A photograph of the Idaho State Capitol building, a large, light-colored stone structure with a prominent dome and classical columns. The building is set against a clear blue sky. In the foreground, there is a well-maintained lawn with several young trees and a large, mature tree on the right side. A flower bed with pink and red flowers is visible in the lower foreground. The text "State of IDAHO" is overlaid on the top left of the image.

State of **IDAHO**

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2009**

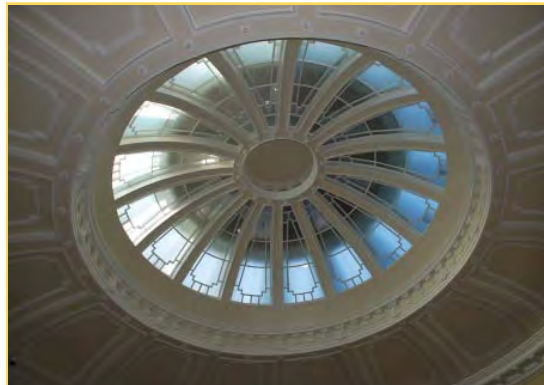
The People's House

Designed for a statewide population of 160,000, Idaho's Capitol served 1.5 million residents at the end of the 20th century. In 2007 construction on two underground wings and restoration of the inside of Idaho's Capitol began. The two new wings will provide an extra 50,000 square feet and the restoration will restore the Capitol to its original design. In addition to being the only state capitol heated by geothermal water, the 339 new double-glazed energy efficient windows help to make Idaho's Capitol one of the 'greenest' in the nation. The construction and restoration is being funded by cigarette taxes and is currently coming in on time and under budget.



The top of the rotunda holds 13 stars representing the 13 original colonies and 43 smaller stars indicating Idaho's acceptance into the Union as the 43rd state.

The glow from the Senate dome shows off the restored, curved original glass. This is the first historically accurate repainting of the plaster ceilings around the House and Senate domes.



"The great white light of conscience must be allowed to shine and by its interior illumination make clear the path of duty."

*- John E. Tourtellotte
Designer of Idaho's Capitol*



Four courses of lights with a total of 257 bulbs rise into the dome above the fourth floor.



State of
IDAHO

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2009

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

ACKNOWLEDGMENTS:

Darla Rankin, CPA, CGFM, MPA

Deputy Controller

Division of Statewide Accounting

Sherrill Geddes, CPA, CGFM

Bureau Chief

Bureau of Reporting and Review

Carol Bearce, CGFM

Tonya Buffi

Tiffini LeJeune

Matt McBride

Catherine Mumm, CGFM

Brandon Purcell, CFE

Joey Sanchez

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, 2009

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|---|-----|
| State Controller's Letter of Transmittal..... | vi |
| Certificate of Achievement for Excellence in Financial Reporting..... | x |
| Idaho State Government Organization Chart | xi |
| Elected Officials of the State of Idaho | xii |

FINANCIAL SECTION

| | |
|--|---|
| Independent Auditor's Report | 2 |
| Management's Discussion and Analysis | 4 |

BASIC FINANCIAL STATEMENTS

| | |
|--|----|
| Government-Wide Financial Statements | |
| Statement of Net Assets..... | 14 |
| Statement of Activities | 16 |
| Governmental Fund Financial Statements | |
| Balance Sheet | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 25 |
| Proprietary Fund Financial Statements | |
| Statement of Net Assets..... | 26 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 28 |
| Statement of Cash Flows | 30 |
| Fiduciary Fund Financial Statements | |
| Statement of Fiduciary Net Assets | 32 |
| Statement of Changes in Fiduciary Net Assets | 33 |
| Component Units | |
| Statement of Net Assets | 34 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets..... | 36 |
| Index for Notes to the Financial Statements | 38 |
| Notes to the Financial Statements | 39 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|-----|
| Budgetary Comparison Schedule – General Fund and Major Special Revenue Funds | 98 |
| Note to Required Supplementary Information – Budgetary Reporting | 100 |
| Infrastructure – Modified Approach Reporting | 101 |
| Pension – Schedule of Funding Progress..... | 102 |
| Other Postemployment Benefits – Schedules | 103 |

COMBINING FINANCIAL STATEMENTS

| | |
|--|-----|
| Governmental Funds | |
| Narrative..... | 105 |
| Balance Sheet | 106 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 108 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 110 |

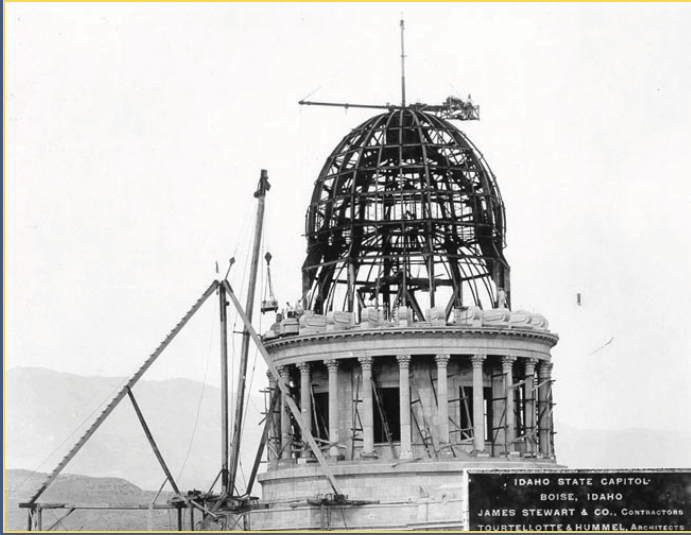
State of Idaho
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2009

| | |
|--|-----|
| Nonmajor Enterprise Funds | |
| Narrative..... | 117 |
| Statement of Net Assets..... | 118 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 119 |
| Statement of Cash Flows | 120 |
| Internal Service Funds | |
| Narrative..... | 121 |
| Statement of Net Assets..... | 122 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | 123 |
| Statement of Cash Flows | 124 |
| Fiduciary Funds | |
| Narrative | 127 |
| Statement of Fiduciary Net Assets – | |
| Pension and Other Employee Benefit Trust Funds | 128 |
| Statement of Changes in Fiduciary Net Assets – | |
| Pension and Other Employee Benefit Trust Funds | 130 |
| Statement of Fiduciary Net Assets – Investment Trust Funds | 132 |
| Statement of Changes in Fiduciary Net Assets – Investment Trust Funds..... | 133 |
| Statement of Assets and Liabilities – Agency Funds | 134 |
| Statement of Changes in Assets and Liabilities – Agency Funds | 135 |

STATISTICAL SECTION

| | |
|---|-----|
| Index to the Statistical Section | 137 |
| Schedule 1 - Net Assets by Component..... | 138 |
| Schedule 2 - Changes in Net Assets | 140 |
| Schedule 3 - Fund Balances – Governmental Funds | 142 |
| Schedule 4 - Changes in Fund Balances – Governmental Funds | 144 |
| Schedule 5 - Revenue Base..... | 146 |
| Schedule 6 - Revenue Rates | 148 |
| Schedule 7 - Revenue Payers by Industry/Category..... | 150 |
| Schedule 8 - Ratios of Outstanding Debt..... | 152 |
| Schedule 9 - Other Long-Term Liabilities..... | 153 |
| Schedule 10 - Pledged Revenue Coverage | 154 |
| Schedule 11 - Demographic and Economic Indicators..... | 156 |
| Schedule 12 - Principal Employers..... | 158 |
| Schedule 13 - Education Enrollment | 158 |
| Schedule 14 - State Employees by Function..... | 159 |
| Schedule 15 - Operating Indicators by Function | 160 |
| Schedule 16 - Capital Asset Statistics by Function | 162 |
| Schedule 17 - Assets, Liabilities, and Fund Balances – General Fund Accounts..... | 164 |
| Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts..... | 166 |
| Schedule 19 - Miscellaneous Statistics | 168 |

Introductory Section

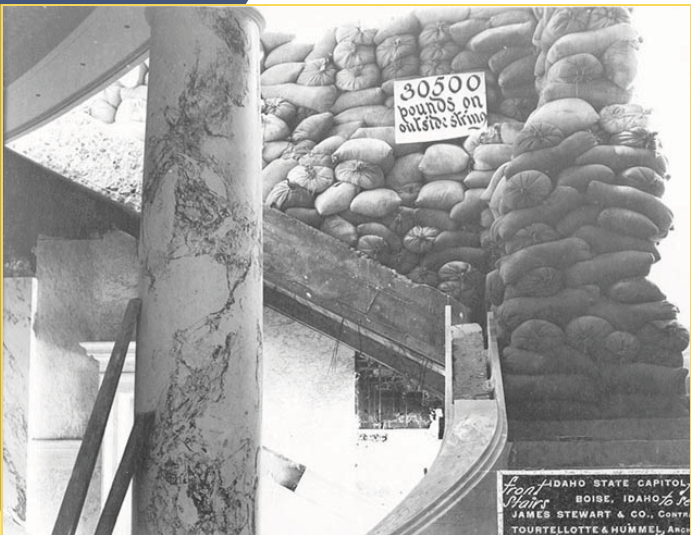


Initial construction of the Idaho Capitol began in the summer of 1905. The central section was completed in 1912. Construction of the east and west wings began in 1919 and was completed by the end of 1920.



Sandstone, the material used for the external portion of the Capitol, was obtained from a quarry on Table Rock in the Boise foothills. The State purchased the quarry and used inmates from the State Penitentiary, which was located just below the quarry, to cut and move the stone.

J.E. Tourtellotte and Company designed the center section of the Capitol, while Tourtellotte and Hummel, successor to the original firm, designed the east and west wings.





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

December 16, 2009

To: The Honorable C.L. "Butch" Otter, Governor
Members of the Legislature
Citizens of the State of Idaho

As the State's Chief Fiscal Officer, I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009, 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. I am confident the data presented is accurate in all material respects and fairly sets forth the financial position and results of state operations based upon the internal control structure established by management. The cost of internal controls should not outweigh their benefits; therefore, management designed the framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

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, 2009. 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. The State issues a separate single audit 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 is bordered on the south by Utah and Nevada, on the east by Wyoming and Montana, on the west by Washington and Oregon, and on the north by Canada. Idaho has a population of 1.5 million people.

State 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. The governmental funds for which budgets are annually appropriated are 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. The appropriate department must approve all claims presented for payment. The expenditure must be for a purpose intended by law, and a sufficient existing and unexpended appropriation balance must be available. 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

Economy

Overall, the economy is showing signs of stabilization. While most economists believe the recession is over, the unemployment rate is expected to increase during the remainder of 2009 and to recede only gradually as the recovery takes hold. The unemployment rate increased from 6.6 percent in October 2008 to 8.9 percent in October 2009. The number of unemployed Idahoans has risen from nearly 27,000 to more than 67,000 since December 2007. Idaho paid out \$123.0 million in unemployment benefits in 2007. That number increased in 2008, and again in 2009 reaching nearly \$400 million. In the past three years, employers have paid less in taxes than was needed to pay benefits draining the trust fund used to pay unemployment benefits. Despite a recent tax rate increase to employers, the trust fund will see another deficit in 2010. To date, Idaho has borrowed \$75.0 million from the federal government to pay benefits to the unemployed, this amount is estimated to rise to \$210.0 million by the time the unemployment rate stabilizes.

