



# CITIZENS' FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



# Idaho Citizens' Financial Report

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Photo on front cover courtesy of Sandy Marostica:  
*Change of Seasons, Times of Change* (Oil on canvas, 2005)  
 Location: Pasture at Island Park

### About the artist:

Idaho native Sandy Marostica grew up near the Idaho/Oregon border. During her 30-year career as an artist, Sandy's work has frequently explored the people, places, and myths of the West.

In late 2003, 12 artists from Washington, Oregon, and Idaho were selected to work with an assigned farmer or rancher in their home state, observing and learning about agricultural conservation practices and interpreting their observations through art. Sandy was assigned to an eastern Idaho rancher and spent 12 days through spring and summer of 2005 working with him on the project. The painting on the cover depicts a scene she observed at his ranch.

Sandy is a graduate of Boise State University, where she earned a Bachelor of Fine Arts degree in 1985. Sandy makes her home in Boise, Idaho, with her husband. They have two grown children.

*A Message from***Keith L. Johnson  
State Controller**

I am pleased to present the ninth annual Idaho Citizens' Financial Report for the fiscal year ended June 30, 2006. This report is a less detailed presentation of the State's Comprehensive Annual Financial Report (CAFR). The CAFR is complex and lengthy; therefore, this Report provides a brief, easy-to-understand discussion of Idaho's finances in a non-technical format and presents a brief explanation of where the State's resources come from and how they are spent.

The contents of this Report include the State's financial condition as well as the State's revenues and expenses for the year ended June 30, 2006. This Report also highlights financial matters that are of interest to Idaho citizens, such as the following:

- Idaho's Medicaid program - The State's Medicaid program is undergoing significant changes which will impact many Idahoans.
- Idaho's community safety - How the Department of Correction is dealing with an increase in the inmate population.
- Idaho's property tax change - The Legislature increased the homeowner's exemption from \$50,000 to \$75,000 and eliminated the public schools maintenance and operation levy on Idaho real property.
- Idaho's GARVEE bonding - The first issue of these bonds was sold to help finance a specified list of eligible highway projects.
- Idaho's Capitol Building - Designs for expanding the Capitol Building by adding two underground wings have been approved by the Legislature.



Keith L. Johnson  
State Controller

My intention is to provide an informative report, allowing you to make better-informed decisions about the State's finances. I hope you will let us know what you think about the Idaho Citizens' Report. Your feedback will help us ensure future reports include the information you want and find most useful. You can provide comments and suggestions by writing, emailing, or calling:

Office of the State Controller  
700 W. State Street  
Boise, Idaho 83720-0011  
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Keith L. Johnson  
State Controller



The Idaho Citizens' Report briefly explains the financial condition of the State of Idaho and presents some major state programs. The purpose of the report is to summarize and simplify the presentation of information contained in the Comprehensive Annual Financial Report (CAFR).

This report is not intended to replace the detailed financial position set forth in the CAFR, which will continue to be provided by the Office of the State Controller. A copy of the CAFR may be obtained by writing, calling our office, or by visiting our website at [www.sco.idaho.gov](http://www.sco.idaho.gov).

The financial statements presented in this report are in accordance with Generally Accepted Accounting Principles (GAAP), except when noted otherwise. The report depicts trends in state revenues and spending in selected economic and demographic areas affecting the State that are of particular public interest.

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the State of Idaho for its Popular Annual Financial Report for the fiscal year ended June 30, 2005. The Award of Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Office of the State Controller has received a Popular Award for the last eight consecutive years (fiscal years ended 1998-2005). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

## Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

State of Idaho

for the Fiscal Year Ended

June 30, 2005



*Thomas J. Blum*  
President

*Jeffrey L. Esser*  
Executive Director

# The State's Assets and Liabilities

## Statement of Net Assets

June 30, 2005 and 2006

(dollars in thousands)

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	FY 2006	FY 2005*	FY 2006	FY 2005*	FY 2006	FY 2005*
<b>ASSETS</b>						
Cash	\$1,059,235	\$841,097	\$378,378	\$352,593	\$1,437,613	\$1,193,690
Investments	1,131,683	987,551	267,557	203,898	1,399,240	1,191,449
Securities Lending Collateral	807,844	734,896			807,844	734,896
Taxes/Accounts Receivable, Net	327,139	353,403	95,798	116,071	422,937	469,474
Due from Other Governments or Funds	163,922	176,821	84,577	79,383	248,499	256,204
Loans/Notes Receivable, Net	7,580	6,840	171,531	139,168	179,111	146,008
Other Assets	47,948	44,878	30,593	26,648	78,541	71,526
Capital Assets	4,401,997	4,190,737	786,323	758,176	5,188,320	4,948,913
<b>Total Assets</b>	<b>\$7,947,348</b>	<b>\$7,336,223</b>	<b>\$1,814,757</b>	<b>\$1,675,937</b>	<b>\$9,762,105</b>	<b>\$9,012,160</b>
<b>LIABILITIES</b>						
Medicaid/Accounts Payable	\$219,205	\$258,005	\$17,428	\$21,313	\$236,633	\$279,318
Securities Lending Obligations	807,844	734,896			807,844	734,896
Amounts Held in Trust for Others	5,774	6,078	2,214	2,591	7,988	8,669
Bonds and Notes Payable	211,313	206,699	331,559	342,492	542,872	549,191
Other Liabilities	358,023	363,227	111,924	96,041	469,947	459,268
<b>Total Liabilities</b>	<b>1,602,159</b>	<b>1,568,905</b>	<b>463,125</b>	<b>462,437</b>	<b>2,065,284</b>	<b>2,031,342</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	4,179,097	3,978,358	467,275	447,206	4,646,372	4,425,564
Restricted	1,354,676	1,255,613	720,721	619,352	2,075,397	1,874,965
Unrestricted	811,416	533,347	163,636	146,942	975,052	680,289
<b>Total Net Assets</b>	<b>6,345,189</b>	<b>5,767,318</b>	<b>1,351,632</b>	<b>1,213,500</b>	<b>7,696,821</b>	<b>6,980,818</b>
<b>Total Liabilities and Net Assets</b>	<b>\$7,947,348</b>	<b>\$7,336,223</b>	<b>\$1,814,757</b>	<b>\$1,675,937</b>	<b>\$9,762,105</b>	<b>\$9,012,160</b>

Statement of Net Assets Includes Governmental and Proprietary Funds.

\* These columns have been restated.

**Governmental Activities** include most of the State's basic services, such as general government, public safety, health and human services, education, economic development, and natural resources. The governmental activities services are primarily paid for by state taxes and federal grants.

**Business-Type Activities** account for operations that function in a manner similar to private business, where the cost of providing goods or services is paid for in whole or in part by fees charged to external parties.

**Net Assets** measure the difference between what the State owns (assets) versus what the State owes (liabilities).

**Invested in Capital Assets, Net of Related Debt**, measures the value of capital assets the State owns (such as roads, bridges, buildings, machinery, equipment, and land) less depreciation and any debt owed from buying or building the assets.

**Restricted Net Assets** are assets that are not available for general use due to external restrictions, constitutional provisions, or enabling legislation.

**Unrestricted Net Assets** are assets that may be used for any appropriate purpose, but their use may be limited by state statutes.

# The State's Revenues and Expenses

Taxes, federal grants, and miscellaneous revenues are Idaho's sources of income.

The collection of taxes is the largest source of revenues for Idaho. State income taxes are collected from both individuals earning wages and businesses earning profits in Idaho. Sales tax is collected on retail transactions occurring in Idaho.

