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2011
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Investments:			
Pooled Short Term	$71,979	$14,761	$86,740
Fixed Income Investments	1,099,693	43,389	1,143,082
Mortgages and Real Estate		64,303	64,303
Securities Lending Collateral	575,521	71,260	646,781
Receivables:			
Interest and Dividends	4,095	501	4,596
Total Assets	1,751,288	194,214	1,945,502
LIABILITIES			
Accounts Payable	46	5	51
Obligations Under Securities Lending	575,521	71,260	646,781
Other Accrued Liabilities	326	294	620
Total Liabilities	575,893	71,559	647,452
NET ASSETS			
Held in Trust for:			
External Investment Pool Participants	1,175,395	122,655	1,298,050
Total Net Assets	$1,175,395	$122,655	$1,298,050

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions:			
Participant Deposits	$2,573,193	$23,558	$2,596,751
Total Contributions	2,573,193	23,558	2,596,751
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(10,317)	(1,392)	(11,709)
Interest, Dividends, and Other	13,357	4,078	17,435
Securities Lending Income	1,716	255	1,971
Less Investment Expense:			
Investment Activity Expense	(459)	(235)	(694)
Securities Lending Interest Expense	(1,076)	(167)	(1,243)
Net Investment Income	3,221	2,539	5,760
Total Additions	2,576,414	26,097	2,602,511
DEDUCTIONS			
Earnings Distribution	3,166	3,629	6,795
Participant Withdrawals	2,372,497	21,360	2,393,857
Total Deductions	2,375,663	24,989	2,400,652
Change in Net Assets Held in Trust for:			
External Investment Pool Participants	200,751	1,108	201,859
Net Assets - Beginning of Year	974,644	121,547	1,096,191
Net Assets - End of Year	$1,175,395	$122,655	$1,298,050

Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2011
(dollars in thousands)

	Custodial	Payroll	Total
ASSETS			
Cash and Cash Equivalents	$4,791		$4,791
Pooled Cash and Investments	23,874	$8,492	32,366
Investments:			
Fixed Income Investments	256,446		256,446
Total Assets	$285,111	$8,492	$293,603
LIABILITIES			
Payroll and Related Liabilities		$8,492	$8,492
Due to Other Entities	$566		566
Amounts Held in Trust for Others	283,748		283,748
Other Accrued Liabilities	797		797
Total Liabilities	$285,111	$8,492	$293,603

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
CUSTODIAL				
Assets				
Cash and Cash Equivalents	$5,452	$7,176	$7,837	$4,791
Pooled Cash and Investments	21,907	150,959	148,992	23,874
Fixed Income Investments	242,005	512,893	498,452	256,446
Total Assets	$269,364	$671,028	$655,281	$285,111
Liabilities				
Due to Other Entities	$576	$6,651	$6,661	$566
Amounts Held in Trust for Others	267,999	630,902	615,153	283,748
Other Accrued Liabilities	789	30,907	30,899	797
Total Liabilities	$269,364	$668,460	$652,713	$285,111
PAYROLL				
Assets				
Pooled Cash and Investments	$1,934	$1,211,812	$1,205,254	$8,492
Total Assets	$1,934	$1,211,812	$1,205,254	$8,492
Liabilities				
Payroll and Related Liabilities	$1,934	$1,824,092	$1,817,534	$8,492
Total Liabilities	$1,934	$1,824,092	$1,817,534	$8,492
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$5,452	$7,176	$7,837	$4,791
Pooled Cash and Investments	23,841	1,362,771	1,354,246	32,366
Fixed Income Investments	242,005	512,893	498,452	256,446
Total Assets	$271,298	$1,882,840	$1,860,535	$293,603
Liabilities				
Payroll and Related Liabilities	$1,934	$1,824,092	$1,817,534	$8,492
Due to Other Entities	576	6,651	6,661	566
Amounts Held in Trust for Others	267,999	630,902	615,153	283,748
Other Accrued Liabilities	789	30,907	30,899	797
Total Liabilitites	$271,298	$2,492,552	$2,470,247	$293,603

Landscape at Craigmont
Lewis County

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State's Comprehensive Annual Financial Report.

Schedule 1 - Net Assets by Component

Fiscal Years 2002-2011

(accrual basis of accounting, dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	$3,563,662	$3,681,836	$3,820,843	$4,043,883	$4,244,622	$4,467,319
Restricted[1]	995,178	1,032,921	1,219,013	1,244,363	1,343,427	1,762,246
Unrestricted[2]	333,330	220,604	342,847	571,337	849,405	955,513
Total Governmental Activities Net Assets	$4,892,170	$4,935,361	$5,382,703	$5,859,583	$6,437,454	$7,185,078
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	$395,040	$420,923	$413,842	$449,889	$469,958	$516,267
Restricted[3]	602,218	653,739	637,531	619,352	720,721	813,880
Unrestricted[4]	109,473	33,872	84,174	146,942	163,636	189,577
Total Business-Type Activities Net Assets	$1,106,731	$1,108,534	$1,135,547	$1,216,183	$1,354,315	$1,519,724
Primary Government						
Invested in Capital Assets, Net of Related Debt	$3,958,702	$4,102,759	$4,234,685	$4,493,772	$4,714,580	$4,983,586
Restricted	1,597,396	1,686,660	1,856,544	1,863,715	2,064,148	2,576,126
Unrestricted	442,803	254,476	427,021	718,279	1,013,041	1,145,090
Total Primary Government Net Assets	$5,998,901	$6,043,895	$6,518,250	$7,075,766	$7,791,769	$8,704,802

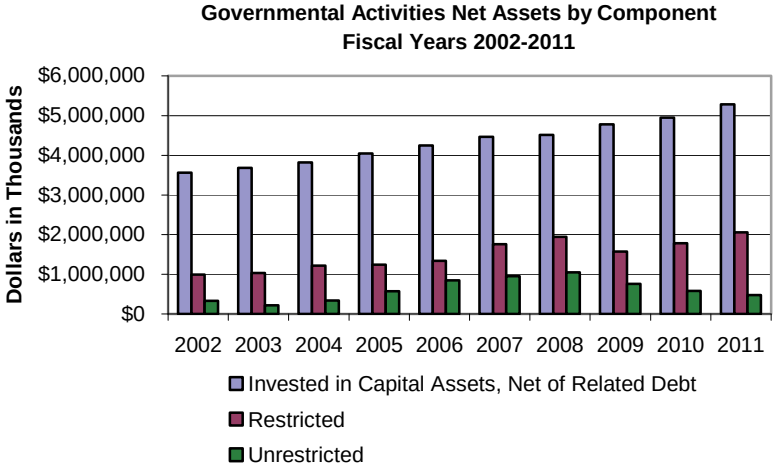
[1]In fiscal years 2011 and 2010 governmental activities' restricted net assets increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In fiscal year 2009 governmental activities' restricted net assets decreased mainly due to the national recession and the decrease in fair market value of investments, primarily related to the Land Endowment fund. In fiscal year 2008 governmental activities' restricted net assets increased mainly due to increased operating grants for health care assistance, education, and infrastructure. In fiscal year 2007 governmental activities' restricted net assets increased mainly due to Land Endowment fund investment income, receipts from timber sales and land leases, and increased operating grants for health care assistance and infrastructure.

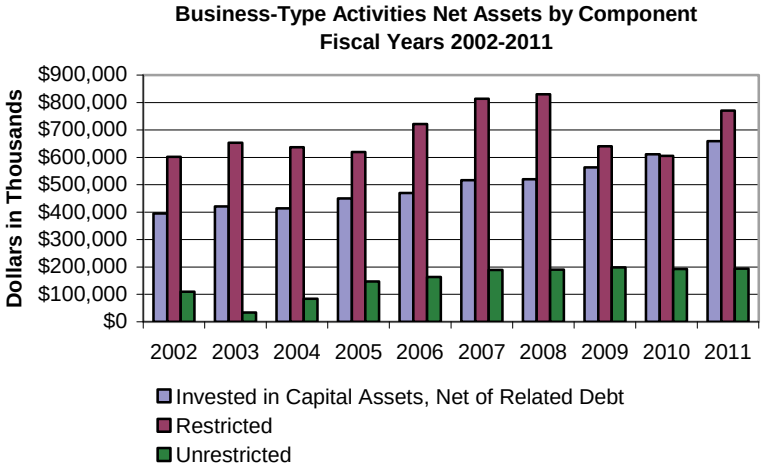
[2]In fiscal year 2011 the governmental activites' unrestricted net assets decreased primarily due to greater Medicaid and rehabilitation services and income assistance payments. In fiscal years 2010, and 2009 the governmental activities' unrestricted net assets decreased primarily due to a decrease in individual income tax and sales tax revenues. The Property Tax Relief Act of 2006 increased the sales tax by 1 percent and reduced property tax by shifting public schools' maintenance and operating expenses from counties to the state. In fiscal year 2006 unrestricted net assets increased mainly due to an increase in individual and corporate income taxes. In fiscal years 2005 and 2004 the unrestricted net assets increased due to a temporary sales tax increase and a strengthening economy. In fiscal year 2003 the unrestricted net assets decreased primarily as a result of the recession and the need to utilize cash reserves to help meet the State's current year obligations.

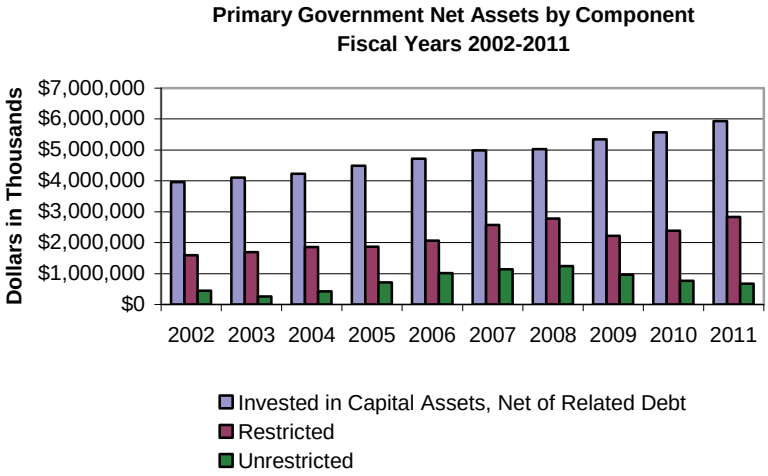
[3]In fiscal year 2011 business-type activities' restricted net assets increased mainly due to greater unemployment compensation assessment collections and increased student tuition and fees. In fiscal year 2009 business-type activities' restricted net assets decreased mainly due to increased unemployment compensation benefits resulting from the economic downturn. In fiscal years 2007 and 2006 business-type activities' restricted net assets increased mainly due to increases in unemployment compensation assessments and decreases in unemployment claims.

[4]In fiscal year 2005 business-type activities' unrestricted net assets increased primarily due to increased student tuition and fees for the colleges and universities. In fiscal year 2004 unrestricted net assets increased due to grant revenues for colleges and universities. In fiscal year 2003 the unrestricted net assets decreased primarily as a result of the recession and the need to utilize cash reserves to help meet current year obligations.

2008 (as restated)	2009 (as restated)	2010	2011
$4,511,544	$4,782,891	$4,953,158	$5,277,344
1,950,191	1,573,417	1,784,243	2,059,484
1,052,145	762,203	578,255	477,990
$7,513,880	**$7,118,511**	**$7,315,656**	**$7,814,818**
$520,632	$562,915	$610,890	$659,216
829,375	640,725	604,989	769,693
190,656	198,573	193,027	194,364
$1,540,663	**$1,402,213**	**$1,408,906**	**$1,623,273**
$5,032,176	$5,345,806	$5,564,048	$5,936,560
2,779,566	2,214,142	2,389,232	2,829,177
1,242,801	960,776	771,282	672,354
$9,054,543	**$8,520,724**	**$8,724,562**	**$9,438,091**