Nonfarm employment fell in 2008 and is forecast to decline again in 2009 and 2010. This is the first time in almost thirty years that nonfarm employment has declined for three consecutive years. There were 647,931 jobs in 2008 compared to a low of 599,062 jobs estimated for 2010, which is the lowest number of jobs since 2005. Strained government budgets combined with slowing population growth will decrease Idaho's government employment over the next few years. Because of decreased revenue, funding for government employment has been drastically cut. On a positive note, employment in Idaho is expected to rise slightly, by about 1000 people in the second quarter of 2010, due to local hiring for the United States census.

Although Idaho's population is expanding, it is doing so at a decelerated rate. Prior to 2008, the State's population grew at or above 2 percent. During 2008 the population increased by a mere 1.8 percent. Population growth is expected to recover by 2012 reaching an estimated 1.6

million, up from just over 1.5 million in 2008. Economists estimate a 1 percent increase in 2010, and a 1.7 percent increase in 2011.

The Division of Financial Management's forecast shows Idaho's General Fund revenue declined 15.2 percent in fiscal year 2009 and will decline another 3.6 percent in fiscal year 2010; the first time it has declined for two consecutive years.

Goods-producing industries include manufacturing, mining, and construction. The largest of Idaho's goods-producing industries is manufacturing, which includes logging and wood products, metal fabrication, machinery, computer and electronics, food processing, printing, and chemicals. The current decade has been challenging for these industries.

In 2008 and 2009 computer and electronics jobs were shed at double-digit rates. Economists expect this sector's employment base to continue shrinking through 2011. Idaho's computer and electronic employment is predicted to fall from 14,298 jobs in 2008 to a low of 9,451 jobs in 2011 largely due to a soft forecast for business equipment investment.

The national housing downturn has placed a heavy toll on Idaho's logging and wood products industry. The decline in housing starts has led to the decline in lumber and wood products employment for the State. Housing starts should begin to rise in 2010, however, employment for this sector is expected to decline from 8,104 jobs in 2008 to 5,830 jobs in 2009; its lowest level since 1991. Although Idaho lumber and wood products employment is forecast to drop in 2009, it is expected to recover to 8,167 jobs by 2012.

The fall of the housing market has also affected Idaho's construction industry. Construction employment declined by 25 percent from the previous year; 3.8 percent higher than the rate forecast. Because of this drop, employment is expected to decline more steeply hitting its cyclical bottom with 28,938 jobs in the first quarter of 2011, compared to the high of 52,618 jobs in 2007. Although employment for this sector seems grim, the forecast would have been weaker if it were not for construction projects funded by federal stimulus dollars.

Idaho's mining sector has suffered employment declines due to the global recession and the outlook for tight credit. With mineral prices dropping, several mining companies have faced financial troubles. Sterling Mining ceased operations at the Sunshine Mine, while U.S. Silver cut its employees' pay 10 percent. Idaho metal ore mining production is forecast to decrease this year and next, causing mining employment to drop both years as well. Jobs are predicted to decrease from 2,743 in 2008 to an estimated 1,800 in 2010. Economists predict Idaho mining employment to begin growing in 2011, reaching just over 2,100 jobs in 2012.

Idaho's nongoods-producing employment faced a rare decline in 2009 but is forecast to experience modest growth in 2011. Although jobs are expected to increase in 2011, they will not reach the number of jobs in 2008, which was 535,607, until 2012 when the estimated number of jobs reaches 535,926. This sector consists of two main categories: services and trade.

Although the service sector is traditionally one of the State's most consistent job engines, it is on course to post its first year-over-year job decline on record. Reaching a high of 306,393 jobs in 2008, or about half of all the jobs in Idaho, it declined at an annual rate of 7.2 percent in the second quarter of 2009 and is estimated to end the year with 293,032 jobs. This sector is predicted to see a slight increase of 0.1 percent in 2010 and 1.7 percent in 2011.

Idaho trade employment accounted for 17 percent of total nonfarm employment last year despite decreasing employment rates. Employment declined 9.3 percent in the first quarter of 2009 and is predicted to reach a low of 101,582 jobs in 2010, shedding nearly 10,000 jobs since the recession began. On a positive note, forecasts show increases in 2010 and 2011 of 1.3 percent and 2.6 percent, respectively, bringing job totals to 105,655 in 2011.

Idaho's nominal personal income is expected to advance a modest 2.4 percent or \$50.1 million in 2010 while real personal income, which is adjusted for inflation, should grow to \$45.3 million or 1.1 percent. Idaho's real personal income decreased in 2008 and 2009 by 4.1 percent, but is forecast to increase by 1.1 percent in 2010 and 2 percent in 2011 to \$46.2 million. By the fourth quarter of 2011 real personal income is predicted to return to the level it was in 2007.

Long-Term Financial Planning

For the first time in budgeting history, Idaho's 2010 General Fund revenue is predicted to be less than the previous year for two consecutive years. In addition, the American Recovery and Reinvestment Act of 2009 (ARRA) was passed by Congress and signed into law by the President. Reduced revenue combined with federal stimulus money made the State's 2010 budget-setting process the first of its kind. Permanent base reductions were incorporated into the fiscal year 2010 budget for all agencies, ranging from 2 to 6 percent, in addition to the overall 8 percent reductions made in fiscal year 2009. Federal funding from ARRA will help the State increase unemployment benefits; reduce Idaho's portion of Medicaid expenses; and provide funding for education, public safety, and other government services.

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 funds 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. The fiscal year 2009 ending fund balances in the reserve funds were as follows: budget stabilization fund, \$128.2 million; economic recovery fund, \$68.8 million; and public education stabilization fund, \$18.0 million.

Major Initiatives

Health and Human Services. The General Fund appropriation for the Department of Health and Welfare's 2010 budget was \$457.1 million, of which 67 percent is to be used for Medicaid. In addition, the Department was appropriated money from dedicated and federal funds for a total of \$2.0 billion. This is an overall increase of 5.3 percent from last year and is due entirely to federal funds. The largest portion of federal funds will help pay for weatherization, food stamps and administration, and child care and development.

Public Schools. The total appropriation for fiscal year 2010 was \$1.71 billion, an increase of 0.4 percent from the previous year. This slight increase was a result of federal stimulus dollars, which helped to ease the financial burden on Idaho's public schools. Although stimulus money helped cover budget gaps, salaries for administrators were reduced by 5 percent. Teachers and classified staff saw a 2.63 percent reduction. Appropriation bills include funding for 105 new support units, school supplies, and a review of the pupil transportation program. Federal dollars will help fund the Idaho Digital Learning Academy, the Idaho Safe and Drug-Free Schools program, the Idaho Reading Initiative, the Limited English Proficiency program, ISAT remediation, and the Idaho Math Initiative.

Transportation. The Legislature granted the Idaho Transportation Department a fourth consecutive year of bonding authority for the issuance of Grant Anticipation Revenue Vehicle (GARVEE) bonds to finance an additional \$82.0 million of highway transportation projects around the State. The Idaho Transportation Department will see an overall increase in their 2010 budget primarily due to federal stimulus dollars, revenue enhancement actions, and less GARVEE debt service required for fiscal year 2010. The Idaho Transportation Department's total appropriation for 2010 was \$538.6 million. Most of the additional revenue will be used by the Divisions of Contract Construction and Right-

of-Way Acquisition, Highway Operations, and Motor Vehicles.

Department of Correction. A total appropriation of \$169.6 million from state, dedicated, and federal funds is an overall reduction of \$27.2 million, or 13.8 percent. Savings will be achieved by slowing inmate population growth by providing alternatives to prison such as community based treatments, programs, and accelerated paroles. In addition, the State is housing inmates in Idaho rather than sending them out of state.

Superintendent of Public Instruction. The Superintendent of Public Instruction received a total appropriation of \$34.3 million for fiscal year 2010, an overall increase of 32.6 percent. The increase is due to the receipt a federal grant, which is to be used for the Longitudinal Data System and student assessment responsibilities including: the Idaho Standards Achievement Test (ISAT), the Idaho English Language Assessment (IELA), for limited English proficient students, and the National Assessment of Educational Progress.

Permanent Building Fund. The Legislature appropriated a total of \$27.4 million from the Permanent Building Fund, \$20.5 million for repair and maintenance projects, and \$6.9 million for four capital projects. The two largest projects include \$2.0 million for life/safety repairs on the Kibbie Dome at the University of Idaho and \$4.3 million for the remodel of Seiter Hall at North Idaho College.

Colleges and Universities. Although the appropriation for the four institutions in the State's college and university system reflected an 11.9 percent reduction from the General Fund, the appropriation included \$13.7 million in federal stimulus dollars. Those dollars will be spent for faculty and staff at the Center for Advanced Energy Studies and for the Center for Livestock and Environmental Studies at the University of Idaho.

Office of Drug Policy. For fiscal year 2010, \$6.1 million was appropriated for statewide substance abuse services. In addition, the Legislature supported a distribution of \$5.0 million from the Millennium Fund for programs that assist with the prevention and cessation of drug and tobacco use.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada 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, 2008. This is the twelfth consecutive year that the State of Idaho achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles

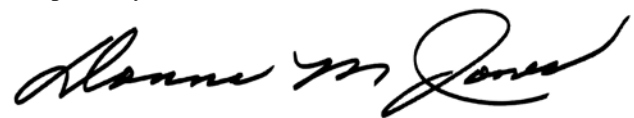
and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility 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 State also received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Citizens' Report for the fiscal year ended June 30, 2008. This is the eleventh consecutive year the State has received this 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 with contents that conform to program standards of creativity, presentation, understandability, and reader appeal.

The Public Employee Retirement System of Idaho (PERSI) has prepared a Comprehensive Annual Financial Report for the System for the last eighteen years. The PERSI also received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2008.

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 true dedication and professionalism. Their independent and critical review of this CAFR truly serves the citizens of Idaho. Credit must also be given to Governor Otter and other state leaders for their support in maintaining the highest standards of professionalism in 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, 2008

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.



A stylized, handwritten signature in black ink.