Federal grants are the next largest source of revenues for Idaho. Grants are awarded for specific purposes. For example, the Federal Department of Health and Human Services gives grant money to Idaho for Medicaid and Child Support services. Grant money is also given for the maintenance and construction of highways as well as for education purposes.

The remaining revenues come from fees, charges for permits, investment earnings, and other miscellaneous types of income. Fees are charges for services provided by state agencies. For example, the Department of Fish and Game charges a fee for issuing a fishing license. Permits are issued to businesses and individuals. For example, the Department of Parks and Recreation issues permits which allow citizens to use state parks for one year. The money raised by issuing these permits helps pay for the maintenance of the state parks.

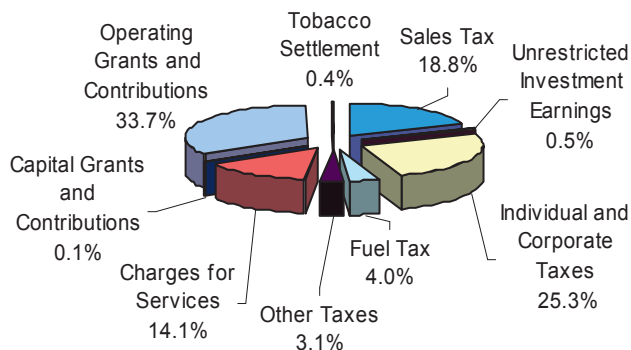
The key elements of the State's revenue increases for fiscal years 2002 to 2006 include the following:

- Individual and corporate taxes due to increasing levels of employment and personal income
- Grants, mainly Federal grants for infrastructure, medical assistance, and homeland security programs

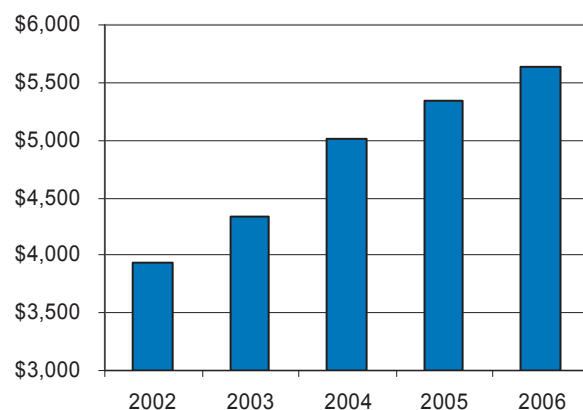
## ***Tax Freedom Day Arrived on April 16th in Idaho...***

Tax Freedom Day is the day when Americans finally have earned enough money to pay off their total tax bill for the year. In 2006 Idaho taxpayers had to work until April 16th (only six states celebrate earlier) to pay their total tax bill, ten days before National Tax Freedom Day (April 26th).

## **Governmental Activities Revenues\*** Fiscal Year 2006



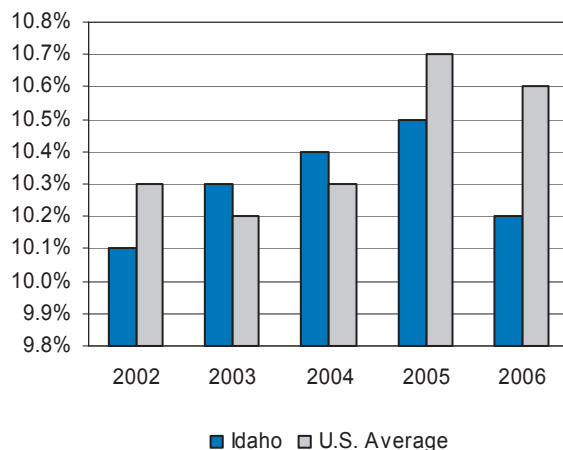
## **Governmental Activities Revenues\*** Fiscal Years 2002–2006 (*dollars in thousands*)



\*Includes governmental and internal service funds

## **Idaho State and Local Tax Burden Compared to U.S. Average**

Fiscal Years 2002–2006



Each year the Idaho Legislature sets a budget for the State. This past year the two largest programs in the State were Health and Human Services and Education.

Health and Human Services spent \$1.7 billion of the State's budget, with Medicaid programs receiving over half of the \$1.7 billion. Medicaid assists those who are unable to pay for medical and dental services because of low income, youth, old age, pregnancy, or disability. Additional Health and Human Services programs include an AIDS drug assistance program, child adoption, children's mental health, and child protection referrals.

The second-largest share of state funds was spent on Education, accounting for \$1.4 billion of expenses in fiscal year 2006. The money was used for public schools and other education.

The most significant increase in government expenses from fiscal year 2005 to 2006 was \$76.0 million (4.7 percent) for Health and Human Services. The increase was primarily related to more assistance payments, mainly related to Medicaid payments. Education expenses increased by \$53.7 million (4 percent), mainly due to increased teacher benefits and participation in the teachers' Early Retirement Program. An increase of \$36.9 million (16.1 percent) for Public Safety and Correction expenses was primarily related to rising institutional costs due to inmate population growth, county jail and out-of-state placements, and the increasing cost of medical services for inmates.

The remaining governmental expenses were for programs such as general government, natural resources, and economic development. These programs help to provide administrative and professional services, protect the land, as well as provide for future economic development.

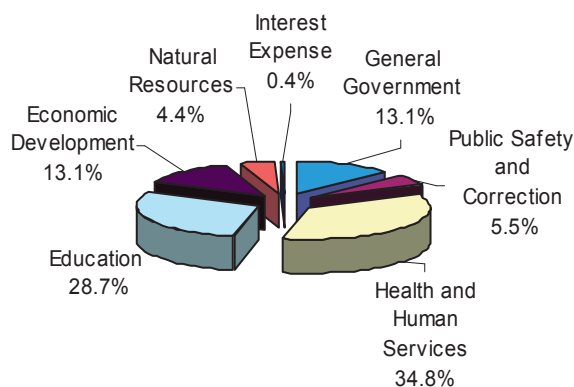
The government-wide operating statement can be found in the State's Comprehensive Annual Financial Report on page 16.

#### Data Sources:

- Tax Foundation, *Idaho State and Local Tax Burden, 1970-2006*, <<http://www.taxfoundation.org>>.
- Department of Commerce and Labor, <<http://www.commerce.gov>>.

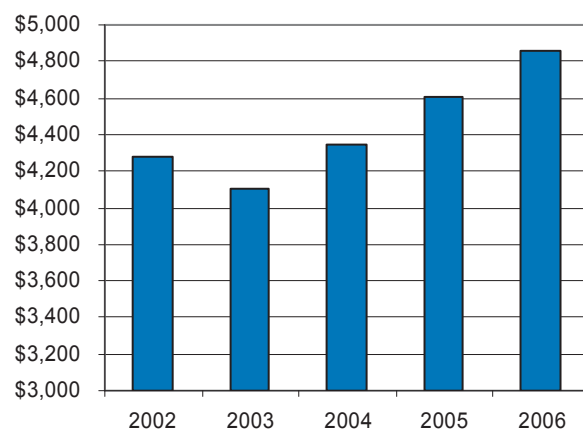
### Governmental Activities Expenses\*

Fiscal Year 2006



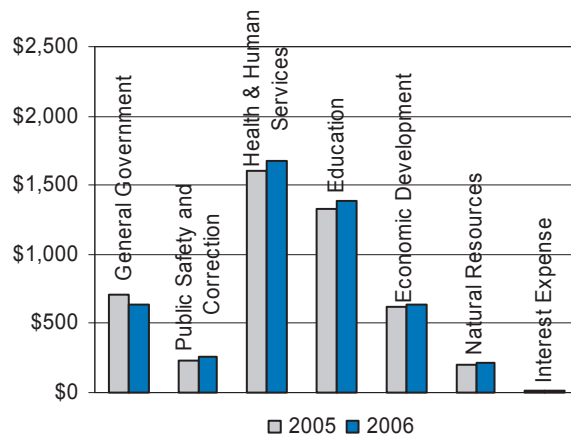
### Governmental Activities Expenses\*

Fiscal Years 2002-2006 (dollars in thousands)