Schedule 2 - Changes in Net Assets

Fiscal Years 2002-2011

(accrual basis of accounting, dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
Governmental Activities:						
Expenses						
General Government[1]	$339,024	$305,709	$349,990	$393,172	$420,772	$403,506
Public Safety and Correction[1]	239,336	238,050	241,550	229,158	266,036	285,669
Health and Human Services[2]	1,242,566	1,347,997	1,507,865	1,600,692	1,676,706	1,750,187
Education[1]	1,244,030	1,252,020	1,287,879	1,331,795	1,385,448	1,704,447
Economic Development[1]	577,468	587,152	600,341	616,149	629,499	673,234
Natural Resources	215,537	170,761	186,594	205,635	213,599	217,222
Interest Expense	16,652	18,911	16,556	18,175	21,130	32,232
Total Expenses	3,874,613	3,920,600	4,190,775	4,394,776	4,613,190	5,066,497
Program Revenues						
Charges for Services:						
General Government[3]	70,953	97,188	133,855	96,174	92,873	77,750
Economic Development	198,706	197,041	198,643	203,550	215,735	239,728
Natural Resources	115,256	122,034	123,613	123,183	146,481	145,349
Other Activities[4]	85,886	102,874	103,702	118,346	117,865	135,765
Operating Grants and Contributions[5]	1,230,063	1,461,507	1,787,214	1,832,487	1,899,754	2,045,958
Capital Grants and Contributions	3,564	1,882	3,284	5,211	8,624	1,481
Total Program Revenues	1,704,428	1,982,526	2,350,311	2,378,951	2,481,332	2,646,031
Total Governmental Activities Net Program Expense	(2,170,185)	(1,938,074)	(1,840,464)	(2,015,825)	(2,131,858)	(2,420,466)
General Revenues and Other Changes in Net Assets						
Taxes:						
Sales Tax[6]	789,110	860,526	1,039,746	1,135,210	1,061,861	1,296,040
Individual and Corporate Taxes[7]	877,594	922,790	991,520	1,167,799	1,428,996	1,605,218
Fuel Tax	231,105	223,515	215,096	220,801	224,373	232,025
Other Taxes	133,329	160,935	182,606	185,375	182,112	185,748
Tobacco Settlement	26,602	23,772	23,004	23,145	21,404	27,328
Grants Not Restricted to Specific Programs			50,007			
Unrestricted Investment Earnings	21,008	13,457	12,020	15,595	34,734	35,430
Transfers	(228,921)	(223,729)	(226,193)	(255,219)	(243,751)	(213,699)
Total General Revenues and Other Changes in Net Assets	1,849,827	1,981,266	2,287,806	2,492,706	2,709,729	3,168,090
Total Governmental Activities Change in Net Assets	($320,358)	$43,192	$447,342	$476,881	$577,871	$747,624
Business-Type Activities:						
Expenses						
College and University	$665,908	$667,324	$699,674	$753,689	$780,066	$815,373
Unemployment Compensation[8]	182,343	179,423	164,950	142,862	109,113	109,338
Loan	1,369	1,072	913	654	719	954
State Lottery	71,848	76,310	85,046	89,424	97,605	99,307
State Liquor	64,593	68,664	75,747	79,817	93,204	105,126
Correctional Industries	6,053	5,427	5,835	5,655	6,239	6,852
Total Expenses	992,114	998,220	1,032,165	1,072,101	1,086,946	1,136,950
Revenues						
Charges for Services:						
College and University	192,388	243,292	250,417	283,463	315,924	341,823
Unemployment Compensation[9]	153,031	124,379	130,789	143,828	159,365	191,758
State Lottery	89,228	98,267	109,443	113,613	131,305	130,811
Other Activities	86,184	89,833	96,490	108,600	124,600	142,193
Operating Grants and Contributions[10]	174,575	198,007	222,013	228,049	229,902	227,620
Capital Grants and Contributions	42,488	22,515	23,833	19,965	20,231	54,455
Total Revenues	737,894	776,293	832,985	897,518	981,327	1,088,660
Total Business-Type Activities Net Program Revenue (Expense)	(254,220)	(221,927)	(199,180)	(174,583)	(105,619)	(48,290)
General Revenues and Other Changes in Net Assets						
Transfers	271,104	223,729	226,193	255,219	243,751	213,699
Total General Revenues and Other Changes in Net Assets	271,104	223,729	226,193	255,219	243,751	213,699
Total Business-Type Activities Change in Net Assets	$16,884	$1,802	$27,013	$80,636	$138,132	$165,409
Total Primary Government Change in Net Assets	($303,474)	$44,994	$474,355	$557,517	$716,003	$913,033

[1]In fiscal year 2011 most expenses decreased due to effects of the national recession.

[2]In fiscal year 2011 expenses for health and human services increased due to greater demand as a result of decreased levels of employment and personal income, brought on by the national recession.

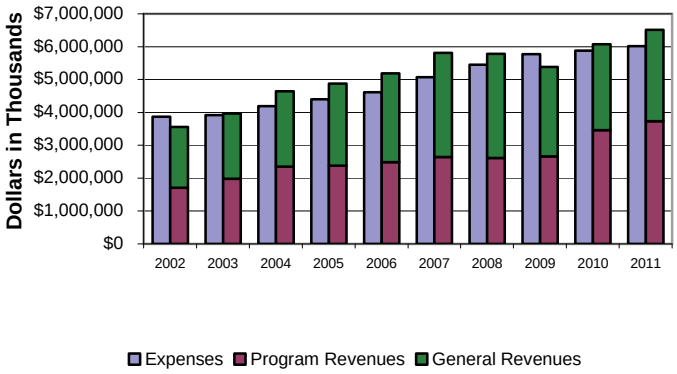
[3]In fiscal year 2011 charges for services increased as the economy began to improve.

[4]In fiscal year 2010 the decrease in other activities is due to a prior-period adjustment. Cost offsets were previously recorded as revenues and expenses.

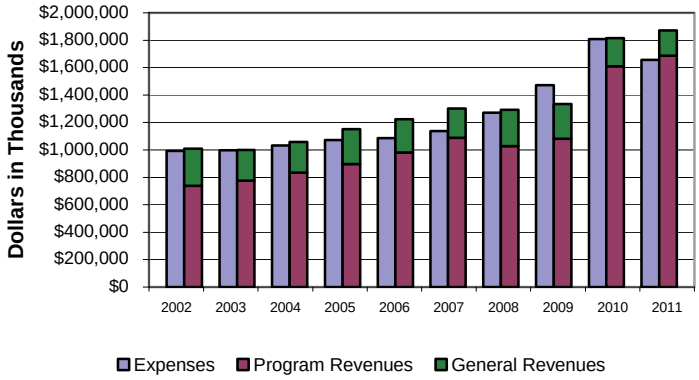
[5]In fiscal years 2011 and 2010 operating grants and contributions increased due to the American Recovery and Reinvestment Act benefiting health, transportation, education, and natural resources. In fiscal years 2007 and 2008 the increases were primarily due to increased federal grants for health care assistance and infrastructure.

2008 (as restated)	2009 (as restated)	2010 (as restated)	2011
$463,125	$450,875	$548,757	$453,141
324,843	326,125	320,423	296,034
1,818,932	2,115,148	2,092,319	2,510,983
1,796,160	1,850,258	1,830,608	1,777,026
756,677	743,811	799,054	688,431
243,925	241,108	241,508	241,203
45,530	46,767	45,782	50,773
5,449,192	5,774,092	5,878,451	6,017,591
119,443	93,376	79,833	114,669
258,576	256,184	239,107	248,199
150,752	133,138	127,037	133,317
128,367	138,276	76,575	74,608
1,955,236	2,034,795	2,935,393	3,160,919
906	8,892	4,660	6,058
2,613,280	2,664,661	3,462,605	3,737,770
(2,835,912)	(3,109,431)	(2,415,846)	(2,279,821)
1,334,032	1,177,106	1,127,013	1,165,095
1,599,881	1,320,968	1,242,032	1,296,558
228,786	214,113	221,142	231,732
185,874	186,489	186,130	227,075
28,631	31,094	26,120	24,576
51,537	36,139	16,800	18,516
(264,027)	(251,847)	(206,246)	(184,569)
3,164,714	2,714,062	2,612,991	2,778,983
$328,802	($395,369)	$197,145	$499,162
$875,586	$896,993	$898,012	$923,760
171,918	338,600	666,802	482,087
2,267	5,910	9,624	14,571
102,065	105,780	110,204	112,003
112,476	117,185	118,022	117,039
7,574	8,323	6,553	6,727
1,271,886	1,472,791	1,809,217	1,656,187
337,699	339,989	368,504	405,450
126,575	130,879	255,278	337,479
137,664	140,316	147,931	147,849
152,428	156,483	156,407	160,749
244,954	293,673	637,450	606,597
29,478	21,154	44,094	27,861
1,028,798	1,082,494	1,609,664	1,685,985
(243,088)	(390,297)	(199,553)	29,798
264,027	251,847	206,246	184,569
264,027	251,847	206,246	184,569
$20,939	($138,450)	$6,693	$214,367
$349,741	($533,819)	$203,838	$713,529

Expenses and Revenues - Governmental Activities
Fiscal Years 2002-2011



Expenses and Revenues - Business-Type Activities
Fiscal Years 2002-2011



[6]In fiscal years 2010 and 2009 state sales tax revenues decreased due to the recession and decreased levels of employment and personal income. In fiscal year 2007 the state sales tax increased from 5 to 6 percent. The state sales tax increased from 5 to 6 percent on May 1, 2003, and reverted to 5 percent on July 1, 2005.

[7]In fiscal years 2010 and 2009 individual and corporate income taxes decreased due to the recession and decreased levels of employment and personal income. In fiscal years 2007 and 2006 the increases were due to increased levels of employment and personal income.

[8]In fiscal years 2008 through 2010 unemployment compensation expenses increased due to higher unemployment claims as the slowdown in the national economy affected Idaho's economy.

[9]In fiscal years 2011 and 2010 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits.

[10]In fiscal year 2010 operating grants and contributions increased due to increased federal grant revenue for unemployment benefits.

Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2002-2011

(modified accrual basis of accounting, dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
General Fund						
Reserved[1]	$40,311	$16,248	$33,012	$28,703	$30,404	$98,908
Unreserved[2]	277,578	158,844	290,874	497,605	744,413	985,312
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total General Fund[3]	317,889	175,092	323,886	526,308	774,817	1,084,220
All Other Governmental Funds						
Reserved[4]	722,033	784,150	893,308	911,390	985,836	1,231,429
Unreserved, Reported in:						
Special Revenue Funds[5]	255,214	248,629	273,142	271,410	261,256	314,840
Capital Projects						25
Permanent Funds[6]	15,886	11,495	28,421	53,992	94,651	163,125
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total All Other Governmental Funds	993,133	1,044,274	1,194,871	1,236,792	1,341,743	1,709,419
Total Fund Balances - Governmental Funds	$1,311,022	$1,219,366	$1,518,757	$1,763,100	$2,116,560	$2,793,639

Note: GASB Statement No. 54 was implemented in fiscal year 2011. The standard required the reclassification of fund balance; prior years have not been restated.

[1]In fiscal year 2007 the General Fund reserved fund balance increased due to funding of the Millennium Permanent Endowment fund and the Capitol restoration project.

[2]In fiscal year 2010 the General Fund unreserved fund balance decreased due to decreased revenue from individual and corporate income tax and sales tax revenue. In fiscal year 2009 the decrease was due to decreased revenue from individual and corporate income tax, sales tax, and investment income. In fiscal year 2008 the increase was mainly attributable to increased sales tax revenue, sales of goods and services, and investment income. In fiscal year 2007 the increase was mainly attributable to increased sales tax and individual income tax revenues. In fiscal year 2006 the increase was mainly attributable to increased personal and corporate income tax revenues. The increases in fiscal years 2005 and 2004 were due to a temporary sales tax increase and a strengthening economy.

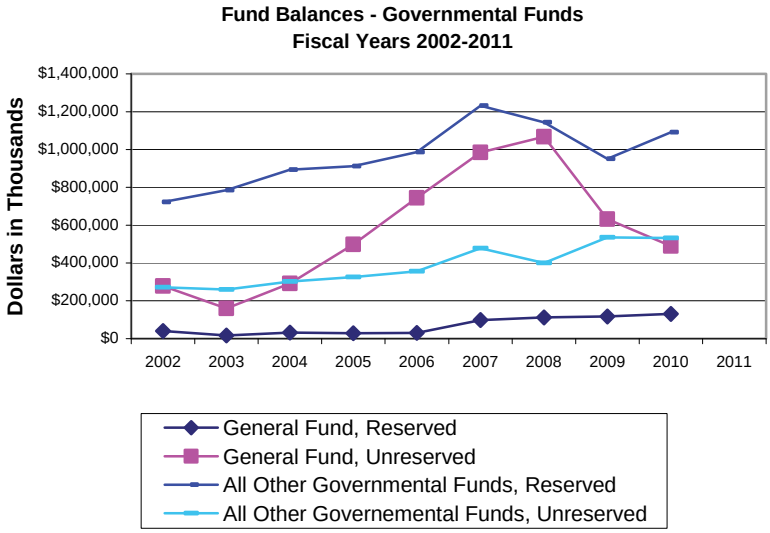
[3]In fiscal years 2010, 2009, and 2003, Idaho's economy suffered during a national recession, as reflected in the decreased General Fund balances.

[4]In fiscal year 2010 the other governmental funds reserved fund balance increased primarily due to an increase in the Land Endowment fund investment income. In fiscal years 2009 and 2008 the decrease is mainly due to a decrease in the fair market value of the Land Endowment fund investments. In fiscal year 2007 the increase is mainly due to increased Land Endowment fund investment income and bond issuance by the Idaho State Building Authority.

[5]In fiscal years 2008 and 2007 the increase in the unreserved special revenue funds balance was due to an increase in operating grants and contributions to Health and Welfare and the Idaho Transportation Department.

[6]In fiscal year 2009 the decrease in the unreserved permanent funds balance was primarily due to the national recession and the resultant decrease in the fair value of investments, mainly relating to the Land Endowment fund. In fiscal years 2007 and 2006 the increase was due primarily to expendable Land Endowment fund investment income and receipts from timber sales and land leases.