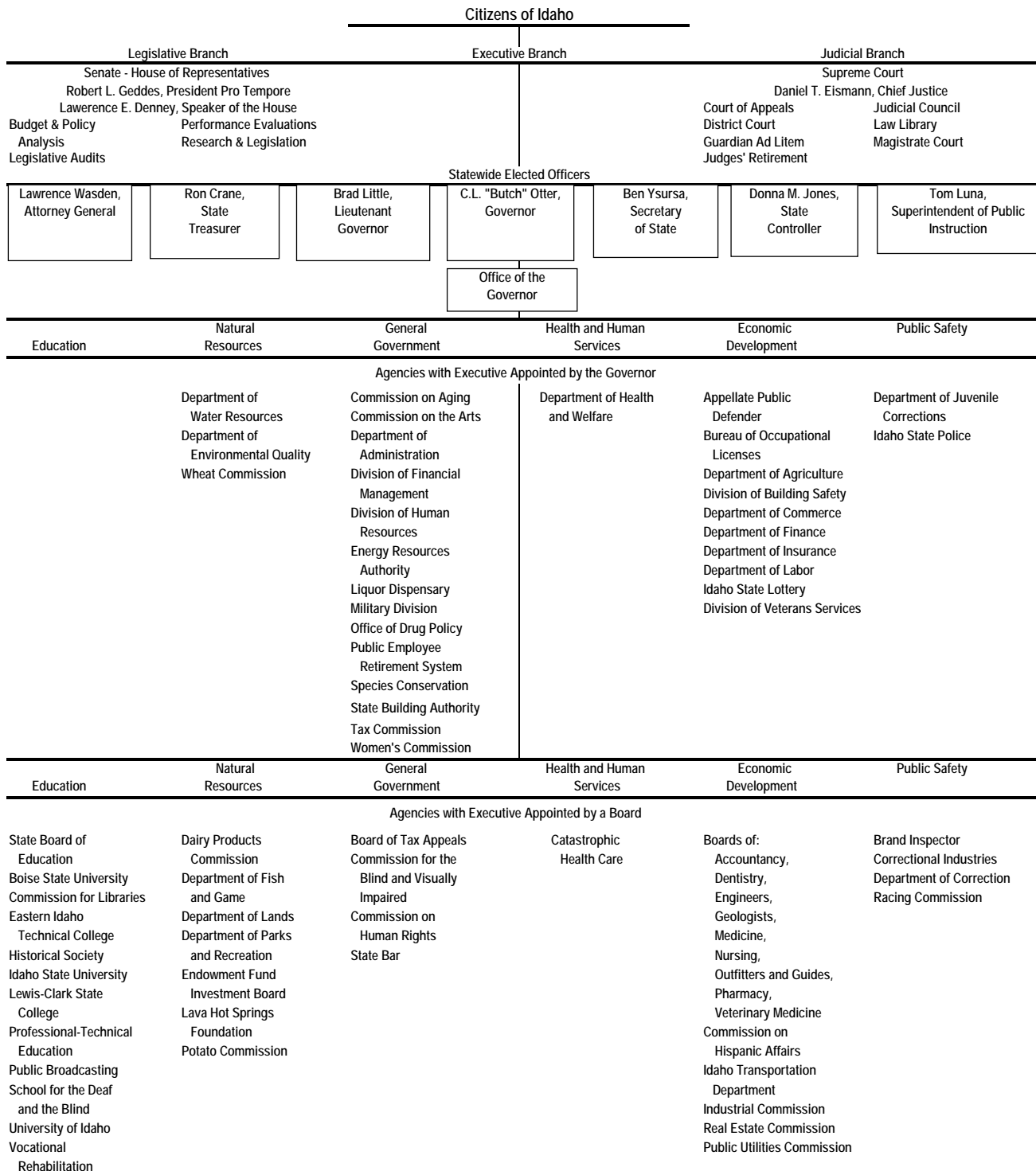
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



2009 Organization Chart
Idaho State Government
State Agencies Based on Gubernatorial Appointment Authority



Prepared by the Division of Financial Management; modified by the Office of the State Controller.

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 Crane
State Treasurer



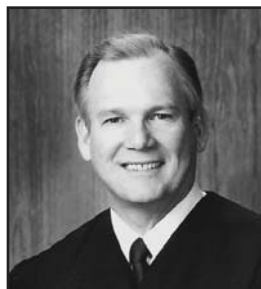
Lawrence Wasden
Attorney General



Tom Luna
*Superintendent of
Public Instruction*



Lawrence E. Denney
*Speaker,
Idaho House of
Representatives*



Daniel Eismann
*Chief Justice,
Idaho Supreme Court*



Robert L. Geddes
*President,
Pro Tempore
Idaho State Senate*

Financial Section

State Controller Donna Jones and Deputy Controller Scott Phillips check out a newly uncovered century-old elevator. During the restoration, construction workers uncovered an ornate elevator from behind a bookcase in a closed-off elevator shaft. The Otis elevator was built around 1900 and despite some dust, its buttons, bell, and brass filigree were undamaged.



Located in the State Treasurer's office, this original vault containing a large safe made by the Manganese Steel Safe Co. of New York is still in use.



Located in the garden level of the Capitol, this safe was made by the Diebold Safe and Lock Company of Canton Ohio.



Original circular stairway in the central rotunda dome. The stairway leads to the attic of the dome where a convex plaster disc is suspended from the apex. Visitors from the first through fourth floors will be able to see the recently cleaned disc which hosts 43 stars on a blue background.



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 16, 2009

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, 2009, 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, 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:

| <u>Government-Wide Financial Statements</u> | <u>Percent of Assets</u> | <u>Percent of Revenues</u> |
|--|------------------------------|--------------------------------|
| Primary Government - Governmental Activities | 15.8% | 1.1% |
| Primary Government - Business-Type Activities | 70.4% | 66.3% |
| Aggregate Discretely Presented Component Units | 100.0% | 100.0% |
| <u>Fund Financial Statements</u> | <u>Percent of Assets</u> | <u>Percent of Revenues</u> |
| Governmental Funds and Land Endowments | 100.0% | 100.0% |
| Proprietary Funds | | |
| College and Universities - Major Fund | 100.0% | 100.0% |
| Aggregate Remaining Fund Information | 75.7% | 29.6% |

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

Tel: 208-334-2475
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, Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, and University of Idaho and their respective component units 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, 2009, 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 98 through 103, 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,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a stylized flourish extending from the end.

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, 2009. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and the State's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights

The assets of the State's primary government exceeded its liabilities for the fiscal year ended June 30, 2009, by \$8.5 billion (reported as net assets). Of this amount, \$960.8 million (unrestricted net assets) may be used to meet the State's ongoing obligations to citizens and creditors.

In fiscal year 2009 the State's total net assets decreased by \$540.5 million. Net assets of governmental activities decreased by \$402.0 million, while net assets of business-type activities decreased by \$138.5 million.

Fund Highlights

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.2 billion, with \$1.1 billion reserved for specific purposes and \$1.1 billion unreserved. This includes the General Fund's unreserved fund balance of \$631.4 million.

Long-Term Debt

The State's long-term debt increased \$133.5 million from \$880.0 million in fiscal year 2008 to \$1.0 billion in fiscal year 2009. The key factors in this increase were bonds and notes issued by the Idaho Transportation Department, the Unemployment Compensation fund, and the colleges and universities.

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 report 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 resource 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. Revenues from taxes and federal grants finance 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 from and financially accountable to the State; or their relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. 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 specific activities or objectives. 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements and capabilities. 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). By comparing the information presented for governmental funds with similar information presented in the government-wide financial statements, you may better understand 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 for the State's programs and activities. 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 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the component unit financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes the following:

- Budgetary comparison schedules reconciling the statutory operating activities and the generally accepted accounting principles operating activities and fund balances, as presented in the governmental fund financial statements
- 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 are presented after the required supplementary information to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements tie to 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 \$8.5 billion for the most recent

fiscal year. The State's combined net assets decreased \$540.5 million over the course of this fiscal year's operations. Net assets of governmental activities decreased \$402.0 million and business-type activities net assets decreased \$138.5 million.

Net Assets
June 30, 2009 and 2008
(dollars in thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|-----------------------------|------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| | 2009 | 2008* | 2009 | 2008* | 2009 | 2008* |
| Current and Other Assets | \$3,577,268 | \$4,300,819 | \$1,127,659 | \$1,274,764 | \$4,704,927 | \$5,575,583 |
| Capital Assets | 5,234,661 | 4,885,243 | 1,002,809 | 957,410 | 6,237,470 | 5,842,653 |
| Total Assets | 8,811,929 | 9,186,062 | 2,130,468 | 2,232,174 | 10,942,397 | 11,418,236 |
| Other Liabilities | 1,038,059 | 1,076,101 | 197,502 | 196,123 | 1,235,561 | 1,272,224 |
| Long-Term Liabilities | 723,219 | 657,273 | 533,436 | 498,071 | 1,256,655 | 1,155,344 |
| Total Liabilities | 1,761,278 | 1,733,374 | 730,938 | 694,194 | 2,492,216 | 2,427,568 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, | | | | | | |
| Net of Related Debt | 4,721,700 | 4,450,353 | 560,232 | 516,949 | 5,281,932 | 4,967,302 |
| Restricted | 1,566,748 | 1,950,190 | 640,725 | 830,375 | 2,207,473 | 2,780,565 |
| Unrestricted | 762,203 | 1,052,145 | 198,573 | 190,656 | 960,776 | 1,242,801 |
| Total Net Assets | \$7,050,651 | \$7,452,688 | \$1,399,530 | \$1,537,980 | \$8,450,181 | \$8,990,668 |

*These columns have been restated. More detailed information can be found in Note 13.

The largest component of the State's net assets, 62.5 percent (\$5.3 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. Capital assets increased \$394.8 million during the year mainly due to highway improvements, the Capitol restoration, and various state building additions and improvements.

Restricted net assets are the next largest component, comprising 26.1 percent (\$2.2 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 11.4 percent (\$960.8 million) 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 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, 2009 and 2008

(dollars in thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Total Percent Change |
|------------------------------------|------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|
| | 2009 | 2008* | 2009 | 2008* | 2009 | 2008* | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | \$614,306 | \$657,119 | \$767,667 | \$754,366 | \$1,381,973 | \$1,411,485 | (2.1) |
| Operating Grants and Contributions | 2,034,795 | 1,955,236 | 293,673 | 244,954 | 2,328,468 | 2,200,190 | 5.8 |
| Capital Grants and Contributions | 8,892 | 906 | 21,154 | 29,478 | 30,046 | 30,384 | (1.1) |
| General Revenues | | | | | | | |
| Sales Tax | 1,177,106 | 1,334,032 | | | 1,177,106 | 1,334,032 | (11.8) |
| Individual and Corporate Taxes | 1,320,968 | 1,599,881 | | | 1,320,968 | 1,599,881 | (17.4) |
| Other Taxes | 400,602 | 414,660 | | | 400,602 | 414,660 | (3.4) |
| Other | 67,233 | 80,168 | | | 67,233 | 80,168 | (16.1) |
| Total Revenues | 5,623,902 | 6,042,002 | 1,082,494 | 1,028,798 | 6,706,396 | 7,070,800 | (5.2) |
| Expenses | | | | | | | |
| General Government | 450,875 | 463,125 | | | 450,875 | 463,125 | (2.6) |
| Public Safety and Correction | 326,125 | 324,843 | | | 326,125 | 324,843 | 0.4 |
| Health and Human Services | 2,115,148 | 1,818,932 | | | 2,115,148 | 1,818,932 | 16.3 |
| Education | 1,850,258 | 1,796,160 | | | 1,850,258 | 1,796,160 | 3.0 |
| Economic Development | 743,811 | 756,677 | | | 743,811 | 756,677 | (1.7) |
| Natural Resources | 241,108 | 243,925 | | | 241,108 | 243,925 | (1.2) |
| Interest Expense | 46,767 | 45,530 | | | 46,767 | 45,530 | 2.7 |
| College and University | | | 896,993 | 875,586 | 896,993 | 875,586 | 2.4 |
| Unemployment Compensation | | | 338,600 | 171,918 | 338,600 | 171,918 | 97.0 |
| Loan | | | 5,910 | 2,267 | 5,910 | 2,267 | 160.7 |
| State Lottery | | | 105,780 | 102,065 | 105,780 | 102,065 | 3.6 |
| Liquor Dispensary | | | 117,185 | 112,476 | 117,185 | 112,476 | 4.2 |
| Correctional Industries | | | 8,323 | 7,574 | 8,323 | 7,574 | 9.9 |
| Total Expenses | 5,774,092 | 5,449,192 | 1,472,791 | 1,271,886 | 7,246,883 | 6,721,078 | 7.8 |
| Increase (Decrease) in Net | | | | | | | |
| Assets before Transfers | (150,190) | 592,810 | (390,297) | (243,088) | (540,487) | 349,722 | (254.5) |
| Transfers | (251,847) | (264,027) | 251,847 | 264,027 | 0 | 0 | |
| Change in Net Assets | (402,037) | 328,783 | (138,450) | 20,939 | (540,487) | 349,722 | (254.5) |
| Net Assets, Beginning | | | | | | | |
| of Year, as Restated | 7,452,688 | 7,123,905 | 1,537,980 | 1,517,041 | 8,990,668 | 8,640,946 | 4.0 |
| Net Assets, End of Year | \$7,050,651 | \$7,452,688 | \$1,399,530 | \$1,537,980 | \$8,450,181 | \$8,990,668 | (6.0) |

*These columns have been restated. More detailed information can be found in Note 13.