### Governmental Activities Expenses\*

Fiscal Years 2005-2006 (dollars in thousands)



\*Includes governmental and internal service funds

## Economic/Demographic Outlook

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest economic expansions in the State's history. Since 1987 nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the State, causing the population to expand by an astounding 29 percent from 1990 to 2000. Over the last ten years, from 1997 to 2006, the population has grown from 1.23 million to an estimated 1.46 million. Much of the current expansion results from ongoing structural changes in Idaho's economy. Idaho's population growth is expected to be greater than the national rate at 2.7 percent in 2006 and 2.3 percent in 2007.

One of last year's strongest performing employment sectors in Idaho was construction. This industry posted double-digit employment growth in each of the last two quarters of 2005, bringing year-end total construction employment to 45,124—about 324 more jobs than had been previously forecasted. Other sectors that experienced high growth rates over the last four years were education, health care, finance, and information.

- Idaho's strong economy is reflected in the State's unemployment rate figures. The State's unemployment rate has been well below the national average during most of the current decade. In 2005 Idaho's unemployment rate was 3.8 percent while the national unemployment rate was 5.1 percent.
- Per capita personal income grew to \$28,420 in 2005. Idaho ranked 44th in the United States and was 82 percent of the national average of \$34,482.

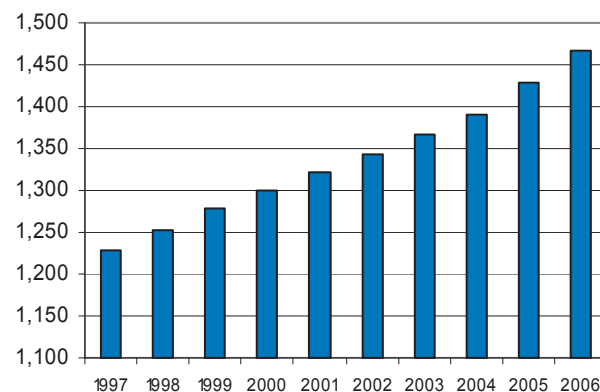
Additional economic and demographic data can be found in the Statistical Section of the Comprehensive Annual Financial Report starting on page 139.

### Data Sources:

- Division of Financial Management, *Idaho Economic Forecast*, July 2006.
- U.S. Department of Labor, Bureau of Statistics, <<http://www.bls.gov>>.
- Idaho Department of Commerce and Labor, Bureau of Economic Analysis, <<http://lmi.idaho.gov>>.

### Idaho's Population Trend\*

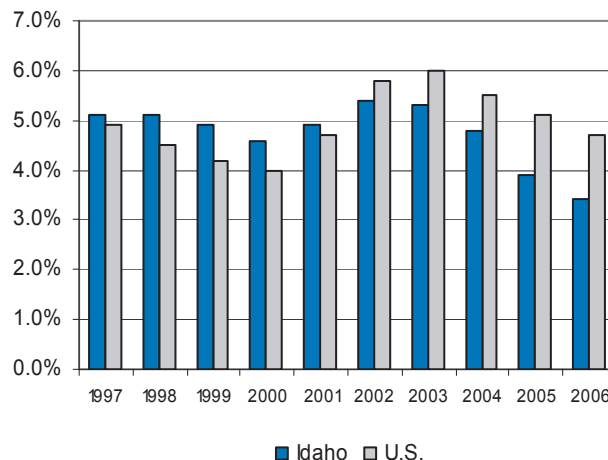
Years 1997-2006 (In thousands)



### Unemployment Rate\*

Idaho vs. U.S.

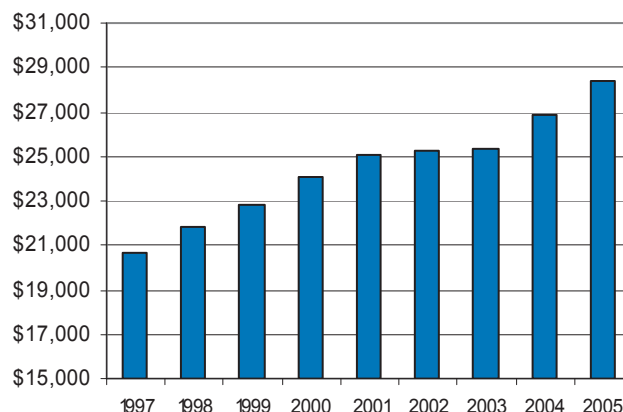
Years 1997-2006



\* 2006 figures are estimated

### Idaho Per Capita Personal Income

Years 1997-2005





## Extraordinary Legislative Sessions

Extraordinary legislative sessions, often referred to as special sessions, are held only when the Governor calls by proclamation for the Legislature to meet. The *Idaho Constitution*, Section 9, Article IV gives the Legislature power to legislate only on subjects specified in the Governor's proclamation. Legislators conduct the business of special sessions using normal House and Senate rules and procedures.

Since 1980 the Idaho Legislature has convened for six extraordinary sessions on topics ranging from Medicaid to electric utility issues. Below is a summary of the legislative action taken during these special sessions.

**1980** — Created a legislative study committee on the Medicaid reimbursement process. Appropriated money for legislative staff and staff expenses, due to a veto of the legislative staff appropriation during the regular session.

**1981** — Petitioned Congress regarding Mexican temporary worker visas. Provided for congressional district lines. Revised qualifications for state legislators. Defined legislative districts (vetoed). Legislation to reapportion legislative districts subsequently passed during the 1982 regular session.

**1983** — Further regulated driving under the influence. Provided for adoption of emergency administrative rules. Increased and provided for distribution of motor fuel tax. Appropriated money for education (line item veto). Appropriated surplus general accounts (vetoed). Allowed the State auditors to recover Social Security overpayments.

**1992** — Prohibited certain gambling. Charged the Legislative Council with preparing pro and con arguments for proposed constitutional amendments. Regulated bingo games and raffles. Provided for temporary emergency water provisions.

**2000** — Amended the Electric Supplier Stabilization Act. Granted certain immunities, including antitrust immunity, to electrical suppliers who are in compliance with the Act. Provided the Public Utilities Commission with active supervisory authority over certain electric supplier contracts.

**2006** — Reduced property taxes and increased the sales tax.

The Governor's Property Tax Relief Act of 2006 resulted in the following:

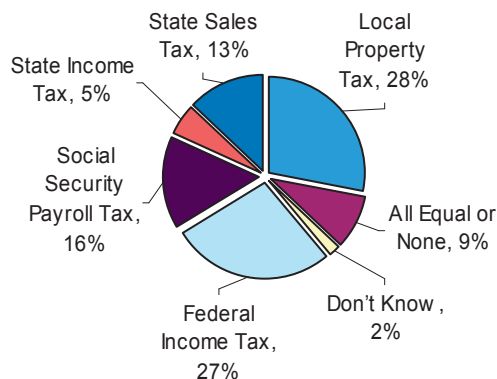
- Reduced property taxes by approximately \$260.0 million by eliminating the public schools maintenance and operation levy on Idaho real property.
- Appropriated general funds to public schools to replace the maintenance and operation levy.
- Raised the sales tax by one percent, making the sales tax six percent, effective October 1, 2006.
- Placed \$100.0 million into the Public Education Stabilization Fund. The monies in the Stabilization Fund may only be expended for specific purposes, such as: a transfer to the public schools income fund from the General Fund when the appropriation is less than the estimated cost for operations; a distribution to cover a shortfall in appropriated funds from the school district building account to meet the state matching funds requirement; or a transfer to the General Fund when General Fund revenues are inadequate to cover appropriations.