2008 (as restated)	2009 (as restated)	2010	2011
$112,341	$116,619	$130,491	
1,067,000	631,397	489,697	
			$7,922
			169,750
			167,865
			55,778
			269,251
1,179,341	748,016	620,188	670,566
1,144,757	950,515	1,092,047	
400,535	378,929	363,581	
51	145	10	
194,335	156,349	168,136	
			1,097,816
			687,341
			78,794
			1,651
			(57,026)
1,739,678	1,485,938	1,623,774	1,808,576
$2,919,019	$2,233,954	$2,243,962	$2,479,142



Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2002-2011

(modified accrual basis of accounting, dollars in thousands)

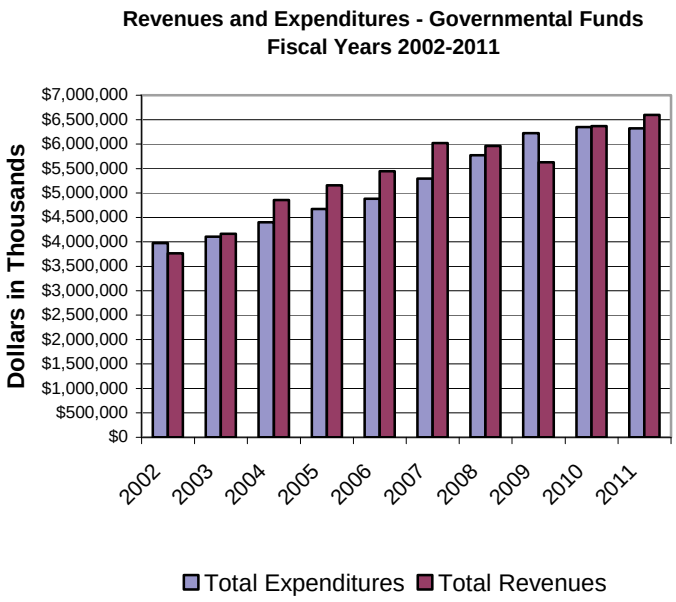
	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
Revenues						
Sales Tax[1]	$778,028	$864,509	$1,040,448	$1,137,138	$1,060,612	$1,300,416
Individual and Corporate Taxes[2]	889,746	904,204	997,454	1,176,903	1,436,168	1,598,702
Other Taxes	362,546	387,820	397,950	406,620	406,336	417,763
Licenses, Permits, and Fees	212,733	230,599	240,323	244,165	256,900	273,223
Sale of Goods and Services	173,220	181,049	252,291	231,728	235,410	235,750
Grants and Contributions[3]	1,330,474	1,447,574	1,719,520	1,757,713	1,806,749	1,880,049
Investment Income[4]	(52,315)	49,681	135,718	104,557	144,559	225,717
Tobacco Settlement	26,602	23,772	22,848	23,151	21,253	23,712
Other Income	46,641	79,033	47,658	48,047	47,606	65,538
Total Revenues	3,767,675	4,168,241	4,854,210	5,130,022	5,415,593	6,020,870
Expenditures						
General Government[5]	127,440	104,109	122,876	143,584	147,445	151,358
Public Safety and Correction	218,142	212,878	219,417	233,598	253,504	269,874
Health and Human Services[6]	1,206,910	1,315,668	1,468,736	1,561,765	1,641,421	1,701,863
Education[5, 7]	1,219,332	1,240,835	1,279,486	1,324,069	1,379,775	1,683,254
Economic Development	326,868	347,280	307,312	346,256	358,814	368,439
Natural Resources	162,199	147,630	163,769	178,401	188,784	186,179
Capital Outlay[5, 8]	353,389	401,279	436,133	433,096	423,582	452,755
Intergovernmental Revenue Sharing	342,501	315,444	385,698	393,195	425,414	441,421
Debt Service:						
Principal	4,850	6,915	8,061	10,880	10,751	12,403
Interest	11,587	12,511	8,069	17,671	20,736	25,576
Total Expenditures	3,973,218	4,104,549	4,399,557	4,642,515	4,850,226	5,293,122
Revenues Over (Under) Expenditures	(205,543)	63,692	454,653	487,507	565,367	727,748
Other Financing Sources (Uses)						
Bonds and Notes Issued	16,440	64,145	64,795	26	10,790	155,463
Premium/(Discount) on Bonds Issued	(144)	(763)	(864)		(23)	6,533
Capital Lease Acquisitions	8			3,757	5,697	
Payment to Refunded Bond Escrow Agent						(4,765)
Sale of Capital Assets			6,909	8,037	17,193	7,066
Transfers In	547,785	525,453	553,181	594,877	640,776	713,275
Transfers Out	(776,385)	(744,183)	(779,283)	(849,861)	(886,340)	(928,241)
Total Other Financing Sources (Uses)	(212,296)	(155,348)	(155,262)	(243,164)	(211,907)	(50,669)
Net Changes in Fund Balances	($417,839)	($91,656)	$299,391	$244,343	$353,460	$677,079
Debt Service as a Percentage of Noncapital Expenditures	<1	<1	<1	<1	<1	<1

[1]In fiscal year 2011 sales tax revenue increased due to increased levels of employment and personal income. In fiscal years 2010 and 2009 sales tax revenue decreased due to the national recession and decreased levels of employment and personal income. On October 1, 2006, the state sales tax rate increased from 5 to 6 percent. From May 1, 2003, to July 1, 2005, the Legislature imposed a temporary sales tax increase from 5 to 6 percent.

[2]In fiscal year 2011 individual and corporate income taxes increased due to a strengthening economy. In fiscal years 2010 and 2009 individual and corporate income taxes decreased due to the national recession and decreased levels of employment and personal income. In fiscal years 2007 and 2006 individual and corporate income taxes increased due to increased levels of employment and personal income.

[3]In fiscal years 2009 to 2011 grants and contributions increased primarily due to federal grants for health, transportation, and education.

2008 (as restated)	2009 (as restated)	2010 (as restated)	2011
$1,333,018	$1,174,802	$1,122,384	$1,163,526
1,587,694	1,325,996	1,228,463	1,288,869
414,671	398,639	409,924	459,162
279,156	277,354	275,018	302,109
231,885	232,526	137,947	168,369
1,962,931	2,251,714	2,808,307	2,828,114
63,406	(123,820)	191,596	302,488
28,504	30,965	25,990	24,445
61,530	61,943	78,565	65,361
5,962,795	5,630,119	6,278,194	6,602,443
177,312	186,119	208,784	172,779
300,106	305,141	284,457	284,208
1,775,609	2,096,507	2,111,265	2,346,165
1,777,690	1,843,401	1,810,276	1,768,616
390,424	406,694	416,776	418,866
217,214	212,398	214,291	213,912
545,059	634,187	677,097	574,305
452,089	436,866	459,716	448,249
92,377	55,645	33,222	45,871
45,365	49,368	46,648	51,689
5,773,245	6,226,326	6,262,532	6,324,660
189,550	(596,207)	15,662	277,783
187,603	152,641	163,562	125,862
1,039	22	23,745	2,603
11,590	11,947	13,436	14,462
731,774	700,654	630,563	678,794
(996,176)	(954,122)	(836,960)	(864,324)
(64,170)	(88,858)	(5,654)	(42,603)
$125,380	**($685,065)**	**$10,008**	**$235,180**
2.5	1.8	1.3	1.7



[4]In fiscal years 2011, 2010, 2007, and 2006 investment income increased primarily due to an increase in fair value of investments in the Land Endowment fund. In fiscal years 2009 and 2008 the decrease is due to the decrease in fair market value of investments in the Land Endowment fund. The loss for fiscal year 2002 was due to the effects of the national recession and the resultant decrease in the fair value of investments, mainly relating to the Land Endowment fund.

[5]In fiscal year 2011 decreases in expenditures were necessary to balance the State's budget.

[6]In fiscal years 2007 through 2011 the increase in health and human services expenditures is due to greater medical assistance payments, mainly related to Medicaid and rehabilitation services.

[7]From fiscal years 2007 to 2009 education expenditures increased due to an increased public school distribution for facilities improvements, salaries, and operating expenses.

[8]From fiscal years 2008 to 2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.

Schedule 5 - Revenue Base

Fiscal/Calendar Years 2002-2011 *(dollars in thousands)*

Taxable Sales by Industry	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Commercial Farms	$8,020	$7,674	$7,265	$8,687	$10,093	$11,416
Agricultural/Forestry, Fishing, and Other	70,264	73,489	75,997	85,183	99,736	124,479
Mining	35,884	39,280	47,589	53,612	67,655	72,407
Construction	327,244	322,652	315,977	410,645	484,901	572,823
Manufacturing	1,063,164	1,150,728	1,012,159	1,026,589	998,714	1,403,805
Transportation and Public Utilities	247,881	176,603	226,260	253,306	250,375	347,677
Wholesale Trade	948,927	1,004,481	1,063,094	1,246,743	1,481,922	1,766,289
Retail Trade	11,020,633	11,386,198	11,968,267	12,769,055	14,083,361	15,364,551
Finance, Insurance, and Real Estate	133,105	123,765	116,476	117,091	153,983	149,466
Services	1,873,229	1,858,090	1,855,726	1,884,819	2,105,191	2,330,698
State and Local Government	1,720,162	523,861	620,550	671,249	690,509	782,729
Total Taxable Sales	$17,448,513	$16,666,821	$17,309,360	$18,526,979	$20,426,440	$22,926,340
Direct Sales Tax Rate	5.0%	5.0%	6.0%	6.0%	5.0%	6.0%

Personal Income by Industry[1]	Calendar Year					
	2002	2003	2004	2005	2006	2007
Farm Earnings	$1,094,029	$853,475	$1,370,378	$1,209,171	$1,129,996	$1,611,448
Agricultural/Forestry, Fishing, and Other	315,963	311,852	347,275	352,745	381,640	386,776
Mining	99,860	111,190	129,387	145,498	180,718	207,014
Construction/Utilities	2,380,088	2,433,930	2,671,124	2,971,297	3,462,028	3,583,431
Manufacturing	3,289,381	3,325,732	3,515,565	3,667,712	4,030,293	4,112,080
Transportation	842,131	878,879	949,526	1,020,940	1,089,850	1,125,341
Wholesale Trade	1,158,540	1,195,791	1,279,156	1,425,072	1,542,607	1,696,627
Retail Trade	2,245,973	2,389,110	2,513,468	2,757,319	3,013,076	3,050,471
Finance, Insurance, and Real Estate	1,479,541	1,574,893	1,648,575	1,804,507	2,021,876	1,951,513
Services	8,407,030	8,759,936	9,503,513	10,059,977	11,209,986	11,807,811
Federal, Civilian	885,750	932,515	1,020,959	1,043,528	1,096,496	1,126,521
Military	401,775	455,666	506,021	533,821	539,547	573,880
State and Local Government	3,542,169	3,676,865	3,880,019	4,056,479	4,244,318	4,420,553
Other[2]	8,763,280	9,164,875	10,209,395	11,134,860	12,290,624	13,407,168
Total Personal Income	$34,905,510	$36,064,709	$39,544,361	$42,182,926	$46,233,055	$49,060,634
Total Direct Personal Income Tax Rate	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%

Corporate Income by Category[3]	Calendar Year					
	2002	2003	2004	2005	2006	2007
Corporations	($1,889,357)	($233,472)	$62,838	$54,837	$6,080	$146,513
Sub-S Corporations	28,494	39,253	74,857	126,174	87,233	72,520
Partnerships	(159,037)	(22,093)	(16,627)	(2,182)	(1,257)	(82,978)
Fiduciary	(26,256)	(120,714)	23,806	57,112	42,999	70,944
Total Corporate Income	($2,046,156)	($337,026)	$144,874	$235,941	$135,055	$206,999
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%

Vehicle Fuel Sales by Category[3] *(in thousands of gallons)*	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Diesel	228,171	230,162	239,784	241,079	258,715	284,009
Gasoline	612,947	617,800	629,499	625,453	636,565	647,363
Propane	147	135	138	98	77	62
Natural Gas[4]	12	15	12	16	13	
Aviation	3,021	2,778	2,926	2,512	2,512	2,598
Jet	30,081	29,401	26,921	28,250	31,038	33,591
Total Fuel Sales	874,379	880,291	899,280	897,408	928,920	967,623
Total Direct Fuel Tax Rate *(per gallon of fuel)*	$0.242	$0.243	$0.243	$0.243	$0.243	$0.242

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho State Tax Commission.

[1]Personal income data for calendar years 2011and 2010 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts back to calendar year 2002 to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

[2]Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

[3]Corporate income data is currently not available for calendar years 2011 and 2010.

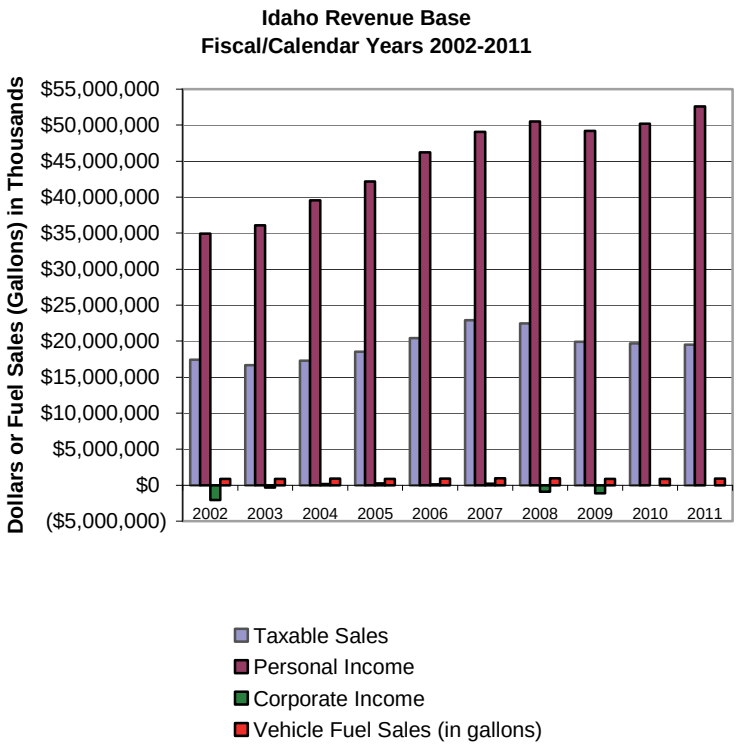
[4]The natural gas distributors reported no vehicle fuel sales for fiscal years 2007 through 2011.