The Total Percent Change column shows the percentage change in operations from fiscal year 2008 to 2009 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., 160.7 percent for the Loan fund of \$3.6 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., 16.3 percent for Health and Human Services of \$296.2 million).

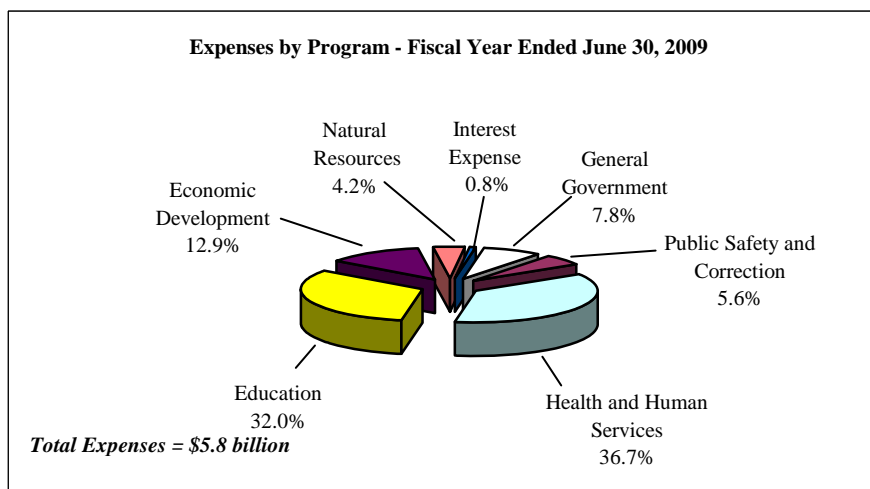
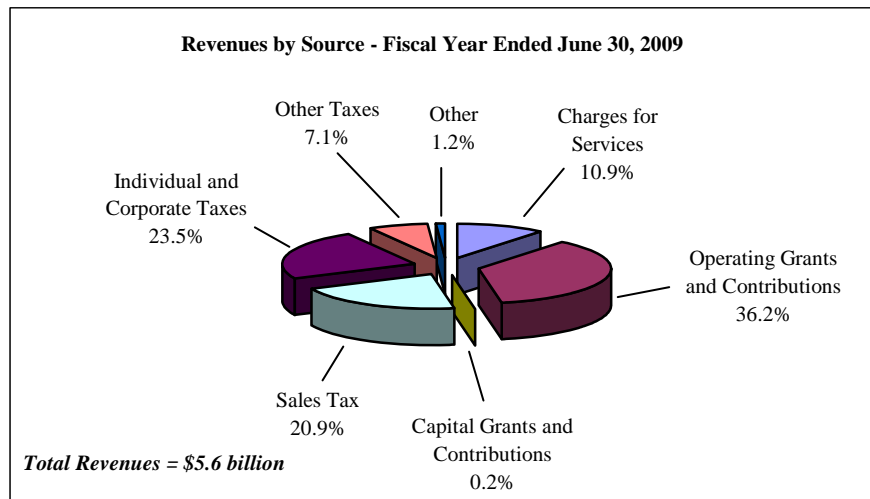
Governmental Activities

The overall financial position for Governmental Activities deteriorated during the fiscal year, as evidenced by the \$402.0 million decrease in net assets. The key elements of this decrease were a 17.4 percent decrease (\$278.9 million) in individual and corporate tax revenue; an 11.8 percent decrease (\$156.9 million) in sales tax revenue; and a 6.5 percent decrease (\$42.8 million) in charges for services related mainly to the decrease in fair market value of investments throughout most governmental funds. These decreases were offset in part by a 4.1 percent increase (\$79.6 million) in operating grants and contributions revenues, primarily

from federal grant revenue for health care assistance and education.

Health and Human Services expenses increased during the year by 16.3 percent (\$296.2 million) due to greater medical assistance payments, mainly related to Medicaid and rehabilitation services. Education expenses increased by 3 percent (\$54.1 million) due to an increased public school distribution for operating expenses. General Government expenses decreased by 2.6 percent (\$12.3 million) primarily due to legislative changes to retiree health care benefits.

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

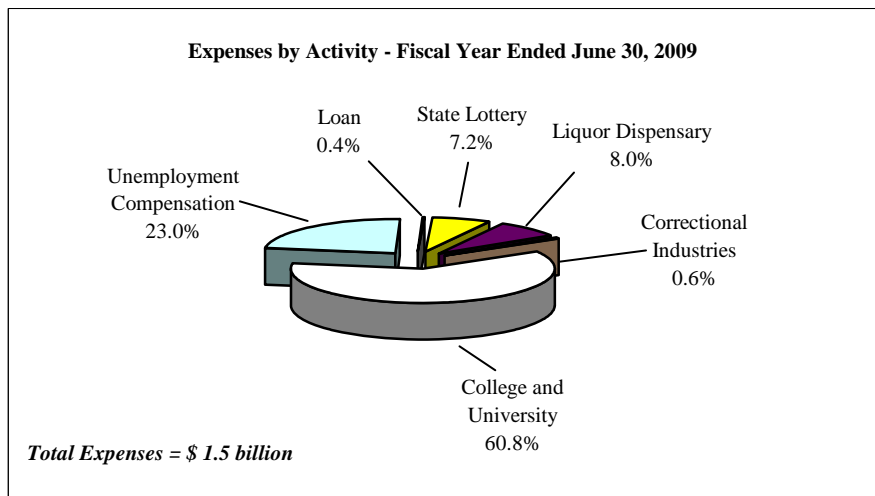
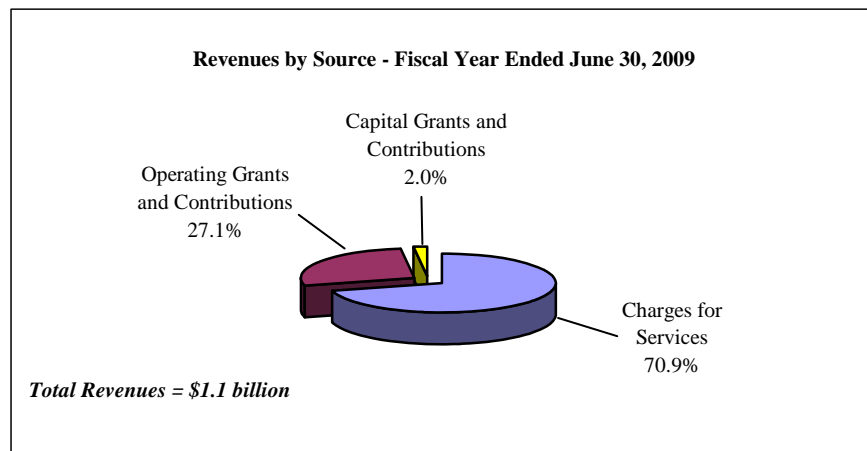


Business-Type Activities

Net assets for Business-type activities decreased by \$138.5 million in fiscal year 2009. The largest changes were seen in the following funds:

- The Unemployment Compensation fund net assets decreased by \$187.4 million primarily due to a \$166.9 million increase in unemployment compensation benefits as the slowdown in the national economy affected Idaho's economy. This decrease was offset in part by an increase of \$30.3 million in federal grant revenue for unemployment benefits.
- Loan fund net assets increased by \$36.8 million primarily due to an increase in federal grants of \$9.1 million to provide loans to municipalities to make improvements to wastewater and drinking water systems. Grant revenues were offset in part by an increase in services and supplies expense of \$3.9 million.
- College and University fund net assets increased by \$11.3 million primarily due to an increase of \$17.5 million in student tuition and fees, and an increase of \$7.4 million in transfers in from the State's General Fund. These increases were offset in part by an increase of \$22.6 million in personnel costs; an increase of \$6.5 million in scholarships and fellowships; and a decrease of \$10.0 million in investment income, primarily due to a decrease of \$12.8 million in the fair market value of investments.

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



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

At the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.2 billion, a decrease of \$691.7 million in comparison with the prior fiscal year. Of the \$2.2 billion, \$1.1 billion (52.4 percent) constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds, but may be limited by state statutes. The remainder of the fund balance, \$1.1 billion (47.6 percent), is reserved to indicate that it is not available for new spending because it has been reserved for various commitments such as bond retirement, liquidation of purchase orders and contracts of the prior period, and permanent trusts held for education.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance was \$631.4 million and reserved fund balance was \$116.6 million. Total fund balance decreased \$431.3 million (36.6 percent) during the fiscal year primarily as a result of decreased individual and corporate income tax of \$261.7 million, sales tax revenue of \$158.2 million, investment income of \$28.0 million, an increase of \$56.2 million in education expenses, and an increase of \$46.8 million in capital expenditures. Intergovernmental revenue sharing decreased by \$13.8 million, mainly due to reduced sales tax revenue.

Health and Welfare's fund balance decreased \$20.1 million during the fiscal year primarily as a result of increased expenditures of \$319.7 million due to greater Medicaid and rehabilitation services and income assistance payments and a decrease of \$40.2 million transferred in from the General Fund. These decreases were offset in part by an increase of \$318.6 million in federal grant revenue.

Transportation's fund balance decreased \$11.5 million during the current fiscal year primarily as a result of a decrease of \$63.3 million in federal grants for highway improvements. The decrease in revenue was offset in part by a decrease of \$41.6 million in capital outlay expenditures. (The proceeds and expenditures from Grant Anticipation Revenue Vehicle (GARVEE) bonds are reported separately as a capital projects fund in the nonmajor governmental funds, described below.)

Land Endowments' fund balance decreased \$205.5 million in the current fiscal year, due mainly to a \$175.0 million decrease in the fair market value of investments, primarily due to a decline in equity prices associated with the economic downturn and an unprecedented liquidity crisis in fixed income markets.

Nonmajor governmental fund balances decreased by \$23.3 million during the fiscal year, mainly due to increased capital expenditures of \$62.9 million for transportation infrastructure and \$15.2 million for state buildings. In addition, \$151.0 million in notes payable were issued for highway projects and \$1.7 million in bonds were issued for state buildings. Expenditures were offset by an increase of federal grant revenue of \$33.0 million, related mainly to education and miscellaneous programs.

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

The General Fund cash balance carried forward from fiscal year 2008 was \$248.8 million. The General Fund revenue forecast for fiscal year 2009 of \$3.0 billion was revised downward by \$451.5 million (15 percent) to \$2.6 billion. Actual revenue collections for the General Fund of \$2.5 billion fell short of the legislatively accepted forecast by \$94.8 million. Overall, the fiscal year 2009 collections were 15.3 percent lower than the previous year. The cash balance carried over into fiscal year 2010 was \$13.4 thousand.