An advisory question was placed on the November 2006 general election ballot asking Idaho voters if the property tax relief and protective funding for public schools should continue by retaining the one percent increase in sales tax. Voters approved of the Act.

### 16th Annual Idaho Public Policy Survey

What citizens said when asked...

Which tax do you think is the least fair?



Data Sources:

- Idaho Legislature, *Legislative Perspective*, Volume 14 Issue 3.
- Idaho Legislature, House Bill No.1, 2000.
- Idaho Statutes, Title 33, Chapter 9.
- Dr. Jim Weatherby, Property Tax Summit, Oct. 6, 2005.

# Medicaid

Idaho Medicaid is a safety net for our State's most vulnerable citizens, providing medical support for people who are low income, have a disability, and/or are elderly. Idaho has more than 170,000 people receiving health care services through Medicaid.

As with most states, Idaho is struggling with escalating medical costs and enrollment. Since 1987 Idaho Medicaid expenditures have increased an average of 17 percent per year. Escalating Medicaid expenditures have forced Idaho (and other states) to cut enrollments and services.

## Modernizing Medicaid

The national Medicaid program, designed in the 1960s, is patterned around a "one size fits all" policy. A healthy child enrolled in Medicaid essentially has the same benefit package as an elderly adult with a disability. Idaho's plan is to offer services tailored to fit people's needs. Services will be designed around three low income groups:

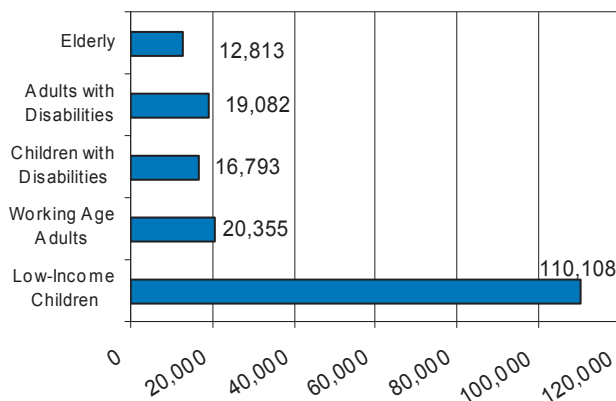
- Children and working-age adults
- Children and adults with disabilities or special health needs
- Elderly

Plans designed around people with similar health care needs will encourage those people to improve their health. For example, the Healthy Schools initiative will provide preventive health services in Idaho school districts that have a high percentage of low-income children and a low nurse-to-student ratio. Idaho Medicaid will provide grant funding to assist with the salary expenses of registered nurses working in the grantee schools.

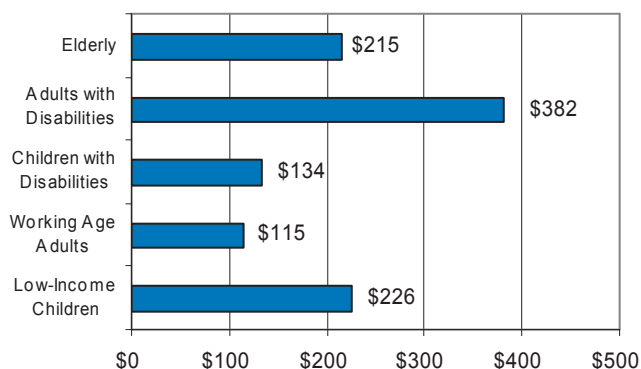
The plan also includes a cost-sharing component to increase the responsibility of the participants for their own health care costs. Cost-sharing will include co-payments for certain services, such as inappropriate emergency room visits, non-preferred prescription drugs, and missed appointments with providers.

In May 2006 U.S. Health and Human Services Secretary Mike Leavitt approved Idaho's plan to modernize Medicaid. Idaho is the first state to have a modernized Medicaid plan approved. Many more states are expected to follow Idaho's lead in redesigning their programs to give people access to affordable care that better reflects their own health needs.

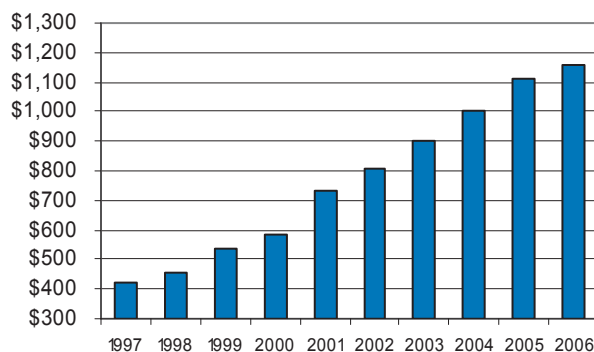
## Idaho Medicaid Enrollees Fiscal Year 2005



## Idaho Medicaid Expenditures Fiscal Year 2005 (average per participant)



## Idaho Medicaid Appropriation Fiscal Years 1997-2006 (dollars in millions)



### Data Sources:

- Idaho Department of Health and Welfare, *Facts/Figures/Trends*, 2005-2006.
- U.S. Department of Health and Human Services, <<http://www.hhs.gov>>.
- Idaho Legislative Fiscal Report, <<http://legislature.idaho.gov>>.

## Department of Correction - Safe Communities

The General Fund appropriation for the Department of Correction increased from \$63.1 million in fiscal year 1997 to \$129.1 million in fiscal year 2006. About half of the increase for fiscal year 2006 was provided through ongoing supplemental appropriations to cover unexpected prison growth.

### Prison Capacity

The Department has been striving to manage the rapid growth of prison populations over the past few years. The prison population has been at or above 100 percent capacity for four consecutive years. Idaho is housing 451 inmates in Texas and Minnesota. Currently Idaho has 6,980 inmates and a prison capacity to house 5,967.

The largest increase in inmate cost per day is in the community work centers category where the daily cost increased by 28 percent from fiscal year 2003 to 2005. These costs are primarily due to an increase in the number of department personnel and an effort to reduce prison populations.

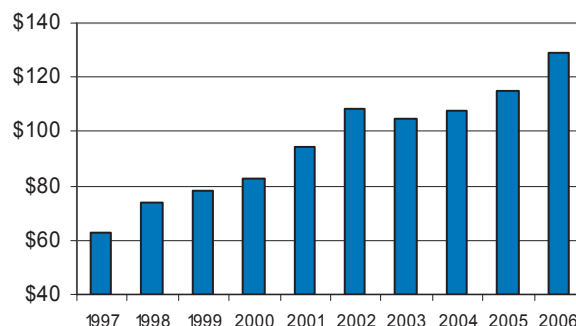
### Department Program

The Idaho Department of Correction employs a balanced system where security and rehabilitation go hand in hand. This balanced system is illustrated by the "Program Pyramid."