2008	2009	2010	2011
$11,680	$10,055	$9,005	$10,847
127,115	111,833	101,936	94,138
74,440	54,148	43,224	43,947
583,884	486,661	427,769	409,010
1,050,425	813,738	755,948	996,988
390,536	361,449	361,995	700,557
1,870,820	1,679,196	1,632,263	1,641,485
14,963,180	13,418,803	13,360,965	12,752,289
155,362	143,607	136,907	133,522
2,409,065	2,161,247	2,213,003	2,099,386
817,606	703,459	680,446	657,346
$22,454,113	$19,944,196	$19,723,461	$19,539,515
6.0%	6.0%	6.0%	6.0%

2008	2009	2010	2011
$1,880,248	$1,346,462	$1,554,284	$2,235,000
370,761	353,372	372,863	370,000
246,984	196,631	237,204	225,000
3,182,849	2,543,902	2,552,489	2,479,000
3,950,912	3,524,836	3,560,646	3,697,000
1,143,909	1,111,858	1,140,485	1,126,000
1,686,067	1,608,479	1,669,271	1,726,000
2,920,586	2,701,957	2,741,111	2,716,000
1,854,271	1,786,030	1,385,553	1,966,000
12,090,810	12,050,506	12,390,839	12,963,000
1,150,816	1,200,775	1,161,471	1,160,000
613,786	660,789	657,670	634,000
4,659,151	4,736,757	4,725,208	4,721,000
14,732,745	15,403,462	16,041,931	16,561,000
$50,483,895	$49,225,816	$50,191,025	$52,579,000
7.6%	7.6%	NA	NA

2008	2009	2010	2011
($759,563)	($1,025,574)	NA	NA
(35,677)	41,005	NA	NA
(125,039)	(126,283)	NA	NA
22,495	(5,038)	NA	NA
($897,784)	($1,115,890)	NA	NA
7.6%	7.6%	7.6%	7.6%

2008	2009	2010	2011
282,616	237,206	236,002	239,708
636,125	584,872	632,004	633,337
53	107	32	79
2,461	1,864	1,814	1,797
36,217	29,697	23,347	23,225
957,472	853,746	893,199	898,146
$0.242	$0.243	$0.245	$0.245



Schedule 6 - Revenue Rates

Fiscal/Calendar Years 2002-2011

Personal Income Tax Rates[1]

	Calendar Year					
	2002	2003	2004	2005	2006	2007
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS)[2]	$0-1,087	$0-1,104	$0-1,129	$0-1,159	$0-1,197	$0-1,236
Income Levels (MFJ, HoH, QW)[2]	$0-2,174	$0-2,208	$0-2,258	$0-2,318	$0-2,395	$0-2,474
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	$1,088-2,173	$1,105-2,207	$1,130-2,258	$1,160-2,318	$1,198-2,395	$1,237-2,473
Income Levels (MFJ, HoH, QW)	$2,175-4,346	$2,209-4,414	$2,259-4,516	$2,319-4,636	$2,396-4,791	$2,475-4,948
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	$2,174-3,260	$2,208-3,311	$2,259-3,387	$2,319-3,477	$2,396-3,593	$2,474-3,709
Income Levels (MFJ, HoH, QW)	$4,347-6,520	$4,415-6,622	$4,517-6,774	$4,637-6,953	$4,792-7,187	$4,949-7,420
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	$3,261-4,346	$3,312-4,415	$3,388-4,515	$3,478-4,636	$3,594-4,792	$3,710-4,946
Income Levels (MFJ, HoH, QW)	$6,521-8,692	$6,623-8,830	$6,775-9,030	$6,954-9,271	$7,188-9,585	$7,421-9,894
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	$4,347-5,433	$4,416-5,518	$4,516-5,644	$4,637-5,794	$4,793-5,990	$4,947-6,183
Income Levels (MFJ, HoH, QW)	$8,693-10,866	$8,831-11,036	$9,031-11,288	$9,272-11,589	$9,586-11,981	$9,895-12,368
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	$5,434-8,149	$5,519-8,278	$5,645-8,466	$5,795-8,692	$5,991-8,995	$6,184-9,275
Income Levels (MFJ, HoH, QW)	$10,867-16,298	$11,037-16,556	$11,289-16,932	$11,590-17,383	$11,982-17,971	$12,369-18,552
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	$8,150-21,730	$8,279-22,074	$8,467-22,577	$8,693-23,178	$8,996-23,962	$9,276-24,735
Income Levels (MFJ, HoH, QW)	$16,299-43,460	$16,557-44,148	$16,933-45,154	$17,384-46,356	$17,972-47,925	$18,553-49,472
Tax Rate	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Income Levels (S, MFS)	$21,731 +	$22,075 +	$22,578 +	$23,179 +	$23,963 +	$24,736 +
Income Levels (MFJ, HoH, QW)	$43,461 +	$44,149 +	$45,155 +	$46,357 +	$47,926 +	$49,473 +
Total Direct Rate[3]	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%

Vehicle Fuel Tax Rates per Gallon

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Diesel	$0.250	$0.250	$0.250	$0.250	$0.250	$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.055	0.055	0.055	0.055	0.055	0.055
Jet	0.045	0.045	0.045	0.045	0.045	0.045
Total Direct Rate (*per gallon of fuel*)	$0.242	$0.243	$0.243	$0.243	$0.243	$0.242

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation, no vote of the populace is required; Idaho Constitution, Art. VII, Section 16; Idaho Code, Sections 63-3024 and 63-2402.

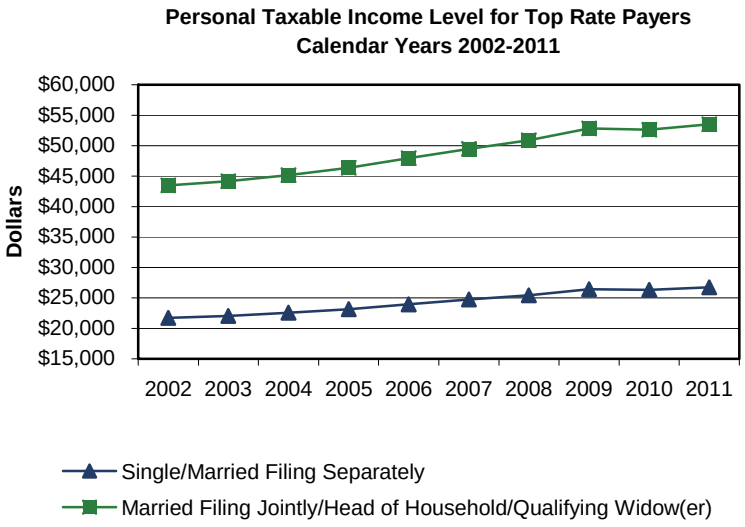
[1]Idaho's personal income tax brackets are adjusted each year for inflation.

[2]Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of Household, QW = Qualifying Widow(er).

[3]Personal Income data is currently not available for calendar years 2011 and 2010.

2008	2009	2010	2011
1.6% $0-1,272 $0-2,544	1.6% $0-1,321 $0-2,642	1.6% $0-1,316 $0-2,632	1.6% $0-1,338 $0-2,676
3.6% $1,273-2,544 $2,545-5,088	3.6% $1,322-2,642 $2,643-5,284	3.6% $1,317-2,632 $2,633-5,264	3.6% $1,339-2,676 $2,677-5,352
4.1% $2,545-3,816 $5,089-7,632	4.1% $2,643-3,963 $5,285-7,926	4.1% $2,633-3,948 $5,265-7,896	4.1% $2,677-4,014 $5,353-8,028
5.1% $3,817-5,088 $7,633-10,176	5.1% $3,964-5,284 $7,927-10,568	5.1% $3,949-5,264 $7,897-10,528	5.1% $4,015-5,352 $8,029-10,704
6.1% $5,089-6,360 $10,177-12,720	6.1% $5,285-6,604 $10,569-13,208	6.1% $5,265-6,580 $10,529-13,160	6.1% $5,353-6,690 $10,705-13,380
7.1% $6,361-9,540 $12,721-19,080	7.1% $6,605-9,907 $13,209-19,814	7.1% $6,581-9,870 $13,161-19,740	7.1% $6,691-10,035 $13,381-20,070
7.4% $9,541-25,441 $19,081-50,882	7.4% $9,908-26,418 $19,815-52,836	7.4% $9,871-26,320 $19,741-52,640	7.4% $10,036-26,760 $20,071-53,520
7.8% $25,442 + $50,883 +	7.8% $26,419 + $52,837 +	7.8% $26,321+ $52,641+	7.8% $26,761+ $53,521+
7.6%	7.6%	NA	NA

2008	2009	2010	2011
$0.250	$0.250	$0.250	$0.250
0.250	0.250	0.250	0.250
0.181	0.181	0.181	0.181
0.197	0.197	0.197	0.197
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
$0.242	$0.243	$0.245	$0.245



Schedule 7 - Revenue Payers by Industry/Category

Historical Comparison and Most Current Fiscal/Calendar Year

(dollars in thousands)

Sales Tax

	As of June 30, 2001				As of June 30, 2010			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings	325	0.6	$307	0.0	487	0.8	$517	0.0
Agricultural	915	1.6	3,084	0.4	1,059	1.7	5,552	0.5
Mining	121	0.2	1,763	0.2	157	0.3	2,437	0.2
Construction	3,391	5.8	13,994	1.8	4,215	6.8	21,916	2.0
Manufacturing	4,081	7.0	52,407	6.8	5,273	8.5	41,651	3.8
Transportation & Utilities	1,140	1.9	12,359	1.6	1,235	2.0	21,656	2.0
Wholesale trade	2,025	3.5	47,119	6.1	3,675	6.0	93,195	8.4
Retail trade	26,969	45.9	522,470	68.0	23,954	38.8	754,152	68.1
Finance, Insurance, and Real Estate	657	1.1	8,425	1.1	836	1.4	7,738	0.7
Services	18,652	31.7	86,914	11.4	19,906	32.2	122,857	11.1
Government	409	0.7	20,089	2.6	933	1.5	35,662	3.2
Total	**58,685**	**100.0**	**$768,931**	**100.0**	**61,730**	**100.0**	**$1,107,333**	**100.0**

Personal Income

	As of December 31, 2000				As of December 31, 2009			
Income Level	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
$50,000 and under	505,885	88.5	$384,842	38.5	591,195	86.7	$373,706	33.5
$50,000 - $100,000	48,060	8.4	231,141	23.1	65,706	9.6	309,389	27.7
$100,000 - $250,000	13,518	2.4	145,934	14.6	20,130	3.0	208,494	18.7
$250,000 - $1,000,000	3,624	0.6	118,002	11.8	4,111	0.6	130,045	11.6
$1,000,000 and higher	526	0.1	119,439	12.0	507	0.1	95,087	8.5
Total	**571,613**	**100.0**	**$999,358**	**100.0**	**681,649**	**100.0**	**$1,116,721**	**100.0**

Corporate Income

	As of Tax Year 2000				As of Tax Year 2009			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	15,417	26.8	$90,304	92.9	13,407	16.5	($1,025,574)	91.9
Sub-S Corporations	18,662	32.5	5,765	5.9	29,827	36.9	41,005	(3.7)
Partnerships	15,407	26.8	816	0.8	28,254	34.8	(126,283)	11.3
Fiduciary	8,016	13.9	365	0.4	9,589	11.8	(5,038)	0.5
Total	**57,502**	**100.0**	**$97,250**	**100.0**	**81,077**	**100.0**	**($1,115,890)**	**100.0**

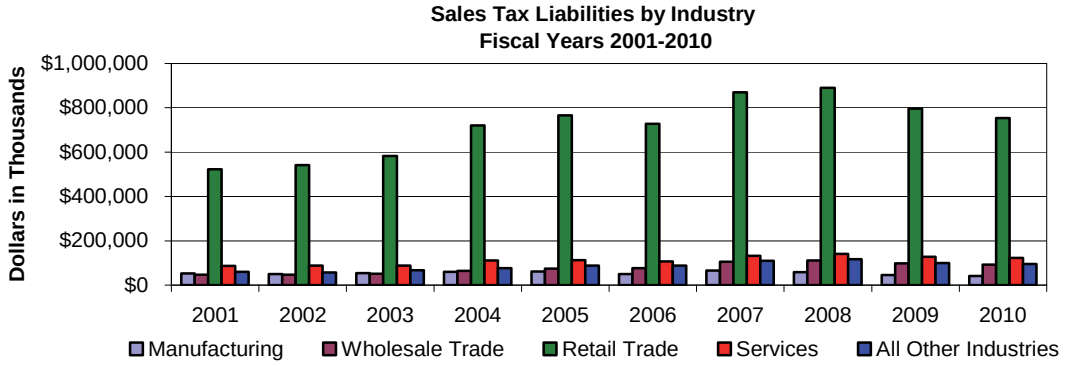
Vehicle Fuel Tax

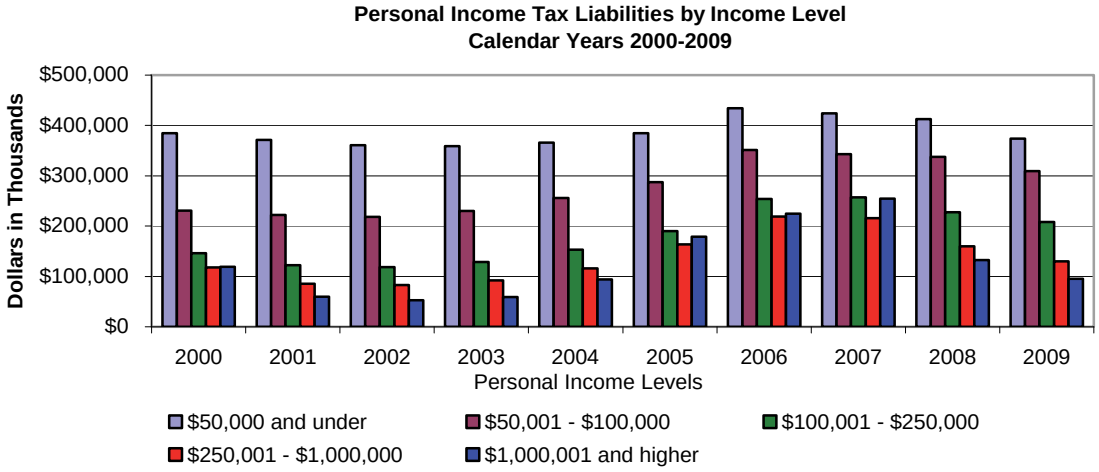
	As of June 30, 2002				As of June 30, 2011			
	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total
Diesel	133	39.9	$57,013	26.9	105	41.8	$59,927	27.3
Gasoline	138	41.5	153,105	72.4	103	41.0	158,334	72.0
Propane	26	7.8	55	0.0	19	7.6	32	0.0
Natural Gas	2	0.6	9	0.0	2	0.8	9	0.0
Aviation	14	4.2	166	0.1	7	2.8	126	0.1
Jet	20	6.0	1,352	0.6	15	6.0	1,394	0.6
Total	**333**	**100.0**	**$211,700**	**100.0**	**251**	**100.0**	**$219,822**	**100.0**

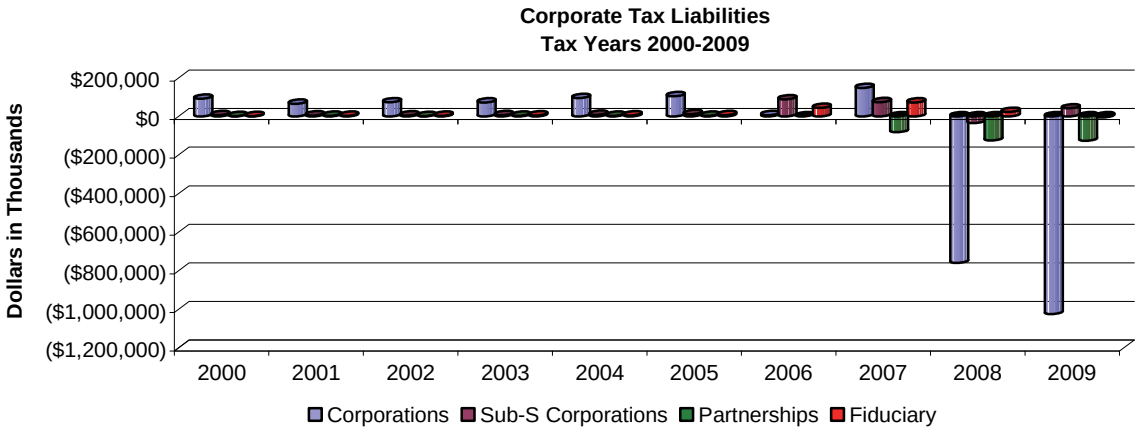
Source: Idaho State Tax Commission.