The General Fund Budgetary Comparison Schedule for fiscal year 2009 shows an original expenditures budget of \$3.4 billion, which is a 2.9 percent increase over the previous year's \$3.3 billion. However, the rapidly changing economic situation led to uncertain revenue projections and the Legislature cut agency budgets by \$182.4 million. Public schools were kept harmless from budget cuts by using \$85.1 million from the Public Education Stabilization Fund to maintain original appropriation levels. The variance between the original budget and the final budget in the expenditures section of the General Fund Budgetary Comparison Schedule is \$59.1 million, a 1.7 percent decrease in original expenditure appropriations. 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 variance between the final budget and actual spending was a favorable \$172.4 million (5.1 percent).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009 the State had \$6.2 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below.

Depreciation charges for this fiscal year totaled \$108.1 million.

Capital Assets as of June 30, 2009 and 2008

(Net of depreciation, dollars in thousands)

| | Governmental | | Business-type | | Total | |
|-----------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| | Activities | | Activities | | Primary Government | |
| | 2009 | 2008 | 2009 | 2008* | 2009 | 2008* |
| Land | \$973,479 | \$948,599 | \$70,865 | \$68,800 | \$1,044,344 | \$1,017,399 |
| Construction in Progress | 1,088,195 | 968,930 | 56,950 | 73,337 | 1,145,145 | 1,042,267 |
| Infrastructure--not Depreciated | 2,030,524 | 1,919,944 | | | 2,030,524 | 1,919,944 |
| Historial Art and Collections | 122 | 122 | 2,158 | 2,144 | 2,280 | 2,266 |
| Intangible Assets | | | 24,382 | 44,382 | 24,382 | 44,382 |
| Buildings and Improvements | 435,138 | 409,521 | 730,153 | 654,398 | 1,165,291 | 1,063,919 |
| Improvements Other Than Buildings | 47,924 | 41,845 | 20,738 | 21,568 | 68,662 | 63,413 |
| Machinery, Equipment, and Other | 132,556 | 125,370 | 97,563 | 92,781 | 230,119 | 218,151 |
| Infrastructure--Depreciated | 526,723 | 470,912 | | | 526,723 | 470,912 |
| Total | \$5,234,661 | \$4,885,243 | \$1,002,809 | \$957,410 | \$6,237,470 | \$5,842,653 |

*These columns have been restated. More detailed information can be found in Notes 6 and 13.

The total increase in investment in capital assets for the current fiscal year (including additions and deductions) was \$394.8 million, or 6.8 percent. This year's major additions include \$432.3 million spent for infrastructure assets, which includes construction in progress of \$213.1 million, roadways of \$122.7 million, rights-of-way of \$24.8 million, and bridges and ports of entry of \$71.7 million.

The State uses the traditional method of depreciation for its 1,761 bridges and 39 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 11,944 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 pavement surface condition rating is a numerical condition scale ranging from 0.0 (extremely poor) to 5.0 (good). A roadway surface is considered substandard under this approach at less than 2.0. The State's established condition level is to have no more than 18 percent of road surfaces in substandard condition. The latest condition assessment rating showed that the State had 80 percent of its road surfaces in good or fair condition, down from 81 percent in condition assessment year 2007. During fiscal year 2009 the State spent \$103.7 million to maintain Idaho's road surfaces. This amount is 22 percent (\$18.7 million)

above the estimated amount of \$85.0 million to maintain Idaho's road surfaces. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the Idaho Transportation Department has provided all available funds to meet these goals. Despite this best effort, funding has not kept up with increasing costs and needs. The Idaho Transportation Department is working with the Governor's Office and the Idaho Legislature to identify the options and appropriate funding for transportation needs in Idaho. In addition, the condition level of state roadways will be reviewed and set at the appropriate level. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the notes to 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 \$151.0 million in notes payable for highway projects; colleges and universities issuing revenue bonds of \$42.6 million to refund several outstanding bonds and to fund designated projects; and the Idaho Department of Labor issuing \$27.0 million in notes payable for unemployment compensation benefits.

Moody's Investors Service assigned the State of Idaho an issuer rating of Aa2, 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. Appropriation-backed lease rental debt issued by the Idaho State Building Authority is rated Aa3, with a stable outlook. The State's conservative debt policies have led to modest state debt levels, falling well below national medians; however, the transportation debt program will increase state debt significantly in the next few years. 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

Idaho's economy is experiencing the results of turmoil in national and global financial markets and a slowing of statewide employment. In October 2009 Idaho's unemployment rate jumped to 8.9 percent. Except for health care, every major sector of Idaho's economy, including government, had fewer jobs in October than last year. The number of Idaho workers without jobs rose to a record 67,300 as employers held October hiring to the lowest level since record-keeping began in 1998, and 22 percent below 2008's previous low for October.

Over \$43.0 million in state and federal unemployment benefits were paid to a weekly average of 37,300 jobless

workers during October. Half the workers signing up for benefits are exhausting their regular state allotment without finding jobs and moving onto federal benefits. At the end of June federal benefits accounted for less than 42 percent of total benefit payments in Idaho. Since then the federal share has risen to over 55 percent. Over 2,300 Idaho workers have already used up all their benefits—state and federal—and more than 100 workers a week are joining that group.

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 at the urging of President Obama. A direct response to the economic crisis, the Recovery Act's goals are to create new jobs as well as save existing ones, spur economic activity and invest in long-term economic growth, and foster unprecedented levels of accountability and transparency in government spending. Of the total \$787.0 billion in Recovery funds, Idaho was awarded \$491.7 million (\$232.4 million for education, \$51.0 million for health and human resources, \$76.7 million for natural resources, \$66.4 million for economic development, \$56.3 million for general government, and \$8.9 million for public safety). Idaho information related to the American Recovery and Reinvestment Act of 2009 can be obtained at <http://accountability.idaho.gov>.

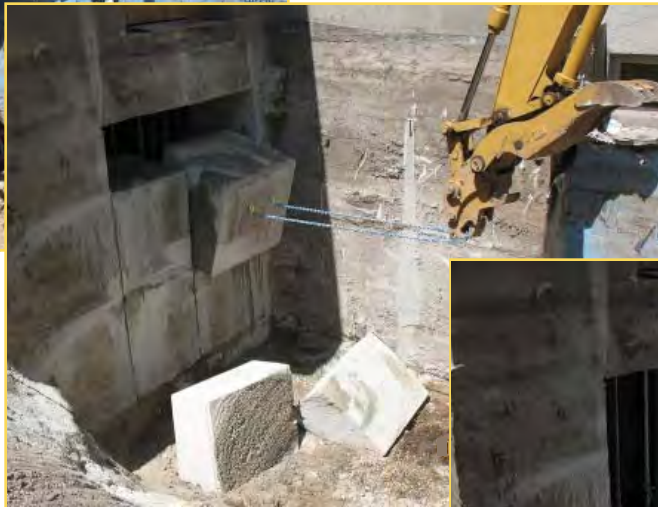
The economic uncertainty and a decline in tax collections prompted Governor C.L. "Butch" Otter to order state budget reductions of \$98.9 million from the General Fund for fiscal year 2010. The budget reduction is tiered and applies to most departments, agencies, and institutions of the Executive Branch that report to the Governor, and which draw support from the General Fund. Additionally, the constitutional officers and the court system agreed to join in the budget reductions.

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.

Basic Financial Statements

Sitting one story below street level, this diamond-tipped wire saw was used to open the new southern entrances to the Capitol.



After the concrete was cut, the 42-inch thick blocks were removed from the old basement wall to make way for a new path which will allow visitors to enter the building directly through the new garden level.

Photos courtesy of the Idaho Capitol Commission

State of Idaho**Statement of Net Assets****June 30, 2009***(dollars in thousands)*

| | Primary Government | | |
|---|-------------------------|--------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$12,516 | \$109,712 | \$122,228 |
| Pooled Cash and Investments | 920,080 | 79,765 | 999,845 |
| Investments | 1,101,688 | 238,595 | 1,340,283 |
| Securities Lending Collateral | 599,673 | 68,006 | 667,679 |
| Accounts Receivable, Net | 102,689 | 116,217 | 218,906 |
| Taxes Receivable, Net | 279,350 | | 279,350 |
| Internal Balances | 2,563 | (2,563) | |
| Due from Other Entities | 282,623 | | 282,623 |
| Inventories and Prepaid Items | 46,062 | 20,455 | 66,517 |
| Due from Primary Government | | | |
| Due from Component Unit | | 64,618 | 64,618 |
| Loans, Notes, and Pledges Receivable, Net | 15,387 | 272,667 | 288,054 |
| Other Assets | 7,910 | 13,493 | 21,403 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 127,728 | 84,139 | 211,867 |
| Investments | 78,999 | 62,555 | 141,554 |
| Capital Assets: | | | |
| Nondepreciable | 4,092,320 | 154,355 | 4,246,675 |
| Depreciable, Net | 1,142,341 | 848,454 | 1,990,795 |
| Total Assets | \$8,811,929 | \$2,130,468 | \$10,942,397 |
| LIABILITIES | | | |
| Accounts Payable | \$114,553 | \$35,704 | \$150,257 |
| Payroll and Related Liabilities | 33,851 | 35,497 | 69,348 |
| Medicaid Payable | 139,892 | | 139,892 |
| Due to Other Entities | 60,944 | 4,680 | 65,624 |
| Unearned Revenue | 32,339 | 40,640 | 72,979 |
| Amounts Held in Trust for Others | 8,199 | 2,203 | 10,402 |
| Due to Primary Government | | | |
| Due to Component Unit | | 404 | 404 |
| Obligations Under Securities Lending | 600,962 | 68,006 | 668,968 |
| Other Accrued Liabilities | 47,319 | 10,368 | 57,687 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 180,044 | 42,880 | 222,924 |
| Due in More Than One Year | 543,175 | 490,556 | 1,033,731 |
| Total Liabilities | 1,761,278 | 730,938 | 2,492,216 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 4,721,700 | 560,232 | 5,281,932 |
| Restricted for: | | | |
| Claims and Judgments | 83,659 | | 83,659 |
| Debt Service | 8,558 | 553 | 9,111 |
| Intergovernmental Revenue Sharing | 14,735 | | 14,735 |
| Transportation | 156,710 | | 156,710 |
| Regulatory | 60,263 | | 60,263 |
| Natural Resources and Recreation | 80,738 | 330,354 | 411,092 |
| Unemployment Compensation | | 112,686 | 112,686 |
| Permanent Trust - Expendable | 205,397 | 100,119 | 305,516 |
| Permanent Trust - Nonexpendable | 834,251 | 62,392 | 896,643 |
| Other Purposes | 122,437 | 34,621 | 157,058 |
| Unrestricted | 762,203 | 198,573 | 960,776 |
| Total Net Assets | 7,050,651 | 1,399,530 | 8,450,181 |
| Total Liabilities and Net Assets | \$8,811,929 | \$2,130,468 | \$10,942,397 |