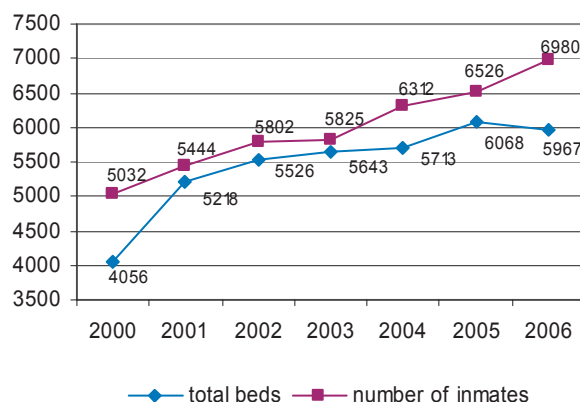


Approximately one-third of all inmates do not have a high school education. National research indicates offenders without a high school education are more likely to re-offend than those who receive an education. The Idaho Department of Correction's educational offerings include literacy, secondary education, special education, and vocational education. Additionally, small libraries are funded for each institution.

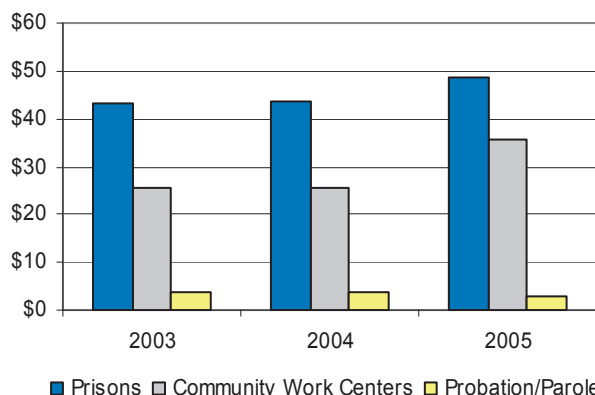
**Idaho Department of Correction  
General Fund Appropriations**  
Fiscal Years 1997-2006 (dollars in millions)



**Inmates vs. Available Beds**  
Fiscal Years 2000-2006



**Idaho Inmate Cost per Day**  
Fiscal Years 2003-2005



Data Sources:

- Idaho Department of Correction, Annual Report, <<http://corrections.state.id.us/facts/annual/AnnualReport2005.pdf>>.
- Gregory Sali, Research Analyst Supervisor, Idaho Department of Correction.
- Idaho Legislative Fiscal Report, <<http://legislature.idaho.gov/budget/publications.htm>>.

# Property Taxes

For the first time in more than two decades, the State Legislature raised the homeowner's exemption giving people who live in their own homes a tax break. House Bill No. 421 increased the homeowner's exemption from \$50,000 to \$75,000. The exemption will be adjusted each year based on an index reflecting Idaho's home prices. Additionally, the Legislature held an extraordinary session in which property taxes were reduced by approximately \$260.0 million. See the article on the Extraordinary Legislative Sessions, page 7.



Applications for the homeowner's exemption are available from county assessor offices. When an application is approved, the exemption is continuous as long as the owner occupies the property. If property is sold, the new owner must file a new application. No income or age restrictions exist, but homeowners can qualify for an exemption on only one home at a time. Homeowners must own and occupy the home before April 15 of the current year and must apply for the exemption by April 15.

## How is Property Assessed?

Idaho law requires that all taxable property be assessed at market value each year. To do this, the county assessor develops valuation guidelines based on the sales prices of comparable homes in the area. Some factors that often influence what a buyer would pay for the home and land are size, quality, age, condition, and location. The county assessor uses this information to estimate how much a buyer might reasonably pay for the home if it were to sell on January 1 of the current year.

## How is My Property Tax Bill Determined?

The amount of tax is determined from the budget needs of the taxing districts. Many kinds of taxing districts exist in Idaho. Some, such as cities and counties, levy taxes to provide a wide range of services such as police, emergency, and court services. Others levy taxes for specific purposes such as highways, libraries, or fire protection.

The part of the approved budget to be funded by property tax is divided by the total taxable value of all properties within the district (see how taxable value is calculated on the next page).

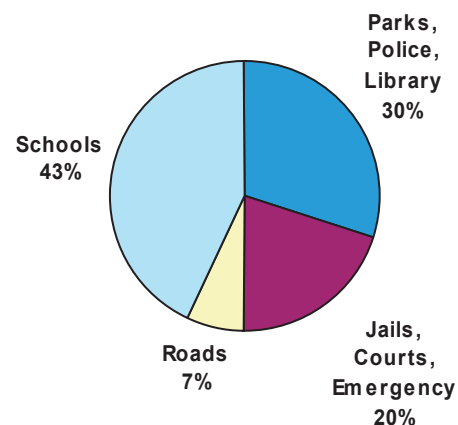
The result is the district's tax rate (or levy). This rate, multiplied by the taxable value of the property, determines the amount of taxes owed to that district.

Each property is located within several independent taxing districts. Property tax bills include taxes for all the districts. The tax rate for a taxing district is the same for all taxable properties within that taxing district.

## How Can Taxes Go Up When Property Values Don't?

A taxing district may need more money and raise taxes because of inflation, emergencies, or other factors. Voter-approved bonds and override levies also may be responsible for growth in tax rates.

## Services Provided with Property Tax Dollars



### Data Sources:

- Idaho State Tax Commission, *Property Tax for Homeowners*, April 2006.
- Idaho State Tax Commission, *Frequently Asked Questions*, June 7, 2006.



## What are Property Taxes Used For?

Property taxes are used to pay for city and county services such as local law enforcement, fire protection, highways, libraries, and more. The State oversees local property tax procedures to make sure they comply with Idaho laws. Also, the Idaho State Tax Commission sets property values for operating property, which consists mainly of public utilities and railroads.

## What are the limits on Property Tax Increases?

Most taxing districts have maximum tax rates. Districts other than schools are limited to annual increases of three percent *plus* an allowance for growth on a portion of their budgets. The growth allowance is calculated from the value of new construction and annexation that occurred during the prior year.

### How Property Taxes Worked Before

Exemption is the smaller of 50 percent of the value of the home, not including land or \$50,000.

#### Example 1: \$130,000 home

Assessed value	\$130,000
Home value	\$100,000
Land value	\$30,000
Exemption	\$50,000
Taxable value	\$80,000

*Tax based on this year's levy  
in a sample tax district.* **\$1,137.20**

#### Example 2: \$250,000 home

Assessed value	\$250,000
Home value	\$200,000
Land value	\$50,000
Exemption	\$50,000
Taxable value	\$200,000

*Tax based on this year's levy  
in a sample tax district.* **\$2,843.00**

## What if I Disagree With the Value the Assessor Estimated for My Property?

Contact your county assessor if you disagree with the assessed value. The assessor maintains a file of information about your property. If you have questions about your assessment, you should review this information with the assessor to ensure its accuracy. If you can't resolve your disagreement with the assessor, you may appeal to the county board of equalization, which consists of your elected county commissioners. Most appeals must be filed with the county clerk by the fourth Monday in June. Properties assessed at other times of the year have different appeal dates. Property values maintained by the county assessor are public records. You may ask to review the value of other properties in the county.

### How Property Taxes Work Now

Exemption is the smaller of 50 percent of the entire property value, including land or \$75,000.

Assessed value	\$130,000
Home value	\$100,000
Land value	\$30,000
Exemption	\$65,000
Taxable value	\$65,000

*Tax based on this year's levy  
in a sample tax district.* **\$923.97**

Assessed value	\$250,000
Home value	\$200,000
Land value	\$50,000
Exemption	\$75,000
Taxable value	\$175,000

*Tax based on this year's levy  
in a sample tax district.* **\$2,478.62**

Data Source:

- Gregory Hahn (*The Idaho Statesman*), *What the New Homeowner's Exemption Means to You*, April 13, 2006.