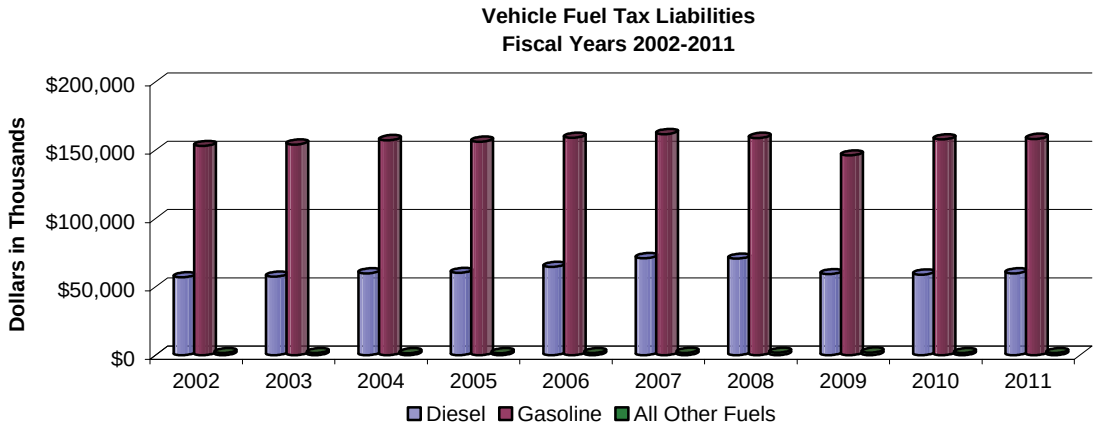
Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2009.

[1]The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.


Sales Tax Liabilities by Industry
Fiscal Years 2001-2010
Dollars in Thousands
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Manufacturing
Wholesale Trade
Retail Trade
Services
All Other Industries


Personal Income Tax Liabilities by Income Level
Calendar Years 2000-2009
Dollars in Thousands
$500,000
$400,000
$300,000
$200,000
$100,000
$0
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Personal Income Levels
$50,000 and under
$50,001 - $100,000
$100,001 - $250,000
$250,001 - $1,000,000
$1,000,001 and higher


Corporate Tax Liabilities
Tax Years 2000-2009
Dollars in Thousands
$200,000
$0
($200,000)
($400,000)
($600,000)
($800,000)
($1,000,000)
($1,200,000)
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Corporations
Sub-S Corporations
Partnerships
Fiduciary


Vehicle Fuel Tax Liabilities
Fiscal Years 2002-2011
Dollars in Thousands
$200,000
$150,000
$100,000
$50,000
$0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Diesel
Gasoline
All Other Fuels

Schedule 8 - Ratios of Outstanding Debt

Fiscal Years 2002-2011

(dollars in thousands, except per capita amount)

	2002	2003	2004	2005	2006 (as restated)	2007	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011
Governmental Activities										
Revenue Bonds[1]	$105,802	$153,624	$211,031	$203,067	$205,203	$324,657	$306,159	$281,322	$257,088	$233,246
Capital Leases[2]	4,121	3,977	5,915	9,428	13,929	12,209	11,997	11,475	33,229	32,761
Notes Payable			3,167	1,189	3,776	3,679	3,543	5,118	4,914	4,709
Notes Payable to Component Unit[3]						25,947	94,643	215,045	370,430	475,355
Total Governmental Activities	**$109,923**	**$157,601**	**$220,113**	**$213,684**	**$222,908**	**$366,492**	**$416,342**	**$512,960**	**$665,661**	**$746,071**
Business-Type Activities										
Revenue Bonds[4]	$262,314	$262,517	$318,138	$329,835	$319,308	$402,181	$443,016	$449,410	$473,667	$457,631
Capital Leases	11,078	6,464	5,928	1,450	1,709	1,369	1,139	627	468	271
Capital Leases to Component Unit[5]				3,657	3,422	3,172	2,917	2,652	2,377	2,082
Notes Payable[6]	12,594	12,392	11,841	17,104	16,284	16,802	20,155	50,195	216,183	214,144
Total Business-Type Activities	**$285,986**	**$281,373**	**$335,907**	**$352,046**	**$340,723**	**$423,524**	**$467,227**	**$502,884**	**$692,695**	**$674,128**
Total Primary Government	**$395,909**	**$438,974**	**$556,020**	**$565,730**	**$563,631**	**$790,016**	**$883,569**	**$1,015,844**	**$1,358,356**	**$1,420,199**
Debt as a Percentage of Personal Income[7]	1.2%	1.3%	1.5%	1.4%	1.3%	1.7%	1.8%	2.0%	2.8%	2.8%
Amount of Debt Per Capita[7]	$295.0	$321.5	$399.7	$397.3	$385.7	$528.1	$580.0	$656.8	$867.4	$894.9

Note: The Idaho Constitution, Article VIII, Section 1, amended in 1998, specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 12 to the financial statements.

[1]In fiscal years 2007, 2006, and from 2002 to 2004, the Idaho State Building Authority issued revenue bonds for state building projects.

[2]In fiscal year 2010 the increase in capital leases is mainly attributable to new leases for land and buildings at the Department of Correction and the Department of Fish and Game.

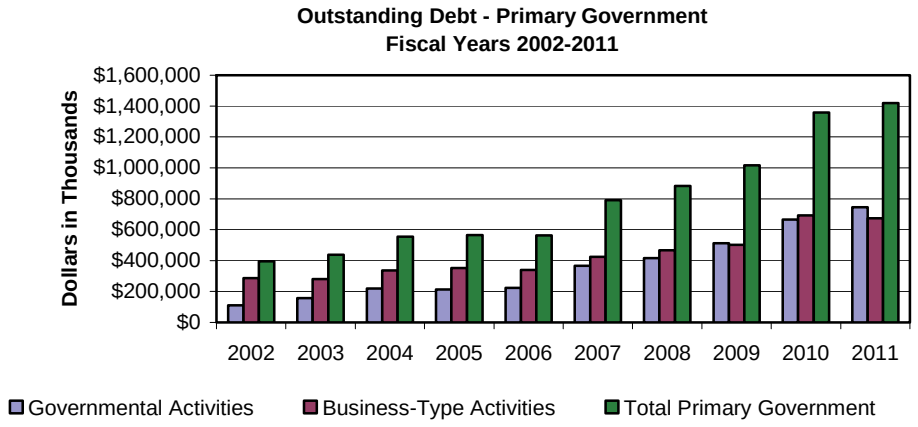
[3]From fiscal years 2007 to 2011 the Idaho Transortation Department issued notes payable to Idaho Housing and Finance Association for road and infrastructure improvements.

[4]From fiscal years 2007 to 2010 and in 2004 and 2002, the colleges and universities issued revenue bonds for various projects.

[5]Prior to fiscal year 2005 capital leases to component units were not reported separately.

[6]In fiscal years 2010 and 2009 the increase in notes payable is mainly attributable to unemployment compensation loans received from the federal government.

[7]These ratios are calculated using personal income for the prior calendar year and and population for the current calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2002-2011

(dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010	2011
Governmental Activities										
Compensated Absences	$52,235	$51,713	$52,806	$54,664	$56,245	$56,629	$56,599	$54,893	$51,996	$61,095
Policy Claim Liabilities	40,645	39,429	35,174	37,263	36,002	17,867	20,164	19,753	16,956	19,045
Claims and Judgments[1, 2]	49,845	43,468	44,129	36,990	34,486	33,825	141,777	113,115	79,970	180,773
Net Pension Obligation[3]	19	124	375	621	1,071	1,714	2,375	2,711	11,140	12,508
Net OPEB Obligation[4]							20,018	20,373	22,169	23,851
Total Governmental Activities	$142,744	$134,734	$132,484	$129,538	$127,804	$110,035	$240,933	$210,845	$182,231	$297,272
Business-Type Activities										
Compensated Absences	$21,432	$20,210	$19,507	$16,814	$16,986	$18,381	$20,067	$20,814	$20,882	$21,041
Claims and Judgments[2]	1,726						445	528	1	
Grand Prize Annuities Payable[5]	74,747									
Net OPEB Obligation[4]							7,858	9,233	11,267	$13,707
Voluntary Termination Benefits[6]									894	
Total Business-Type Activities	$97,905	$20,210	$19,507	$16,814	$16,986	$18,381	$28,370	$30,575	$33,044	$34,748
Total Primary Government	$240,649	$154,944	$151,991	$146,352	$144,790	$128,416	$269,303	$241,420	$215,275	$332,020

Note: Details regarding the liabilities listed above can be found in Note 12 to the financial statements.

[1]In fiscal year 2008 the Department of Health and Welfare changed its method of reporting Medicaid claims to include an estimate for incurred but not reported claims from providers. The changes between fiscal years 2008 and 2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.

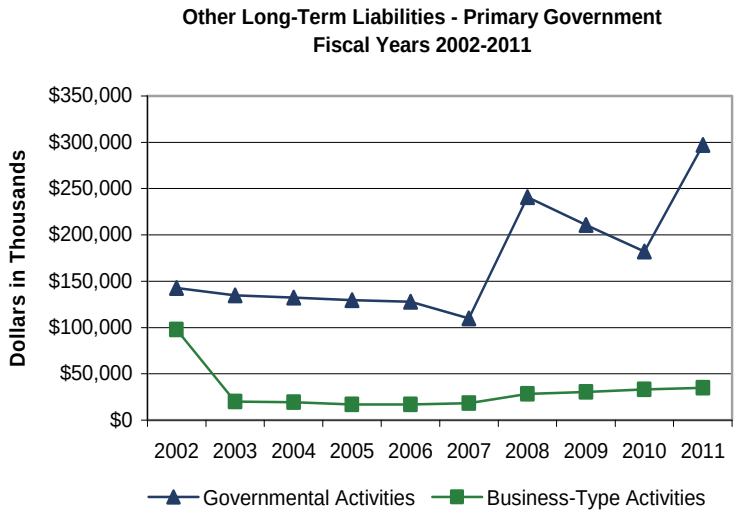
[2]Claims and Judgements include arbitrage liabilities for fiscal years 2007-2011.

[3]In fiscal year 2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.

[4]Net OPEB obligation was not required to be reported prior to fiscal year 2008.

[5]In fiscal year 2003 the Idaho State Lottery changed its method of reporting liabilities and investments related to grand prize winners receiving annuity payments, eliminating both the long-term liability and related investment.

[6]In fiscal year 2010 the University of Idaho established a voluntary Exit Incentive Program (EIP) for eligible employees to leave University employment with an economic incentive.



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2002-2011

	2002	2003	2004	2005	2006	2007
Governmental Activities						
Notes Payable - Idaho Transportation Department[1]						
Revenue:						
Federal Highway Grants[2]						$282,848
State Funds						2,059
Available Revenue						$284,907
Debt Service:						
Principal						$2,426
Interest						6,766
Coverage						31.0
Business-Type Activities						
Revenue Bonds - Colleges and Universities[3]						
Revenue:						
Student Fees Pledged	$36,855	$36,578	$120,060	$131,669	$138,670	$144,471
Sale of Goods and Services Pledged	29,343	31,288	63,650	66,414	66,000	71,770
Other Income Pledged[4]					7,178	9,867
Less: Operating Expenses	NA	NA	(43,052)	(50,720)	(51,842)	(52,020)
Net Available Revenue	$66,198	$67,866	$140,658	$147,363	$160,006	$174,088
Debt Service:						
Principal	$6,195	$6,130	$14,850	$8,940	$10,725	$11,890
Interest	11,059	13,558	14,056	15,220	15,217	13,728
Coverage	3.8	3.4	4.9	6.1	6.2	6.8
Revenue Bonds - Idaho Water Resources Board[5]						
Revenue:						
Sale of Goods and Services	$727	$863	$905	$926	$876	$908
Less: Operating Expenses	(235)	(112)	(233)	(191)	(101)	(162)
Net Available Revenue	$492	$751	$672	$735	$775	$746
Debt Service:						
Principal	$25	$40	$60	$80	$100	$290
Interest	371	369	366	363	357	310
Coverage	1.2	1.8	1.6	1.7	1.7	1.2
Notes Payable - Colleges and Universities[6]						
Revenue:						
Student Fees Pledged				$157	$147	$148
Housing Fees Pledged				NA	NA	NA
Other Income Pledged						
Less: Operating Expenses				NA	NA	NA
Available Revenue				$157	$147	$148
Debt Service:						
Principal				$94	$98	$102
Interest				45	41	37
Coverage				1.1	1.1	1.1

Note: Details regarding the State's outstanding bonds can be found in Note 12 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

[1]From fiscal years 2007 to 2011 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

[2]In fiscal year 2010 federal highway grants received by the Idaho Transportation Department increased due to the delayed reimbursement of fiscal year 2009 federal construction awards and for the receipt of Title XII American Recovery and Reinvestment Act stimulus funds. In fiscal year 2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, decreased construction costs, and the related reimbursement of federal awards.