The accompanying notes are an integral part of the financial statements

| Component Units | |
|-----------------|--------------------|
| | \$31,692 |
| | 545 |
| | 1,026,627 |
| | 11,833 |
| | 24 |
| | 2,383 |
| | 218,248 |
| | 1,746,810 |
| | 73,255 |
| | 39,701 |
| | 2,790 |
| | 4,421 |
| | 38,542 |
| | <u>\$3,196,871</u> |
| | \$2,605 |
| | 709 |
| | 21,619 |
| | 34,457 |
| | 64,618 |
| | 181,542 |
| | 84,982 |
| | 2,360,185 |
| | <u>2,750,717</u> |
| | 7,196 |
| | 96,379 |
| | 95,625 |
| | 170,529 |
| | 1,607 |
| | 74,818 |
| | <u>446,154</u> |
| | <u>\$3,196,871</u> |

State of Idaho**Statement of Activities****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | | Program Revenues | | |
|---------------------------------------|--------------------|----------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| | Expenses | | | |
| FUNCTIONS | | | | |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$450,875 | \$93,376 | \$55,919 | \$8,258 |
| Public Safety and Correction | 326,125 | 30,925 | 15,663 | 139 |
| Health and Human Services | 2,115,148 | 89,487 | 1,487,968 | |
| Education | 1,850,258 | 11,196 | 246,626 | 391 |
| Economic Development | 743,811 | 256,184 | 339,114 | 8 |
| Natural Resources | 241,108 | 133,138 | (110,495) | 96 |
| Interest Expense | 46,767 | | | |
| Total Governmental Activities | 5,774,092 | 614,306 | 2,034,795 | 8,892 |
| Business-Type Activities | | | | |
| College and University | 896,993 | 339,989 | 235,470 | 21,154 |
| Unemployment Compensation | 338,600 | 130,879 | 34,046 | |
| Loan | 5,910 | 14,513 | 24,157 | |
| State Lottery | 105,780 | 140,316 | | |
| Liquor Dispensary | 117,185 | 132,999 | | |
| Correctional Industries | 8,323 | 8,971 | | |
| Total Business-Type Activities | 1,472,791 | 767,667 | 293,673 | 21,154 |
| Total Primary Government | \$7,246,883 | \$1,381,973 | \$2,328,468 | \$30,046 |
| Component Units | | | | |
| Idaho Housing and Finance Association | \$132,172 | \$97,648 | \$2,577 | |
| College and University Foundation | 48,699 | 4,507 | 27,701 | |
| Petroleum Clean Water Trust Fund | 1,785 | 3,238 | | |
| Health Reinsurance | 12,279 | 5,194 | 967 | |
| Bond Bank Authority | 5,642 | 5,656 | | |
| Total Component Units | \$200,577 | \$116,243 | \$31,245 | |

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**

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|-----------------------------|-------------|--------------------|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| (\$293,322) | | (\$293,322) | |
| (279,398) | | (279,398) | |
| (537,693) | | (537,693) | |
| (1,592,045) | | (1,592,045) | |
| (148,505) | | (148,505) | |
| (218,369) | | (218,369) | |
| (46,767) | | (46,767) | |
| (3,116,099) | | (3,116,099) | |
| | (\$300,380) | (300,380) | |
| | (173,675) | (173,675) | |
| | 32,760 | 32,760 | |
| | 34,536 | 34,536 | |
| | 15,814 | 15,814 | |
| | 648 | 648 | |
| | (390,297) | (390,297) | |
| (3,116,099) | (390,297) | (3,506,396) | |
| | | | (\$31,947) |
| | | | (16,491) |
| | | | 1,453 |
| | | | (6,118) |
| | | | 14 |
| | | | (53,089) |
| 1,177,106 | | 1,177,106 | |
| 1,320,968 | | 1,320,968 | |
| 214,113 | | 214,113 | |
| 186,489 | | 186,489 | |
| 31,094 | | 31,094 | |
| 36,139 | | 36,139 | |
| | | | 7,390 |
| | | | 5,980 |
| (251,847) | 251,847 | | |
| 2,714,062 | 251,847 | 2,965,909 | 13,370 |
| (402,037) | (138,450) | (540,487) | (39,719) |
| 7,452,688 | 1,537,980 | 8,990,668 | 485,873 |
| \$7,050,651 | \$1,399,530 | \$8,450,181 | \$446,154 |

*State of Idaho***Balance Sheet****Governmental Funds****June 30, 2009***(dollars in thousands)*

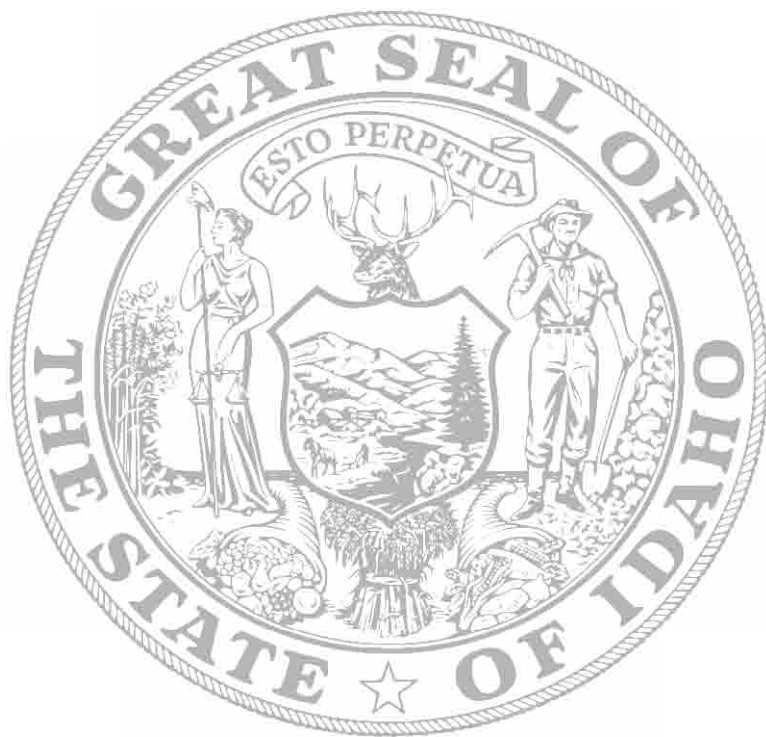
| | General | Health and Welfare | Transportation | Land Endowments |
|--|--------------------|-----------------------|------------------|--------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$899 | | \$6 | |
| Pooled Cash and Investments | 487,154 | \$35,173 | 98,685 | \$3,160 |
| Investments | 86,349 | | 48,769 | 890,804 |
| Securities Lending Collateral | 442,852 | 1,187 | 24,214 | 91,211 |
| Accounts Receivable, Net | 17,412 | 13,364 | 6,191 | 33,461 |
| Taxes Receivable, Net | 253,636 | 161 | 22,945 | |
| Interfund Receivables | 6,670 | 12 | | |
| Due from Other Entities | | 203,917 | 32,982 | |
| Inventories and Prepaid Items | 8,898 | 4,144 | 17,960 | |
| Loans, Notes, and Pledges Receivable, Net | 2,963 | | 341 | |
| Other Assets | 120 | 13 | 283 | 1,459 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 2,381 | 5,834 | 304 | |
| Investments | 65,282 | 2,390 | | |
| Total Assets | \$1,374,616 | \$266,195 | \$252,680 | \$1,020,095 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$25,894 | \$14,869 | \$16,405 | \$4,011 |
| Payroll and Related Liabilities | 11,200 | 7,214 | 4,342 | |
| Medicaid Payable | | 139,892 | | |
| Interfund Payables | 1,597 | 867 | 504 | |
| Due to Other Entities | 33,426 | | 27,511 | |
| Deferred Revenue | 90,499 | 74,517 | 13,256 | |
| Amounts Held in Trust for Others | 185 | 4,443 | 305 | |
| Obligations Under Securities Lending | 442,852 | 1,187 | 24,214 | 92,500 |
| Other Accrued Liabilities | 20,947 | 2,009 | 9,578 | |
| Total Liabilities | 626,600 | 244,998 | 96,115 | 96,511 |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Bond Retirement | | | | |
| Encumbrances | 35,060 | 17,222 | 12,200 | |
| Inventories and Prepaid Items | 8,898 | 4,144 | 17,960 | |
| Noncurrent Receivables | 3,264 | | | |
| Permanent Trusts | 1,734 | | | 767,235 |
| Other Purposes | 67,663 | 5,103 | | |
| Unreserved, Reported in: | | | | |
| General Fund | 631,397 | | | |
| Special Revenue Funds | | (5,272) | 126,405 | |
| Capital Projects Fund | | | | |
| Permanent Funds | | | | 156,349 |
| Total Fund Balances | 748,016 | 21,197 | 156,565 | 923,584 |
| Total Liabilities and Fund Balances | \$1,374,616 | \$266,195 | \$252,680 | \$1,020,095 |

The accompanying notes are an integral part of the financial statements

| Nonmajor Governmental | Total |
|----------------------------------|--------------------|
| \$11,611 | \$12,516 |
| 238,169 | 862,341 |
| 36,170 | 1,062,092 |
| 20,549 | 580,013 |
| 32,211 | 102,639 |
| 2,608 | 279,350 |
| 1,997 | 8,679 |
| 45,724 | 282,623 |
| 12,202 | 43,204 |
| 12,011 | 15,315 |
| 1,132 | 3,007 |
| 78,904 | 87,423 |
| 11,327 | 78,999 |
| <u>\$504,615</u> | <u>\$3,418,201</u> |

| | |
|----------------|------------------|
| \$52,774 | \$113,953 |
| 10,596 | 33,352 |
| | 139,892 |
| 3,646 | 6,614 |
| 7 | 60,944 |
| 24,877 | 203,149 |
| 3,266 | 8,199 |
| 20,549 | 581,302 |
| 10,976 | 43,510 |
| <u>126,691</u> | <u>1,190,915</u> |

| | |
|------------------|--------------------|
| 8,558 | 8,558 |
| 14,055 | 78,537 |
| 12,202 | 43,204 |
| 13,371 | 16,635 |
| | 768,969 |
| 71,797 | 144,563 |
| | 631,397 |
| 257,796 | 378,929 |
| 145 | 145 |
| | 156,349 |
| <u>377,924</u> | <u>2,227,286</u> |
| <u>\$504,615</u> | <u>\$3,418,201</u> |



Reconciliation of the Governmental Funds Balance Sheet**To the Statement of Net Assets****June 30, 2009***(dollars in thousands)***Total Fund Balances - Governmental Funds**

\$2,227,286

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 | \$973,479 | |
| Construction in Progress | 1,088,195 | |
| Infrastructure | 2,727,368 | |
| Historical Art and Collections | 72 | |
| Buildings and Improvements | 682,078 | |
| Improvements Other Than Buildings | 68,173 | |
| Machinery, Equipment, and Other | 335,691 | |
| Accumulated Depreciation | (660,429) | |
| Total Capital Assets | | 5,214,627 |

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.

183,928

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.

121,924

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets.