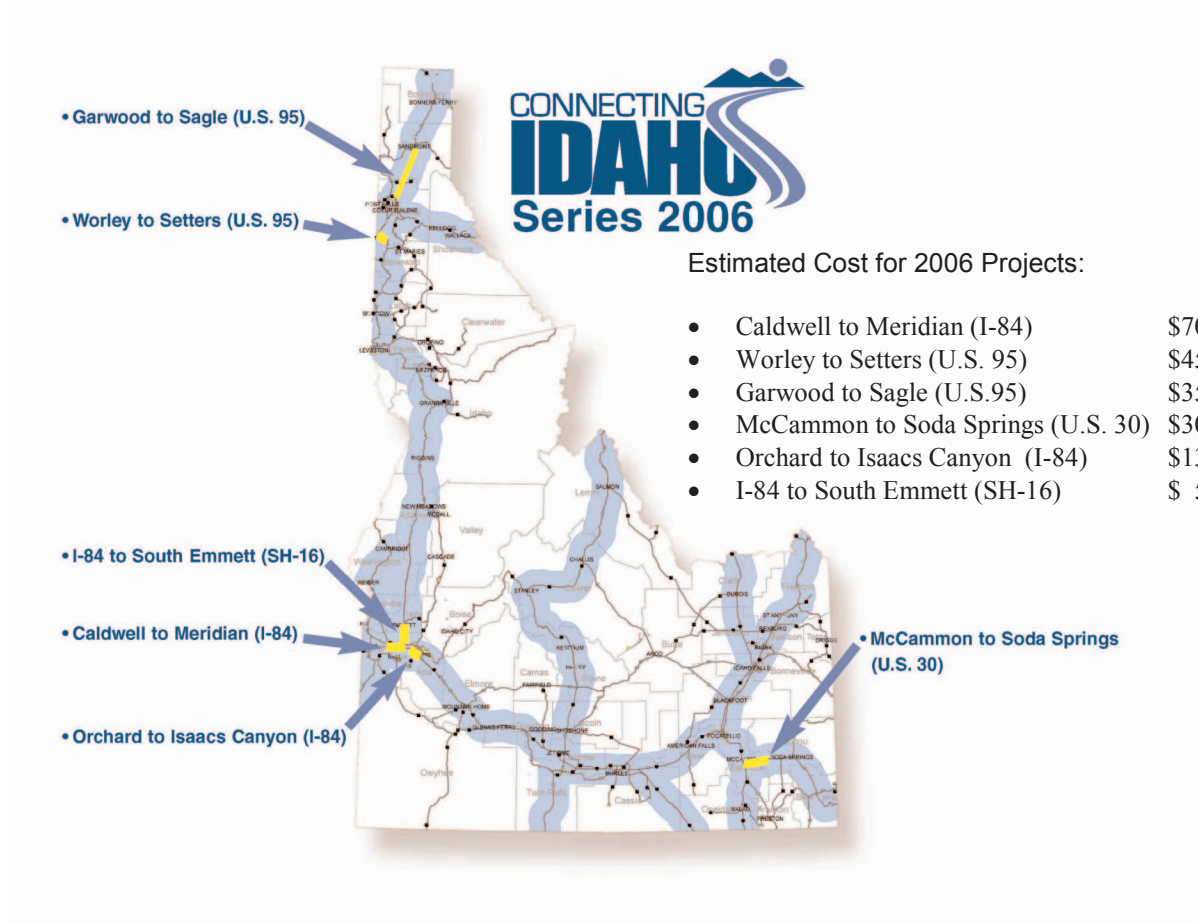
## GARVEE Bonds (Grant Anticipation Revenue Vehicles)

Grant Anticipation Revenue Vehicles, or GARVEE Bonds as they are commonly called, are bonds that are issued now and will be repaid in the future primarily using federal highway revenues. In the past Idaho has used a pay-as-you-go approach by using federal highway revenues plus gasoline tax revenue to fund projects. The last time Idaho used bonds to finance a road project was in 1949 to pave a road parallel to the Snake River stretching between Bruneau and Marsing.

The use of GARVEE Bonds will give the State a large amount of money now, enabling the State to use the cash to build new projects while paying off the cost over the next 30 years. This is similar to buying a big-ticket item such as a house and paying it off over time. GARVEE's intent is three-fold: to complete the major corridors connecting all 44 of Idaho's

counties, to address safety for Idaho motorists, and to expand opportunities for commerce nationally and internationally.

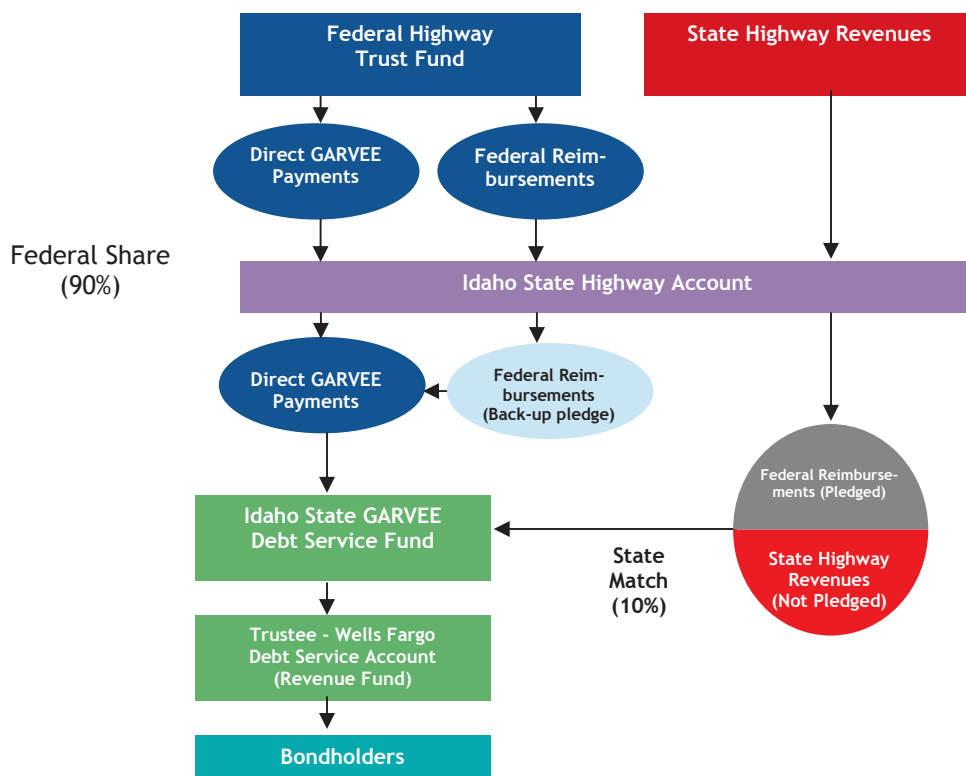
In 2005 Governor Kempthorne proposed that Idaho make use of GARVEE Bonds and invest in Idaho highways. The resulting legislation allows the Idaho Transportation Board to invest up to \$1.6 billion in Idaho's transportation system—the largest public works project ever undertaken in Idaho. The Governor's plan proposed 13 projects covering an estimated 258 miles of road; however, the Governor's plan does not fund any alternative programs such as mass transit. The Legislature authorized the sale of \$200.0 million in GARVEE Bonds for fiscal year 2006. These bonds were sold in May 2006. The money from the sale of these bonds will go toward funding the following six projects in 2006:



Data Source: Idaho Department of Transportation

The chart below illustrates the flow of money through the funding process to repay the GARVEE Bonds:

## Flow of Funds



### Anticipated Economic Impact of GARVEE:

- Highway construction in Idaho is estimated to generate nearly 20 jobs for every \$1.0 million spent. A \$100.0 million project would generate nearly 2,000 jobs.
- GARVEE bonded projects in southwest Idaho could help generate an increase of \$1.6 billion in sales and \$1.3 to \$2.0 billion in growth.
- Based upon experience in other states, the rate of return for business development, new business attractions, and increased tourism would be between 1.5 and 2.3 times the total amount of construction costs.
- Businesses could have as much as a 17 percent reduction in production costs with improved roads.