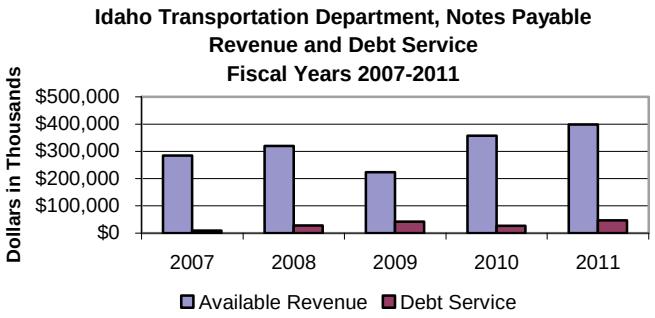
[3]Pledged revenue increased in fiscal year 2004 due to a change in how the colleges and universities define pledged revenue.

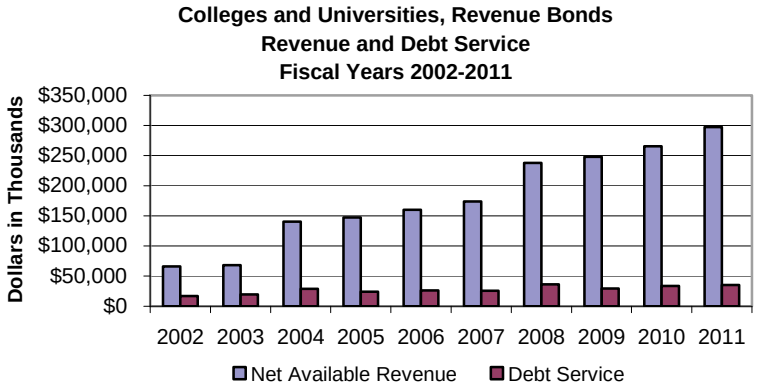
[4] In fiscal year 2008 other pledged income increased mainly due to revenues pledged as collateral for all outstanding bond issuances by the University of Idaho.

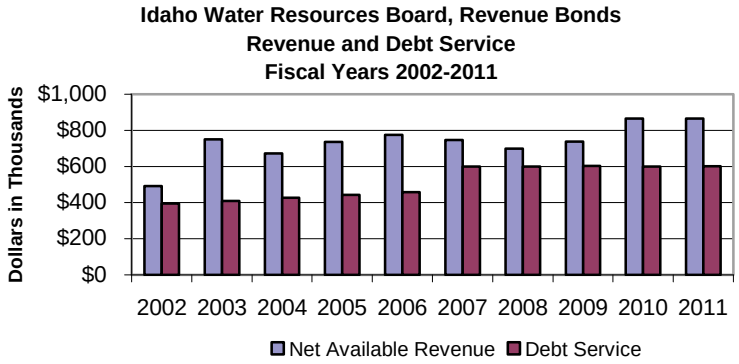
[5]In fiscal year 2006 the Board issued Series 2006 Refunding Bonds, defeasing the 1999 Series, accounting for the increase in debt service for fiscal year 2007.

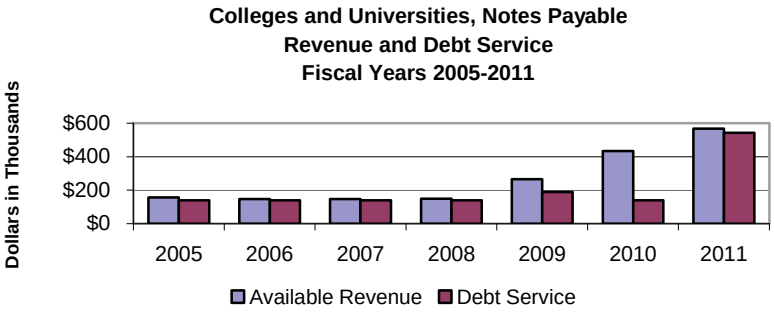
[6]In fiscal year 2009 Lewis-Clack State College issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In fiscal year 2004 Lewis-Clark State College issued notes payable to construct a student activity center; the first payment was due in fiscal year 2005.

2008	2009	2010	2011
$313,917	$221,084	$354,777	$395,540
6,645	3,029	3,349	3,509
$320,562	$224,113	$358,126	$399,049
$20,240	$30,589	$8,176	$20,936
8,245	11,787	19,074	25,862
11.3	5.3	13.1	8.5
$179,630	$197,711	$212,768	$236,690
85,348	84,327	91,258	84,978
31,174	25,337	22,641	36,803
(58,259)	(59,487)	(61,226)	(61,342)
$237,893	$247,888	$265,441	$297,129
$15,610	$9,755	$13,190	$15,085
20,793	19,473	20,339	20,243
6.5	8.5	7.9	8.4
$816	$886	$983	$990
(117)	(149)	(117)	(124)
$699	$737	$866	$866
$305	$325	$340	$360
294	277	259	240
1.2	1.2	1.4	1.4
$148	$146	$142	$169
NA	417	445	430
			76
NA	(297)	(154)	(107)
$148	$266	$433	$568
$106	$127	$114	$366
33	63	25	176
1.1	1.4	3.1	1.0









Schedule 11 - Demographic and Economic Indicators
Calendar Years 2002-2011

	2002	2003	2004	2005	2006	2007
Population						
Idaho *(in thousands)*	1,342	1,366	1,391	1,424	1,461	1,496
Change	1.6%	1.8%	1.9%	2.4%	2.6%	2.4%
National *(in thousands)*	288,472	291,178	293,846	296,574	299,422	302,393
Change	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%
Total Personal Income[1]						
Idaho *(in billions)*	$35	$36	$40	$42	$46	$49
Change	3.0%	3.3%	9.6%	6.7%	9.6%	6.2%
National *(in billions)*	$9,060	$9,378	$9,937	$10,486	$11,268	$11,912
Change	2.0%	3.5%	6.0%	5.5%	7.5%	5.7%
Per Capita Personal Income[2]						
Idaho	$26,010	$26,411	$28,429	$29,627	$31,636	$32,821
Change	1.4%	1.5%	7.6%	4.2%	6.8%	3.7%
National	$31,407	$32,207	$33,818	$35,357	$37,633	$39,393
Change	1.0%	2.5%	5.0%	4.6%	6.4%	4.7%
Median Age - Idaho	33.5	33.6	33.7	33.9	33.9	33.9
Educational Attainment						
8th Grade or Less	4.7%	5.2%	5.2%	4.5%	4.3%	4.5%
Some High School, No Diploma	9.1%	10.1%	10.1%	7.6%	8.4%	8.7%
High School Diploma	31.5%	28.5%	28.5%	29.7%	28.3%	29.7%
Some College, No Degree	25.7%	27.3%	27.3%	26.1%	27.0%	25.8%
Associate, Bachelor or Graduate Degree	29.0%	28.9%	28.9%	32.1%	32.0%	31.3%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	683,184	688,291	698,123	722,190	740,105	753,086
Employed	646,142	652,161	666,080	695,428	718,077	731,362
Unemployed	37,042	36,130	32,043	26,762	22,028	21,724
Unemployment Rate	5.4%	5.2%	4.6%	3.7%	3.0%	2.9%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	1,759	1,785	1,931	2,160	2,373	2,665
Logging and Wood Products	9,552	9,046	9,294	9,618	10,037	9,588
Construction	36,468	36,739	39,840	45,128	52,046	52,593
Manufacturing-Durable Goods	42,319	39,947	40,544	42,103	44,602	44,201
Manufacturing-Nondurable Goods	24,484	23,913	23,131	22,927	23,234	23,859
Total Goods Producing Industries	114,582	111,430	114,740	121,936	132,292	132,906
Non-Goods Producing Industries						
Trade	97,343	97,120	99,131	103,674	107,463	111,649
Service	253,629	260,018	269,012	280,740	292,712	304,465
State and Local Government	98,488	99,396	101,146	101,863	103,523	103,962
Federal Government	13,552	13,625	13,316	13,084	12,879	12,821
Total Non-Goods Producing Industries	463,012	470,159	482,605	499,361	516,577	532,897
Total Nonfarm Wage and Salary Employment	577,594	581,589	597,345	621,297	648,869	665,803

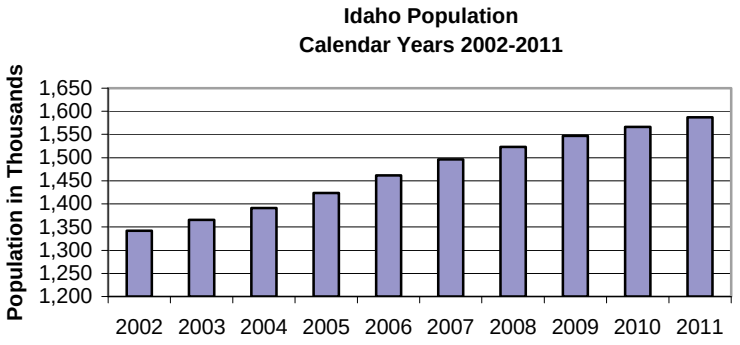
Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

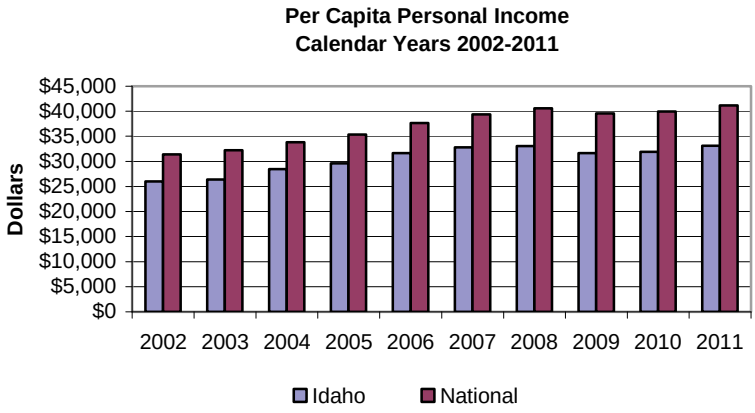
Note: Amounts for calendar years 2011 and 2010 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and U.S. Census Bureau.

[1]Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

[2]Per capita personal income is calculated by dividing total personal income by population.

2008	2009	2010	2011
1,523	1,547	1,566	1,587
1.8%	1.5%	1.2%	1.4%
305,169	307,842	310,834	313,838
0.9%	0.9%	1.0%	1.0%
$50	$49	$50	$53
2.6%	-2.8%	2.2%	5.2%
$12,391	$12,175	$12,412	$12,920
4.0%	-1.7%	1.9%	4.1%
$33,056	$31,632	$31,915	$33,130
0.7%	-4.3%	0.9%	3.8%
$40,604	$39,549	$39,932	$41,168
3.1%	-2.6%	1.0%	3.1%
34.0	34.1	34.1	34.1
4.5%	3.9%	5.0%	4.5%
8.2%	7.8%	7.1%	7.1%
30.1%	29.9%	27.7%	28.8%
25.4%	25.4%	27.6%	27.3%
31.8%	33.0%	32.6%	32.3%
758,566	750,703	757,939	755,798
722,714	693,045	687,321	687,372
35,852	57,658	70,618	68,426
4.7%	7.7%	9.3%	9.1%
2,750	2,164	2,295	2,487
7,992	5,865	5,718	5,835
45,007	34,393	31,146	29,206
39,868	32,215	31,065	31,931
24,579	23,629	23,263	23,043
120,196	98,266	93,487	92,502
110,452	102,267	100,623	101,959
307,050	295,846	296,059	304,485
105,966	105,961	104,587	103,687
13,203	13,501	13,573	12,871
536,671	517,575	514,842	523,002
656,867	615,841	608,329	615,504





Schedule 12 - Principal Employers

Current Year and Nine Years Ago

	As of June 30, 2002			As of June 30, 2011		
Major Idaho Employers	Number of Employees	Rank	Percent of Total State Employment	Number of Employees	Rank	Percent of Total State Employment
State of Idaho [1]	18,000-18,500	1	2.8	18,000-18,500	1	2.7
Federal Government	13,500-14,000	2	2.1	13,500-14,000	2	2.0
St Luke's Regional Medical Center	4,000-4,500	8	0.7	8,000-8,500	3	1.2
Wal-Mart Associates, Inc.	5,000-5,500	6	0.8	6,500-7,000	4	1.0
Micron Technology, Inc.	10,000-11,000	3	1.6	5,000-5,500	5	0.8
Meridian Joint School District #2				4,500-5,000	6	0.7
Battelle Energy Alliance [2]	5,000-5,500	5	0.8	4,000-4,500	7	0.6
Bringham Young University-Idaho				3,500-4,000	8	0.5
Independent School District of Boise City	3,500-4,000	9	0.6	3,500-4,000	9	0.5
Albertsons (Supervalu)	5,000-5,500	4	0.8	3,500-4,000	10	0.5
St Alphonsus Regional Medical Center				3,000-3.500	11	0.5
J.R. Simplot Co.	4,000-4,500	7	0.7	3,000-3,500	12	0.5
Hewlett-Packard Co.	3,500-4,000	10	0.6			
Total	74,250		11.5	79,000		11.5

Source: Idaho Department of Labor, except state employees, which are from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

[1]Number of state employees includes only full-time personnel.