4,672

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:

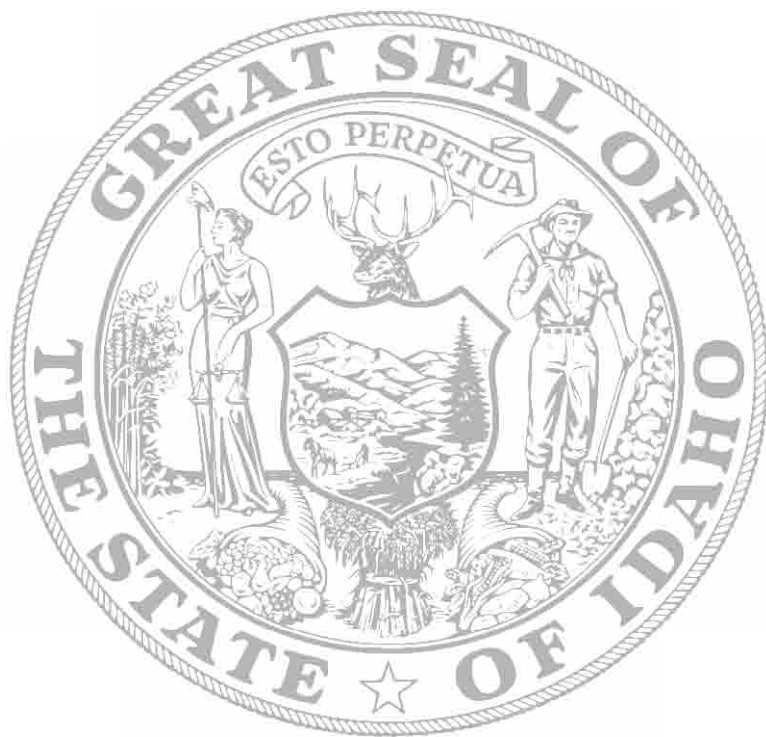
| | | |
|------------------------------|-----------|-----------|
| Capital Leases Payable | (10,524) | |
| Compensated Absences Payable | (54,172) | |
| Bonds and Notes Payable | (498,018) | |
| Accrued Interest on Bonds | (3,632) | |
| Claims and Judgments | (112,935) | |
| Other Long-Term Liabilities | (22,505) | |
| Total Long-Term Liabilities | | (701,786) |

Net Assets - Governmental Activities\$7,050,651

State of Idaho**Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | General | Health and Welfare | Transportation | Land Endowments |
|---|------------------|-----------------------|------------------|--------------------|
| REVENUES | | | | |
| Sales Tax | \$1,170,002 | | | |
| Individual and Corporate Taxes | 1,325,996 | | | |
| Other Taxes | 57,379 | \$5,401 | \$207,658 | |
| Licenses, Permits, and Fees | 18,619 | 5,304 | 118,747 | \$1 |
| Sale of Goods and Services | 8,470 | 85,456 | 5,482 | 60,416 |
| Grants and Contributions | 5,303 | 1,498,017 | 257,172 | |
| Investment Income | 32,805 | 460 | 5,005 | (198,767) |
| Tobacco Settlement | 30,965 | | | |
| Other Income | 28,766 | 283 | 5,594 | |
| Total Revenues | 2,678,305 | 1,594,921 | 599,658 | (138,350) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 140,117 | 50 | | |
| Public Safety and Correction | 249,475 | | | |
| Health and Human Services | 30,537 | 2,065,970 | | |
| Education | 1,609,137 | | | |
| Economic Development | 24,699 | | 178,850 | |
| Natural Resources | 41,250 | | | 26,515 |
| Capital Outlay | 126,102 | 3,002 | 253,605 | 353 |
| Intergovernmental Revenue Sharing | 192,106 | 42,591 | 131,364 | |
| Debt Service: | | | | |
| Principal Retirement | 319 | | 30,589 | |
| Interest and Other Charges | 24,240 | 5 | 11,816 | |
| Total Expenditures | 2,437,982 | 2,111,618 | 606,224 | 26,868 |
| Revenues Over (Under) Expenditures | 240,323 | (516,697) | (6,566) | (165,218) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and Notes Issued | | | | |
| Capital Lease Acquisitions | 22 | | | |
| Sale of Capital Assets | 236 | 98 | 10,634 | 1 |
| Transfers In | 153,335 | 496,746 | | 2,164 |
| Transfers Out | (825,241) | (231) | (15,602) | (42,413) |
| Total Other Financing Sources (Uses) | (671,648) | 496,613 | (4,968) | (40,248) |
| Net Changes in Fund Balances | (431,325) | (20,084) | (11,534) | (205,466) |
| Fund Balances - Beginning of Year, as Restated | 1,179,341 | 41,281 | 168,099 | 1,129,050 |
| Fund Balances - End of Year | \$748,016 | \$21,197 | \$156,565 | \$923,584 |

| Nonmajor Governmental | Total |
|----------------------------------|--------------|
| \$4,800 | \$1,174,802 |
| | 1,325,996 |
| 128,201 | 398,639 |
| 134,683 | 277,354 |
| 72,702 | 232,526 |
| 491,222 | 2,251,714 |
| 30,009 | (130,488) |
| | 30,965 |
| 27,300 | 61,943 |
| 888,917 | 5,623,451 |
| 45,952 | 186,119 |
| 55,666 | 305,141 |
| | 2,096,507 |
| 234,264 | 1,843,401 |
| 203,145 | 406,694 |
| 144,633 | 212,398 |
| 251,125 | 634,187 |
| 70,805 | 436,866 |
| 24,737 | 55,645 |
| 13,307 | 49,368 |
| 1,043,634 | 6,226,326 |
| (154,717) | (602,875) |
| 152,641 | 152,641 |
| | 22 |
| 978 | 11,947 |
| 48,409 | 700,654 |
| (70,635) | (954,122) |
| 131,393 | (88,858) |
| (23,324) | (691,733) |
| 401,248 | 2,919,019 |
| \$377,924 | \$2,227,286 |



State of Idaho
**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, 2009**
*(dollars in thousands)***Net Change in Fund Balances - Governmental Funds**

(\$691,733)

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 | \$430,115 | |
| Depreciation Expense | (54,778) | |
| | | 375,337 |

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.

(26,837)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

2,148

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 | (152,641) | |
| Capital Leases | (22) | |
| | | (152,663) |

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 | 54,298 | |
| Bond Issue Costs | (463) | |
| Capital Leases | 1,285 | |
| | | 55,120 |

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 | 1,197 | |
| Compensated Absences | 1,715 | |
| Claims and Judgments | 26,952 | |
| Other Long-Term Liabilities | 1,594 | |
| | | 31,458 |

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.

5,133

Change in Net Assets - Governmental Activities

(\$402,037)

State of Idaho**Statement of Net Assets****Proprietary Funds****June 30, 2009***(dollars in thousands)*

| | Business-Type Activities--Enterprise Funds | | | |
|---|--|---------------------------|------------------|---------------------------|
| | College and University | Unemployment Compensation | Loan | Nonmajor Enterprise Funds |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$103,866 | \$2,603 | \$692 | \$2,551 |
| Pooled Cash and Investments | 41,972 | 6,385 | 12,187 | 19,221 |
| Investments | 21,299 | | | |
| Securities Lending Collateral | | 37,528 | 30,478 | |
| Accounts Receivable, Net | 53,183 | 60,234 | 456 | 2,344 |
| Interfund Receivables | 3,343 | | | 248 |
| Inventories and Prepaid Items | 6,314 | | | 14,141 |
| Due from Component Unit | 2,226 | | | |
| Loans, Notes, and Pledges Receivable, Net | 3,364 | | 10,308 | |
| Other Current Assets | 714 | | 4,165 | |
| Total Current Assets | 236,281 | 106,750 | 58,286 | 38,505 |
| Noncurrent Assets | | | | |
| Restricted Cash and Cash Equivalents | 25,381 | | 24,383 | 34,375 |
| Investments | 141,715 | 75,581 | | |
| Restricted Investments | 1,173 | | 61,382 | |
| Due from Component Unit | 62,392 | | | |
| Loans, Notes, and Pledges Receivable, Net | 22,768 | | 236,227 | |
| Other Noncurrent Assets | 8,614 | | | |
| Capital Assets, Net | 961,226 | | 33,569 | 8,014 |
| Total Noncurrent Assets | 1,223,269 | 75,581 | 355,561 | 42,389 |
| Total Assets | \$1,459,550 | \$182,331 | \$413,847 | \$80,894 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$24,095 | \$5,144 | \$139 | \$6,326 |
| Payroll and Related Liabilities | 34,816 | | | 681 |
| Interfund Payables | 5,319 | | | 835 |
| Due to Other Entities | | | 11 | 4,669 |
| Unearned Revenue | 22,158 | | 18,473 | 9 |
| Amounts Held in Trust for Others | 2,202 | | 1 | |
| Due to Component Unit | 404 | | | |
| Obligations Under Securities Lending | | 37,528 | 30,478 | |
| Other Accrued Liabilities | 7,516 | | 269 | 2,583 |
| Capital Leases Payable | 382 | | | 48 |
| Capital Leases Payable to Component Unit | 275 | | | |
| Compensated Absences Payable | 20,077 | | | 737 |
| Bonds and Notes Payable | 19,346 | | 2,015 | |
| Policy Claim Liabilities | | | | |
| Total Current Liabilities | 136,590 | 42,672 | 51,386 | 15,888 |
| Noncurrent Liabilities | | | | |
| Capital Leases Payable | 114 | | | 83 |
| Capital Leases Payable to Component Unit | 2,377 | | | |
| Bonds and Notes Payable | 447,191 | 26,973 | 4,080 | |
| Policy Claim Liabilities | | | | |
| Other Long-Term Obligations | 9,446 | | | 292 |
| Total Noncurrent Liabilities | 459,128 | 26,973 | 4,080 | 375 |
| Total Liabilities | 595,718 | 69,645 | 55,466 | 16,263 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 524,875 | | 27,474 | 7,883 |
| Restricted for: | | | | |
| Claims and Judgments | | | | |
| Debt Service | | | 553 | |
| Permanent Trust - Expendable | 100,119 | | | |
| Permanent Trust - Nonexpendable | 62,392 | | | |
| Other Purposes | | | | 34,621 |
| Unrestricted | 176,446 | 112,686 | 330,354 | 22,127 |
| Total Net Assets | 863,832 | 112,686 | 358,381 | 64,631 |
| Total Liabilities and Net Assets | \$1,459,550 | \$182,331 | \$413,847 | \$80,894 |

The accompanying notes are an integral part of the financial statements

| Governmental Activities | |
|------------------------------------|-----------------------------------|
| Total | Internal Service Funds |
| \$109,712 | |
| 79,765 | \$57,739 |
| 21,299 | |
| 68,006 | 19,660 |
| 116,217 | 50 |
| 3,591 | 498 |
| 20,455 | 2,858 |
| 2,226 | |
| 13,672 | |
| 4,879 | 231 |
| 439,822 | 81,036 |
| 84,139 | 40,305 |
| 217,296 | 39,596 |
| 62,555 | |
| 62,392 | |
| 258,995 | 72 |
| 8,614 | |
| 1,002,809 | 20,034 |
| 1,696,800 | 100,007 |
| \$2,136,622 | \$181,043 |
| \$35,704 | \$600 |
| 35,497 | 499 |
| 6,154 | |
| 4,680 | |
| 40,640 | 13,118 |
| 2,203 | |
| 404 | |
| 68,006 | 19,660 |
| 10,368 | 177 |
| 430 | 295 |
| 275 | |
| 20,814 | 712 |
| 21,361 | 134 |
| | 9,675 |
| 246,536 | 44,870 |
| 197 | 656 |
| 2,377 | |
| 478,244 | 3,334 |
| | 10,078 |
| 9,738 | 181 |
| 490,556 | 14,249 |
| 737,092 | 59,119 |
| 560,232 | 15,615 |
| | 83,659 |
| 553 | |
| 100,119 | |
| 62,392 | |
| 34,621 | |
| 641,613 | 22,650 |
| 1,399,530 | 121,924 |
| \$2,136,622 | \$181,043 |