#### Data Sources:

- Idaho Department of Transportation, *Connecting Idaho*, January 31, 2005.
- Idaho Public Television, <<http://www.idptv.state.id.us/dialogue/showtemplate.cfm?ShowNo=1017>>, April 14, 2005.
- Nestor Fernandez (GARVEE Program Administrator, Idaho Transportation Department), AGA Presentation, May 18, 2006.

## Education

### Public Schools' First Billion Dollar Budget

After five years of relatively flat state budgets for salaries and operations, the Legislature approved a three percent increase in base salaries and increased classroom support. These increases, along with funding for expected growth in students and maintaining other state programs, brought the state General Fund budget to \$1.04 billion for the first time (fiscal year 2007). K-12 education's share of the total state budget, however, dropped in fiscal year 2006 to 44 percent from 45 percent in fiscal year 2005.

### Base Salary Increase

Local school boards determine the amount of salaries for their employees using state and other funds. With the Legislature approving a three percent increase in base salary, the new base amounts are outlined as follows:

Instructional - \$23,906  
 Administrative - \$34,773  
 Classified - \$19,207

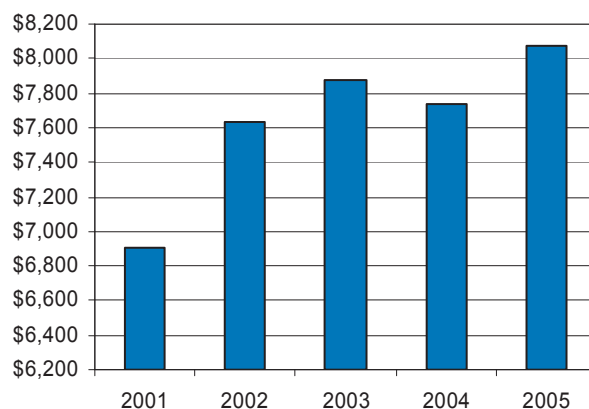
### Elementary and Secondary

With 270,935 students in kindergarten through 12th grade in fiscal year 2006, Idaho's student population has experienced relatively slow growth since 1987 when the student population was 212,444. Fiscal year 2006 represents the fourth highest percentage increase in enrollment since 1962. The growth appears to be gaining momentum. Fiscal year 2006 is the fifth consecutive year in which the year-over-year percentage enrollment has increased.

- Idaho's spending per pupil increased from \$6,906 in 2001 to \$8,071 in 2005.
- Actual public schools appropriation by Idaho state government has increased by 13.9 percent between 2001 and 2006, from \$873.5 million to nearly \$995.3 million.
- Between 2002 and 2006 Idaho's pupil to teacher ratio remained almost unchanged at 18:1. The U.S. ratio was 16:1.
- Idaho student Scholastic Aptitude Test (SAT) scores have increased by nearly 2.6 percent between 1990 and 2005, from 500.5 to 514.

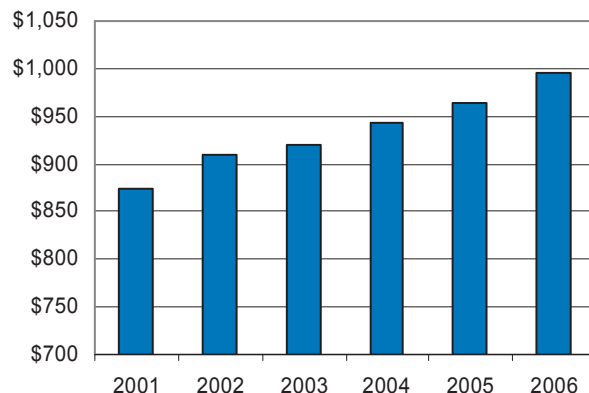
### Idaho Annual Per Pupil K-12 Spending

School Year Ending in June  
(in dollars)



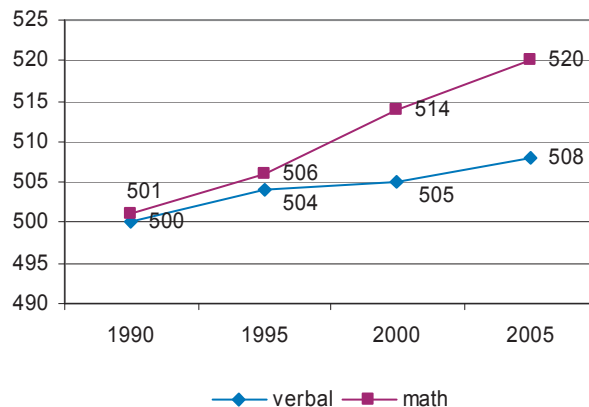
### Idaho Public Schools Appropriation

Fiscal Year Ended June 30  
(dollars in millions)



### Idaho SAT Scores

Average Score  
Fiscal Years 1990-2005





## Higher Education

The State appropriated \$234.1 million from the General Fund for colleges and universities for fiscal year 2006 and \$243.7 million for fiscal year 2007. Funding for higher education has been squeezed the past ten years because of increased funding for K-12 education and the rapidly growing costs for Departments of Correction and Health and Welfare.

Prior to fiscal year 2006, Idaho law prohibited charging resident students for the cost of instruction. Student fees collected could only be used to pay for the non-instructional costs related to higher education (e.g., physical plant, maintenance and operation, etc.). In 2005 the Legislature passed HB231 which amended state law to authorize Boise State University, Idaho State University, and Lewis Clark State College to charge tuition for instructional costs. The University of Idaho, however, is constitutionally prohibited from charging for the cost of instruction for full-time resident students.

The cost of tuition for Idaho students has increased dramatically over the past eight years:

- On average, annual tuition at a four-year college in Idaho has increased during the past eight years from \$2,308 to \$4,110.
- Annual tuition to attend one of Idaho's community colleges has increased during the past eight years from \$945 to \$1,498.

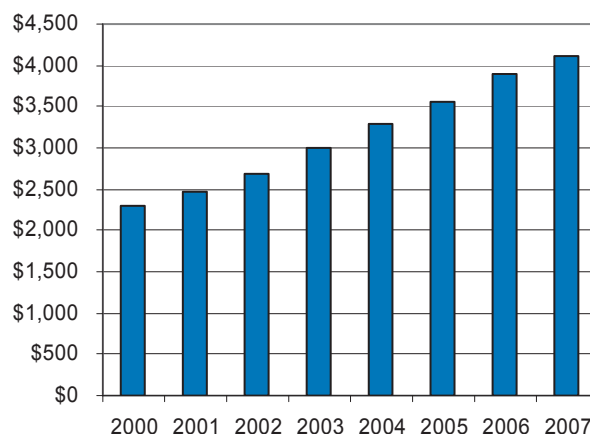
The Governor hoped to spend \$5.0 million in fiscal year 2007 on expanding community college classes in the Treasure Valley and other locations in Idaho. However, this plan was opposed by the counties. The Legislature is studying the issue.