[2]Battelle Energy Alliance was formerly known as Bechtel BWXT Idaho.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2001/02-2010/11

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Elementary	132,406	133,501	135,216	137,579	141,898	146,224	150,068	151,865	154,333	153,262
Secondary	114,009	115,014	116,821	118,425	120,009	121,309	121,990	123,210	124,189	125,193
Total All Grades	246,415	248,515	252,037	256,004	261,907	267,533	272,058	275,075	278,522	278,455

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount (Calendar Years 2002-2011)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Boise State University	17,688	18,431	18,418	18,650	18,880	19,542	19,670	18,936	19,993	19,664
Idaho State University	13,352	13,625	13,803	13,977	12,679	13,362	12,644	13,493	12,595	12,587
University of Idaho	12,423	12,894	12,824	12,476	11,739	11,636	11,791	11,957	12,302	12,312
Lewis-Clark State College	2,967	3,228	3,145	3,222	3,211	3,269	3,334	3,521	3,822	3,761
Eastern Idaho Technical College	702	860	788	753	758	762	768	870	862	829
Total Colleges and Universities	47,132	49,038	48,978	49,078	47,267	48,571	48,207	48,777	49,574	49,153

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

Schedule 14 - State Employees by Function
Fiscal Years 2002-2011

Full-Time Employees

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Tax Commission	389	370	391	383	387	389	392	393	368	373
Department of Administration	167	162	153	157	153	164	138	142	139	141
All Other	1,075	1,054	1,025	1,069	1,069	1,093	1,144	1,161	1,133	1,098
Public Safety and Correction										
Department of Correction	1,381	1,345	1,365	1,407	1,454	1,516	1,560	1,586	1,543	1,529
Idaho State Police	469	451	454	455	462	467	469	485	465	452
Department of Juvenile Corrections	320	320	327	328	333	342	350	396	381	382
All Other	348	344	321	333	333	339	336	349	327	362
Health and Human Services										
Department of Health and Welfare	2,814	2,658	2,657	2,687	2,764	2,885	2,917	2,922	2,887	2,642
Education										
Colleges and Universities	5,973	5,857	5,723	5,776	5,878	6,004	6,063	6,124	6,242	6,093
All Other	524	499	517	538	540	480	456	468	469	473
Economic Development										
Idaho Transportation Department	1,774	1,773	1,786	1,774	1,745	1,717	1,726	1,758	1,772	1,742
Department of Commerce and Labor[1]			584	580	553	496				
Department of Labor[1]	464	472					440	436	506	532
Department of Agriculture	309	296	305	281	302	307	301	293	279	245
All Other	774	785	712	819	840	840	933	932	909	981
Natural Resources										
Department of Environmental Quality	351	350	353	352	345	352	356	365	340	328
Department of Fish and Game	481	494	504	497	500	506	502	513	504	535
Department of Lands	206	218	221	231	225	234	244	242	235	227
Department of Parks and Recreation	136	141	137	147	146	141	146	155	147	131
All Other	191	186	160	182	182	181	193	195	182	174
State Total	18,146	17,775	17,695	17,996	18,211	18,453	18,666	18,915	18,828	18,440

Part-Time and Temporary Employees[2]

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	357	364	346	356	363	361	405	334	385	362
Public Safety and Correction	183	188	187	186	207	195	223	192	159	174
Health and Human Services	710	614	671	589	654	591	620	400	286	256
Education	2,724	2,960	2,766	2,779	2,638	2,740	3,347	2,880	2,532	2,509
Economic Development	947	886	970	984	936	900	896	907	838	884
Natural Resources	549	529	548	591	590	608	686	603	518	440
State Total	5,470	5,541	5,488	5,485	5,388	5,395	6,177	5,316	4,718	4,625

Source: Office of the Idaho State Controller.

[1]In fiscal year 2004 legislative action combined the Department of Commerce with the Department of Labor. In fiscal year 2008 legislative action seperated the Department of Commerce from the Department of Labor.

[2]Part-time and temporary employees are those working less than full-time, including board and commission members.

Schedule 15 - Operating Indicators by Function

Calendar/Fiscal Years 2002-2011

	2002	2003	2004	2005	2006	2007
General Government						
Tax Commission						
Number of Returns Filed *(in thousands)*	1,886	1,981	2,046	2,117	2,204	2,180
Number of Returns Filed Electronically *(in thousands)*	156	212	258	310	345	386
Department of Administration						
Construction Projects Administered	250	200	143	186	424	538
Employees Covered by Benefit Plans	19,115	19,250	18,076	18,495	18,829	19,045
Public Safety and Correction						
Department of Correction[1]						
Incarcerated Offenders	5,802	5,825	6,312	6,526	6,976	7,357
Supervised Offenders	8,473	9,346	9,955	10,926	11,825	12,581
Idaho State Police						
Drug Related Arrests[2]	733	821	967	779	598	989
DUI Arrests[2]	1,640	1,723	1,708	1,461	817	1,744
All Other Arrests[2]	896	960	1,098	849	724	811
Department of Juvenile Corrections						
Number of Juveniles in the System	804	726	676	709	725	710
Rate of Recommitment to DJC Custody	6.0%	8.2%	11.4%	15.2%	11.0%	11.6%
Health and Human Services						
Department of Health and Welfare[1]						
Medicaid Enrollees[3]	147,726	158,672	169,511	178,694	178,858	184,508
Percent of Population	11.0%	11.6%	12.2%	12.6%	12.2%	12.3%
Food Stamp Recipients	71,478	84,066	92,963	94,956	91,032	86,946
Percent of Population	5.3%	6.2%	6.7%	6.7%	6.2%	5.8%
Education						
Colleges and Universities[1]						
Enrollment	47,132	49,038	48,978	49,078	47,267	48,571
Number of Certificates and Degrees Awarded[4]	7,085	7,935	8,193	8,546	8,262	8,184
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient[1]	15%	16%	19%	19%	19%	20%
Vehicles Weighed *(in thousands)*	2,490	2,340	2,630	2,760	3,090	2,800
Department of Labor						
Individuals Registered for Employment	174,236	192,121	191,346	206,422	184,178	175,178
Job Openings Received	69,677	56,802	68,533	83,951	101,502	96,239
Department of Agriculture						
Conduct Disease Tests on Animals[5]	277,008	380,762	422,751	253,960	118,821	208,338
Inspections of Dairy and Egg Farms	4,391	4,464	4,251	5,683	6,022	4,374
Natural Resources						
Department of Fish and Game						
Citations and Warnings Issued	5,094	5,359	5,744	4,681	4,790	6,140
Hatchery Fish Raised *(in thousands)* [2]	32,348	27,859	38,099	41,740	40,649	35,502
Hunting and Fishing Licenses Sold[2]	541,994	531,745	527,164	539,590	521,489	572,617
Department of Environmental Quality						
Air Quality Sites Monitored	67	70	64	37	42	35
Water Sites Monitored[6]	500	436	442	673	658	506
Department of Lands[1]						
Forest Products Harvested *(in million board feet)*	200	170	254	188	206	215
Fires Responded to on IDL Land	319	362	292	228	445	349
Department of Parks and Recreation						
Park Visitation *(in thousands)* [1, 2, 7]	2,582	2,489	2,358	2,648	2,738	4,248
Recreational Registrations *(in thousands)* [7]	188	216	233	237	256	273

Sources: Idaho Division of Financial Management; Idaho State Tax Commission; Office of the Idaho State Controller; Idaho State Police; Idaho State Board of Education; and the Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Fish and Game, Environmental Quality, Lands, and Parks and Recreation.

Note: Operating indicators for fiscal years 2011 and 2010 are estimates, unless otherwise noted, below.

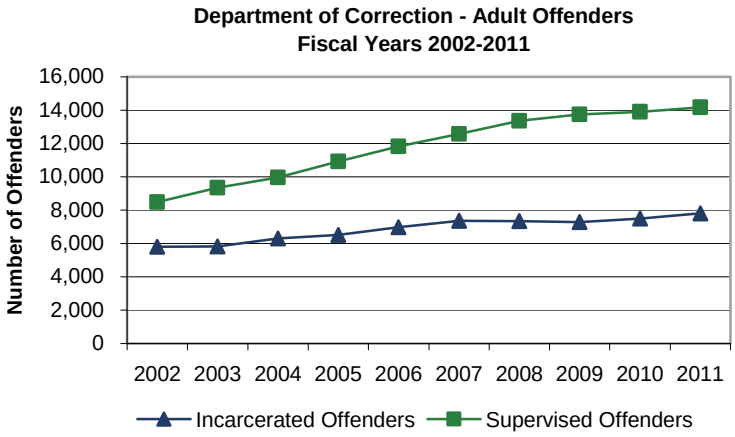
[1]Operating indicators for 2010 are actual amounts, not estimates.

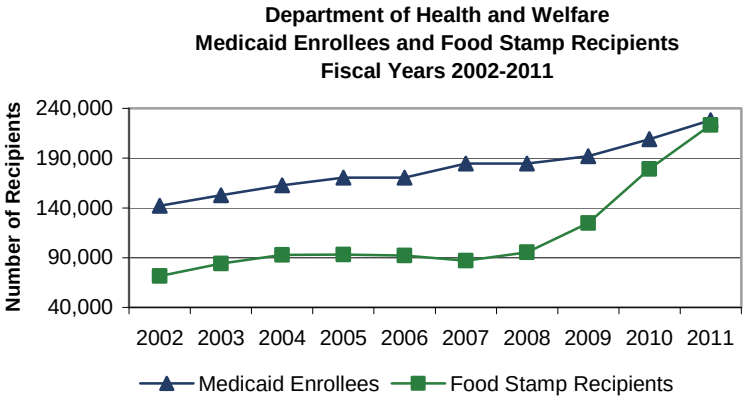
[2]Operating indicators are reported on a calendar year basis.

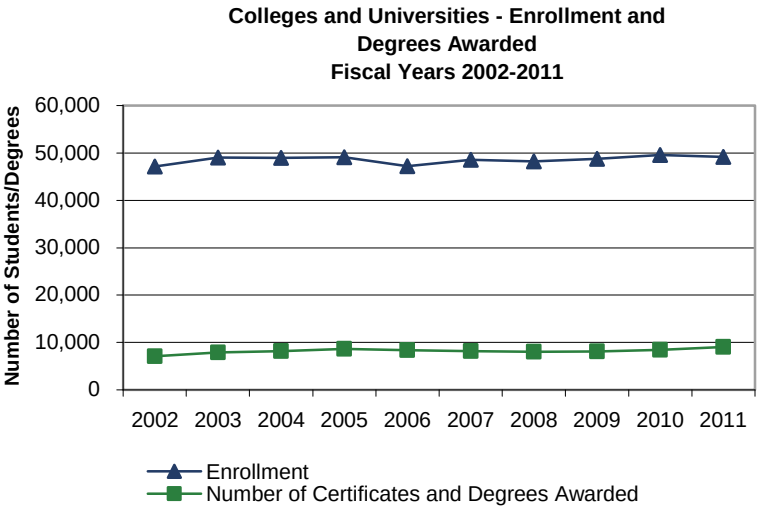
[3]In fiscal year 2007 the Department of Health and Welfare changed the way Medicaid enrollees were calculated.

[4]Number of certificates and degrees awarded includes Eastern Idaho Technical College beginning in fiscal year 2003.

2008	2009	2010	2011
2,292	2,220	2,226	2,260
436	457	492	543
529	443	431	399
19,319	19,507	19,343	18,942
7,338	7,283	7,504	7,800
13,361	13,756	13,902	14,175
850	895	982	1,021
1,654	1,977	2,441	2,003
1,278	1,281	1,163	1,262
744	659	568	529
11.7%	18.4%	17.0%	15.0%
184,465	191,989	209,126	227,991
12.1%	12.4%	13.4%	14.4%
95,433	124,826	179,074	223,370
6.3%	8.1%	11.4%	14.1%
48,207	48,777	49,574	49,153
8,083	8,108	8,422	9,047
19%	20%	18%	16%
2,700	2,400	2,400	2,400
222,606	284,205	334,896	331,449
77,012	46,967	47,956	69,323
303,184	367,698	362,905	676,604
3,933	4,130	4,203	5,555
5,411	5,435	4,799	4,053
29,573	22,676	27,085	32,351
536,681	571,179	548,949	523,698
31	42	41	43
610	0	128	101
225	190	212	NA
247	352	183	NA
4,203	4,460	4,389	NA
274	286	272	NA







[5]In fiscal year 2011 brucellosis testing increased.

[6]In fiscal year 2009 the Department of Environmental Quality suspended surface water monitoring activities due to the fiscal year 2009 budget cuts.

[7]Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

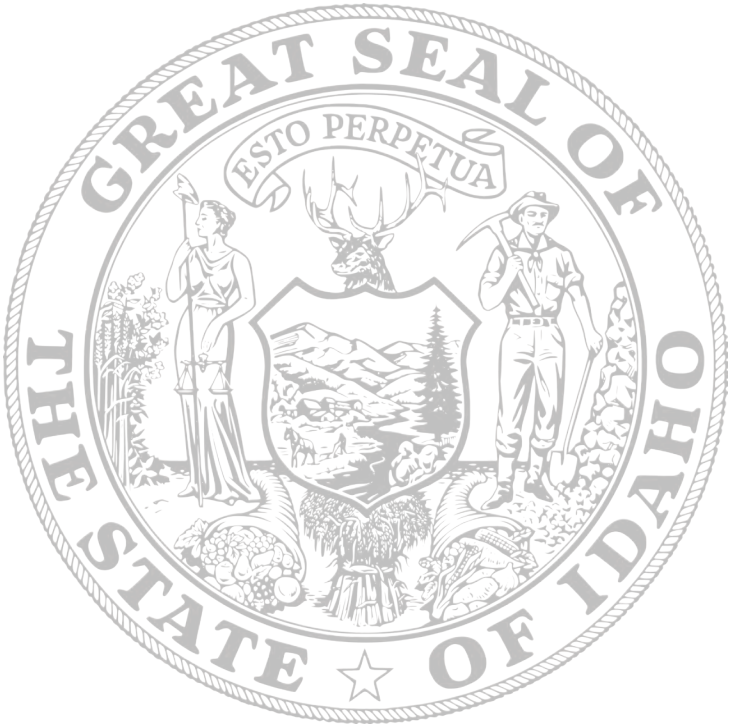
Schedule 16 - Capital Asset Statistics by Function
Fiscal Years 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Department of Administration										
Buildings *(square footage in thousands)*	661	661	661	733	741	741	728	728	728	728
Public Safety and Correction										
Department of Correction										
Buildings	80	81	82	84	84	87	88	89	92	95
Vehicles	285	301	330	334	339	353	392	342	359	367
Idaho State Police										
Vehicles	360	403	454	425	422	441	431	443	431	459
Machinery and Equipment	699	720	807	812	783	846	867	928	810	915
Department of Juvenile Corrections										
Buildings *(square footage in thousands)*	252	252	252	252	252	252	250	250	239	239
Vehicles	39	41	46	53	53	52	54	53	56	56
Health and Human Services										
Department of Health and Welfare										
Buildings *(square footage in thousands)*	951	928	928	928	928	914	914	978	934	801
Vehicles	588	582	518	490	517	539	518	520	501	485
Education										
Colleges and Universities										
Buildings (*square footage in thousands*)	11,396	11,358	11,743	11,919	12,265	12,539	12,890	13,612	13,931	14,198
Economic Development										
Idaho Transportation Department										
Highway Lane Miles[1]	11,831	11,819	11,852	11,874	11,874	11,877	11,930	11,944	11,989	11,997
Vehicles	95	109	112	97	96	96	96	96	96	101
Heavy Equipment	530	551	545	552	585	585	589	589	589	591
Department of Agriculture										
Scientific and Laboratory Equipment	136	142	145	147	156	162	165	176	165	153
Vehicles	134	140	158	166	191	209	201	195	196	177
Natural Resources										
Department of Fish and Game										
Hatcheries	19	19	19	19	19	19	22	22	23	23
Vehicles	467	610	722	766	692	646	621	670	636	638
Boats	274	288	302	302	296	289	286	287	281	280
Wildlife Management Areas	33	33	33	33	33	33	33	33	32	32
Department of Environmental Quality										
Air Monitoring Instruments	192	199	125	126	131	119	124	166	167	171
Water Sampling/Quality Equipment	271	276	82	88	94	87	88	76	78	78
Department of Lands										
Acres of Land (*in thousands*)[1]	2,461	2,464	2,462	2,460	2,460	2,460	2,461	2,460	2,446	2,449
Vehicles	297	332	361	341	346	353	351	350	356	343
Department of Parks and Recreation										
State Parks	33	34	34	34	34	35	35	35	30	30
Acres of State Park Land (*in thousands*)	56	58	58	58	58	59	59	59	58	58
Buildings	258	261	274	281	287	316	321	320	332	335
Vehicles	208	223	232	240	257	288	312	343	329	320

Sources: Office of the Idaho State Controller; Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Fish and Game, Lands, and Parks and Recreation; and Idaho colleges and universities.

Note: Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital asset intensive.

[1]Highway lane miles and acres of land for fiscal year 2011 are based on estimates.


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Schedule 17 - Assets, Liabilities, and Fund Balances
General Fund Accounts
June 30, 2011
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	$2				
Pooled Cash and Investments	38,356	$37,467	$582	$78,538	$65,357
Investments		10,450			971
Securities Lending Collateral	443,580	6,082			566
Accounts Receivable, Net	4,755			16,322	
Taxes Receivable, Net	229,374	2,287			363
Interfund Receivables	46,142	4,178			
Due from Other Entities					
Inventories and Prepaid Items	1,382	53		142	
Loans, Notes, and Pledges Receivable, Net					
Other Assets	3	43			5
Restricted Assets:					
Cash and Cash Equivalents				7	
Investments				126,231	
Total Assets	$763,594	$60,560	$582	$221,240	$67,262
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$10,991	$3,158			$16
Payroll and Related Liabilities	10,611	69	$3	$7	20
Interfund Payables	1,378				109
Due to Other Entities					
Deferred Revenue	83,046	1,592		16,320	5
Amounts Held in Trust for Others	120				
Obligations Under Securities Lending	443,580	6,082			566
Other Accrued Liabilities	210	5,548			
Total Liabilities	549,936	16,449	3	16,327	716
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	1,382	53		143	
Noncurrent Receivables					
Restricted				130,188	
Committed		44,058			66,546
Assigned	336		39		
Unassigned	211,940		540	74,582	
Total Fund Balances	213,658	44,111	579	204,913	66,546
Total Liabilities and Fund Balances	$763,594	$60,560	$582	$221,240	$67,262

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
					$648	$650
$35,387	$2,111		$3,429		111,314	372,541
						11,421
						450,228
				$240	1,063	22,380
17,884	27,772				478	278,158
					416	50,736
					137	137
				5,997	298	7,872
					2,145	2,145
					41	92
6,315					1,218	7,540
					1,105	127,336
$59,586	$29,883		$3,429	$6,237	$118,863	$1,331,236
	$206	$5,548		$4,297	$1,540	$25,756
			$117	480	1,148	12,455
				9	5	1,501
$35,388						35,388
2,038	16,726				25	119,752
					9	129
						450,228
					9,703	15,461
37,426	16,932	5,548	117	4,786	12,430	660,670
				5,997	297	7,872
					50	50
22,160	12,951				4,451	169,750
					57,261	167,865
			3,312		52,091	55,778
		(5,548)		(4,546)	(7,717)	269,251
22,160	12,951	(5,548)	3,312	1,451	106,433	670,566
$59,586	$29,883		$3,429	$6,237	$118,863	$1,331,236

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts
For the Fiscal Year Ended June 30, 2011
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	$973,097	$5,000			
Individual and Corporate Taxes	1,259,002	6,392			$5,258
Other Taxes	32,509	18,411			4,405
Licenses, Permits, and Fees	11,503				1,544
Sale of Goods and Services	477	118			3,855
Grants and Contributions	36				48
Investment Income	12,222	621	$53	$22,117	714
Tobacco Settlement				24,445	
Other Income	4,926	346		1	249
Total Revenues	2,293,772	30,888	53	46,563	16,073
EXPENDITURES					
Current:					
General Government	75,257	29,011	431	1,273	225
Public Safety and Correction	214,921			485	1,423
Health and Human Services				4,179	2,486
Education	108,280				1,320,226
Economic Development	20,297	17		9	537
Natural Resources	15,501		1		
Capital Outlay	5,753	19,289	64		168
Intergovernmental Revenue Sharing	13,520				
Debt Service:					
Principal Retirement	774	159			
Interest and Other Charges	13,110	222			1
Total Expenditures	467,413	48,698	496	5,946	1,325,066
Revenues Over (Under) Expenditures	1,826,359	(17,810)	(443)	40,617	(1,308,993)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	2,585				
Sale of Capital Assets	93				
Transfers In	226,400	18,421	585	11,240	1,461,341
Transfers Out	(2,004,530)	(3,638)	(79,566)	(15,565)	(142,158)
Total Other Financing Sources (Uses)	(1,775,452)	14,783	(78,981)	(4,325)	1,319,183
Net Changes in Fund Balances	50,907	(3,027)	(79,424)	36,292	10,190
Fund Balances - Beginning of Year, as Restated	162,751	47,138	80,003	168,621	56,356
Fund Balances - End of Year	$213,658	$44,111	$579	$204,913	$66,546

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
$165,508	$11,325				$3,796		$1,158,726
					18,217		1,288,869
	2,935				481		58,741
		$153		$77	11,777		25,054
				35	22,572		27,057
					12,722		12,806
		123			790		36,640
							24,445
		3,297		2,318	34,355		45,492
165,508	14,260	3,573		2,430	104,710		2,677,830
			$5,793	91	11,179		123,260
					5,760		222,589
		34,821					41,486
					44,217		1,472,723
				55	18,751		39,666
				7,524	4,216		27,242
			16	2	2,151		27,443
159,803	5,262				2,659		181,244
					9		942
							13,333
159,803	5,262	34,821	5,809	7,672	88,942		2,149,928
5,705	8,998	(31,248)	(5,809)	(5,242)	15,768		527,902
							2,585
					21		114
		22,596	5,905	3,358	63,130	($1,611,913)	201,063
	(16,336)				(62,066)	1,611,913	(711,946)
	(16,336)	22,596	5,905	3,358	1,085		(508,184)
5,705	(7,338)	(8,652)	96	(1,884)	16,853		19,718
16,455	20,289	3,104	3,216	3,335	89,580		650,848
$22,160	$12,951	($5,548)	$3,312	$1,451	$106,433		$670,566

Schedule 19 - Miscellaneous Statistics

State Facts

State Capital	Boise
Admitted to the Union	July 3, 1890
Nickname	The Gem State
Motto	Esto Perpetua (Let It Be Perpetual)
Population	1,587,400
Highest Elevation Point	Mt. Borah
	12,662 Feet Above Sea Level
Lowest Elevation Point	Snake River, Lewiston
	710 Feet Above Sea Level
Number of Lakes	More Than 2,000
State Bird	Mountain Bluebird
State Fish	Cutthroat Trout
State Flower	Syringa
State Gem Stone	Idaho Star Garnet
State Horse	Appaloosa
State Insect	Monarch Butterfly
State Song	"Here We Have Idaho"
State Tree	Western White Pine

Sources: *Idaho Blue Book, 2010-2011*
Idaho Fiscal Facts 2011
Idaho Economic Forecast, July 2011 (Population)

Twenty Largest Communities in Idaho

Boise	205,671
Nampa	81,557
Meridian	75,092
Idaho Falls	56,813
Pocatello	54,255
Caldwell	46,237
Coeur d'Alene	44,137
Twin Falls	44,125
Lewiston	31,894
Post Falls	27,574
Rexburg	25,484
Moscow	23,800
Eagle	19,908
Kuna	15,210
Mountain Home	14,206
Chubbuck	13,922
Ammon	13,816
Hayden	13,294
Blackfoot	11,899
Garden City	10,972

Source: *Idaho Blue Book, 2010-2011*

Land Area and Use

(in square miles)

Total Area	83,557
Land Area	82,677
Water Area	880
Federal Land	52,724
Total Non-Federal Land	30,833
Total Rural Land	78,768
Agricultural Land	12,170
Range Land	34,353
Forest Land	32,245

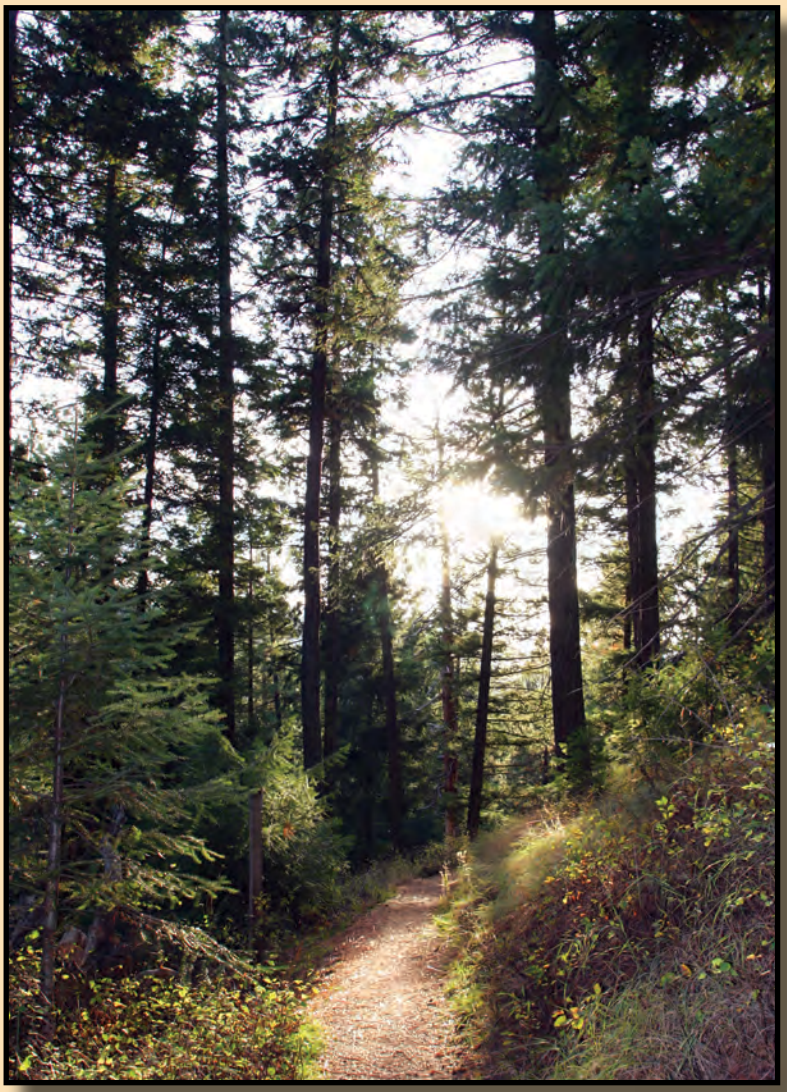
Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: *Idaho Blue Book, 2010-2011*

Idaho Commodity Rankings

Commodity	U.S. Rank	U.S. %
Potatoes	1	29
Austrian Winter Peas	2	42
Wrinkled Seed Peas	2	33
Barley	2	21
Sugarbeets	3	17
All Mint	3	19
Hops	3	8
Lentils	4	6
Dry Edible Peas	4	3
Dry Edible Beans	5	8
Sweet Cherries	6	1
All Wheat	9	5
All Hay	10	4
Apples	11	1

Source: *Idaho Fiscal Facts 2011*



Mineral Ridge Trail
Kootenai County

Rainbow Bridge, Payette River in Fall
Valley County

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