### Data Sources:

- The Idaho Statesman, *Enrollment Drop May Force Budget Cuts at CSI*, June 7, 2006.
- Legislative Services Office, *Idaho Legislative Reports*, Fiscal years 2005-2007.
- Idaho Dept. of Education, *SAT Reasoning Test Scores for College Bound Seniors, 1972-2005; Fiscal Summaries Idaho School Districts & Charter Schools*, July 1, 2004– June 30, 2005; *Historical Fall Enrollment/Membership by Grade for Idaho Public Schools, 1961-2006; News & Reports*, Spring 2006.

## Average Annual Cost to Attend a Four-Year College in Idaho

Fiscal Years 2000-2007

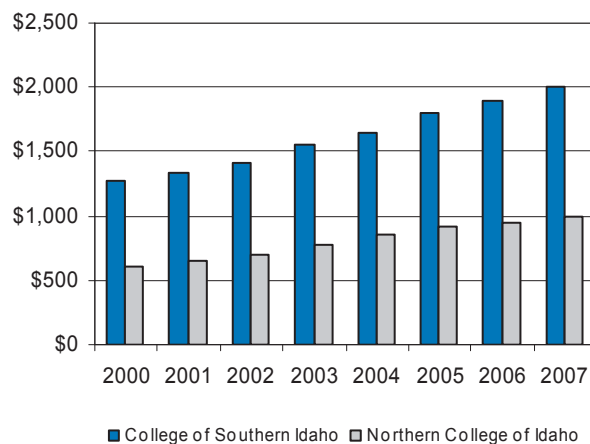


### Community College...

The Treasure Valley is the largest urban area in the nation without a community college.

## Annual Cost to Attend an Idaho Community College

Fiscal Years 2000-2007



- US Dept. of Education, <<http://nces.ed.gov>>.
- Gregory Hahn (*The Idaho Statesman*), *Legislature*, April 12, 2006.

# Capitol Building Restoration

Construction of Idaho's Capitol began in 1905 and was completed in 1920. The building currently has 193,000 sq. ft. of gross space, 111,632 sq. ft. useable. The Statehouse does not allow for expansion of hearing rooms, which are extremely overcrowded.



Idaho capitol dome, upper lantern masonry, and terra cotta repair work was completed in 2005.

A Legislative Restoration Task Force studied various space/addition proposals, and toured the Texas State Capitol to study underground facilities. Idaho design considerations meet national historic guidelines and retain the recently restored east and west stairs, grand entries, and overall visual impact of Idaho's Statehouse.

In March 2006 the Idaho Legislature approved a resolution restating its support to preserve Idaho's Statehouse and to provide additional space for future growth.

## **About the Idaho Capitol Building...**

When completed in 1920, the Idaho Capitol indoor plumbing and all cost \$2,098,455.

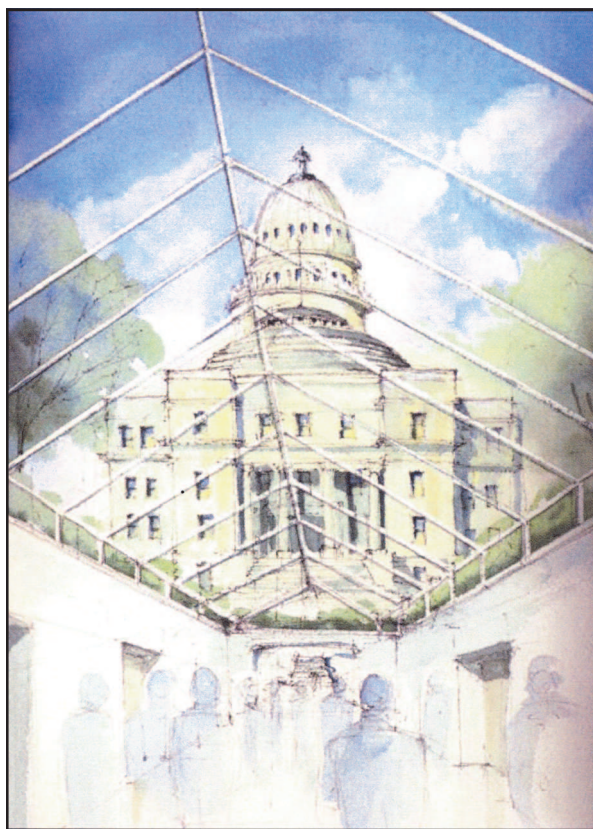
Another \$130,833 was spent on furnishings.

Data Source:

- Idaho State Capitol Commission, <<http://www.idahocapitolcommission.org>>.

Lawmakers requested the Idaho Capitol Commission modify its master plan providing for continued restoration of the Capitol. Lawmakers authorized expansion of the building with the construction of two 2-story underground wings, adding a combined 100,000 square feet of office and hearing room space. The 30-month project timeline calls for completion prior to the 2010 Legislative Session.

Total estimated cost for the restoration and expansion, set to begin in the spring of 2007 is \$130.0 million. Construction of the two 2-story underground wings comprises \$45.0 million of the total cost and includes placement of high-speed elevators to serve the Capitol Building and each new wing.



Rendering/View of Idaho Capitol Dome from Garden Level Underground Wing (3DI Lemley & Associates).

Restoration costs, in part, will be paid from extra cigarette taxes made permanent in the 2005 Legislative Session. The 2006 Legislature authorized the Capitol Commission and Department of Administration to enter into agreements with the Idaho State Building Authority to finance the remainder of the costs by issuing bonds.

# Facts About Idaho

**Name:** Originally suggested for Colorado, the name “Idaho” was used for a steamship which traveled the Columbia River. With the discovery of gold on the Clearwater River in 1860, the diggings began to be called the Idaho Mines. “Idaho” is a coined or invented word and is not a derivation of an Indian phrase “E Dah Hoe (How)” supposedly meaning “gem of the mountains.”

**Nickname:** The “Gem State”

**Motto:** “Esto Perpetua” (Let it be perpetual)

**Discovered by Europeans:** 1805, the last of the 50 states to be sighted

**Organized as Territory:** March 4, 1863, act signed by President Lincoln

**Entered Union:** July 3, 1890, 43rd state to join the Union

## GEOGRAPHY

**Land Area:** 83,557 square miles, 13th in area size

**Water Area:** 880 square miles

**Highest Point:** 12,662 feet above sea level at the summit of Mt. Borah, Custer County in the Lost River Range

**Lowest Point:** 770 feet above sea level at the Snake River at Lewiston

**Length:** 479 Miles

**Width:** 305 miles at widest point

**Geographic Center:** Settlement of Custer on the Yankee Fork River, Custer County

**Number of Lakes:** More than 2,000

**Navigable Rivers:** Snake, Coeur d’Alene, St. Joe, St. Maries and Kootenai

**Largest Lake:** Lake Pend Oreille, 180 square miles

**Temperature Extremes:** Highest, 118° at Orofino July 28, 1934; Lowest, -60° at Island Park Dam, January 18, 1943

**2006 Est. Population:** 1,466,400 - 39th among states (DFM, Economic Forecast of July 2006)



Source: Idaho Blue Book 2005-2006, published by the Idaho Secretary of State's Office