State of Idaho**Statement of Revenues, Expenses, and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Business-Type Activities--Enterprise Funds | | | |
|--|--|---------------------------|------------------|---------------------------|
| | College and University | Unemployment Compensation | Loan | Nonmajor Enterprise Funds |
| OPERATING REVENUES | | | | |
| Assessments | | \$121,833 | | |
| Licenses, Permits, and Fees | \$282,786 | | \$518 | |
| Scholarship Allowances | (51,372) | | | |
| Sale of Goods and Services | 104,501 | | 1,944 | \$281,646 |
| Grants and Contributions | 137,343 | 34,046 | 24,157 | |
| Other Income | 10,533 | | | 63 |
| Total Operating Revenues | 483,791 | 155,879 | 26,619 | 281,709 |
| OPERATING EXPENSES | | | | |
| Personnel Costs | 557,523 | | | 14,910 |
| Services and Supplies | 202,510 | | 4,657 | 98,976 |
| Benefits, Awards, and Premiums | 52,788 | 336,523 | | 84,997 |
| Depreciation | 50,124 | | 209 | 827 |
| Other Expenses | 13,585 | 2,077 | 12 | 4,209 |
| Total Operating Expenses | 876,530 | 338,600 | 4,878 | 203,919 |
| Operating Income (Loss) | (392,739) | (182,721) | 21,741 | 77,790 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Gifts and Grants | 98,127 | | | |
| Investment Income | (4,680) | 7,790 | 12,051 | 575 |
| Interest Expense | (19,853) | | (390) | (3) |
| Intergovernmental Distributions | | | (642) | (27,366) |
| Gain (Loss) on Sale of Capital Assets | (610) | | | |
| Other Nonoperating Revenues (Expenses) | (1,779) | 1,256 | | 2 |
| Total Nonoperating Revenues (Expenses) | 71,205 | 9,046 | 11,019 | (26,792) |
| Income (Loss) Before Contributions and Transfers | (321,534) | (173,675) | 32,760 | 50,998 |
| Capital Contributions | 21,154 | | | |
| Transfers In | 311,701 | | 4,100 | |
| Transfers Out | | (13,766) | (86) | (50,102) |
| Change in Net Assets | 11,321 | (187,441) | 36,774 | 896 |
| Total Net Assets - Beginning of Year, as Restated | 852,511 | 300,127 | 321,607 | 63,735 |
| Total Net Assets - End of Year | \$863,832 | \$112,686 | \$358,381 | \$64,631 |

| Governmental Activities | |
|------------------------------------|-----------------------------------|
| Total | Internal Service Funds |
| \$121,833 | |
| 283,304 | \$4 |
| (51,372) | |
| 388,091 | 250,702 |
| 195,546 | 747 |
| 10,596 | 53 |
| 947,998 | 251,506 |
| 572,433 | 11,811 |
| 306,143 | 18,057 |
| 474,308 | 206,929 |
| 51,160 | 2,209 |
| 19,883 | 1,824 |
| 1,423,927 | 240,830 |
| (475,929) | 10,676 |
| 98,127 | |
| 15,736 | 4,982 |
| (20,246) | (307) |
| (28,008) | |
| (610) | 14 |
| (521) | |
| 64,478 | 4,689 |
| (411,451) | 15,365 |
| 21,154 | |
| 315,801 | 1,830 |
| (63,954) | (209) |
| (138,450) | 16,986 |
| 1,537,980 | 104,938 |
| \$1,399,530 | \$121,924 |

State of Idaho**Statement of Cash Flows****Proprietary Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Business-Type | |
|--|------------------------|---------------------------|
| | College and University | Unemployment Compensation |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Assessments | | \$110,488 |
| Receipts from Customers | \$328,738 | |
| Receipts for Interfund Services | | |
| Receipts from Grants and Contributions | 137,400 | 34,046 |
| Payments to Suppliers | (193,128) | |
| Payments to Employees | (554,167) | |
| Payments for Interfund Services | | |
| Payments for Benefits, Awards, and Claims | (49,392) | (333,696) |
| Other Receipts (Payments) | (3,449) | |
| Net Cash Provided (Used) by Operating Activities | (333,998) | (189,162) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Gifts, Grants, and Endowments Received | 97,438 | |
| Intergovernmental Distributions | | |
| Transfers In | 311,701 | |
| Transfers Out | | (13,766) |
| Interest Paid | | |
| Other Receipts (Payments) | 14 | 26,973 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 409,153 | 13,207 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital Grants and Contributions | 6,991 | |
| Bonds Issued | 43,159 | |
| Payment of Bonds and Notes | (25,784) | |
| Payment of Interest | (19,685) | |
| Capital Lease Payments | | |
| Proceeds from Disposition of Capital Assets | 81 | 1,256 |
| Acquisition and Construction of Capital Assets | (97,086) | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (92,324) | 1,256 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipt of Interest and Dividends | 10,727 | 4,048 |
| Purchase of Investments | (237,725) | (37,261) |
| Redemption of Investments | 246,693 | 76,498 |
| Other Investing Activities | 33,649 | |
| Net Cash Provided (Used) by Investing Activities | 53,344 | 43,285 |
| Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash | 36,175 | (131,414) |
| Beginning Cash, Cash Equivalents, and Pooled Cash | 135,044 | 140,402 |
| Ending Cash, Cash Equivalents, and Pooled Cash | \$171,219 | \$8,988 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | (\$392,739) | (\$182,721) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 50,124 | |
| Maintenance Costs Paid by Department of Public Works | 5,690 | |
| Net Changes in Assets and Liabilities: | | |
| Accounts Receivable/Interfund Receivables | (3,134) | (7,397) |
| Inventories and Prepaid Items | 1,273 | |
| Notes Receivable | 933 | |
| Other Current Assets | 1,718 | |
| Accounts Payable/Interfund Payables | (1,122) | 956 |
| Unearned Revenue | | |
| Compensated Absences | 434 | |
| Policy Claim Liabilities | | |
| Other Accrued Liabilities | 2,825 | |
| Net Cash Provided (Used) by Operating Activities | (\$333,998) | (\$189,162) |

Noncash Transactions (dollars in thousands):

Investments decreased in fair value by \$13,443 for colleges and universities, increased in fair value by \$3,742 for Unemployment Compensation, \$1,148 for the Loan fund, and \$746 for internal service funds. Colleges and universities acquired capital assets through donation in the amount of \$2,309 and through state transfers in the amount of \$13,806; disposed of capital assets at a loss of \$2,247; and defeased debt in the amount of \$12,065. The Loan Fund wrote down uncollectible loans in the amount of \$642 and conveyed capital assets and related debt in the amount of \$21,130. Internal service funds acquired capital assets of \$996 through capital lease and disposed of capital assets at a loss of \$20.

| Activities--Enterprise Funds | | | Governmental Activities |
|------------------------------|------------------------------|-------------|---------------------------|
| Loan | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| | | \$110,488 | |
| \$5,095 | \$281,573 | 615,406 | \$251,480 |
| 24,157 | | 195,603 | 747 |
| (4,701) | (102,806) | (300,635) | (17,426) |
| | (14,780) | (568,947) | (11,799) |
| (18) | (2,626) | (2,644) | (2,913) |
| | (85,459) | (468,547) | (207,340) |
| | | (3,449) | |
| 24,533 | 75,902 | (422,725) | 12,749 |
| | | 97,438 | |
| | (26,891) | (26,891) | |
| 4,100 | | 315,801 | 1,830 |
| (86) | (50,102) | (63,954) | (209) |
| (277) | | (277) | (197) |
| | | 26,987 | |
| 3,737 | (76,993) | 349,104 | 1,424 |
| | | 6,991 | |
| | | 43,159 | |
| (1,999) | (51) | (27,834) | (71) |
| | | (19,685) | |
| | | | (243) |
| | | 1,337 | 34 |
| | (859) | (97,945) | (1,608) |
| (1,999) | (910) | (93,977) | (1,888) |
| | | | |
| 9,840 | 575 | 25,190 | 4,312 |
| (41,396) | | (316,382) | (1,681) |
| 97 | | 323,288 | 979 |
| (166) | | 33,483 | (109) |
| (31,625) | 575 | 65,579 | 3,501 |
| (5,354) | (1,426) | (102,019) | 15,786 |
| 42,616 | 57,573 | 375,635 | 82,258 |
| \$37,262 | \$56,147 | \$273,616 | \$98,044 |
| | | | |
| \$21,741 | \$77,790 | (\$475,929) | \$10,676 |
| | | | |
| 209 | 827 | 51,160 | 2,209 |
| | | 5,690 | |
| | | | |
| 174 | (229) | (10,586) | 345 |
| | (617) | 656 | 205 |
| | | 933 | |
| 675 | 456 | 2,849 | |
| 78 | (2,561) | (2,649) | (661) |
| 1,653 | (6) | 1,647 | 376 |
| | 18 | 452 | |
| | | | (411) |
| 3 | 224 | 3,052 | 10 |
| \$24,533 | \$75,902 | (\$422,725) | \$12,749 |

State of Idaho**Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2009***(dollars in thousands)*

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust | Agency |
|---------------------------------------|--------------------------|-----------------------------|--|------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$710 | | \$203 | \$5,418 |
| Pooled Cash and Investments | 2,975 | | | 25,558 |
| Investments: | | | | |
| Pooled Short Term | 362,525 | \$511,457 | 7,491 | |
| Fixed Income Investments | 2,213,070 | 1,018,186 | | 233,815 |
| Marketable Securities | 5,108,464 | | | |
| Mutual Funds and Private Equities | 903,619 | | 122,742 | |
| Mortgages and Real Estate | 917,246 | 55,719 | | |
| Other Investments | | | 9,106 | |
| Securities Lending Collateral | | 962,657 | | |
| Receivables: | | | | |
| Investments Sold | 956,188 | | | |
| Contributions | 5,376 | | | |
| Interest and Dividends | 37,325 | 1,939 | 4 | 3 |
| Interfund Receivables | 1,626 | | | |
| Other Receivables | 145 | | | |
| Other Assets | 40,898 | | | |
| Capital Assets, Net | 2,450 | | | |
| Total Assets | 10,552,617 | 2,549,958 | 139,546 | \$264,794 |
| LIABILITIES | | | | |
| Accounts Payable | 30 | 73 | 88 | |
| Payroll and Related Liabilities | | | | \$1,805 |
| Interfund Payables | 1,626 | | | |
| Due to Other Entities | | | | 597 |
| Amounts Held in Trust for Others | | | | 261,238 |
| Obligations Under Securities Lending | | 962,657 | | |
| Investments Purchased | 1,127,887 | | 30 | |
| Other Accrued Liabilities | 8,547 | 1,159 | | 1,154 |
| Total Liabilities | 1,138,090 | 963,889 | 118 | \$264,794 |
| NET ASSETS | | | | |
| Held in Trust for: | | | | |
| Employee Pension Benefits | 9,225,348 | | | |
| Postemployment Healthcare Benefits | 189,179 | | | |
| External Investment Pool Participants | | 1,586,069 | | |
| Trust Beneficiaries | | | 139,428 | |
| Total Net Assets | \$9,414,527 | \$1,586,069 | \$139,428 | |

Statement of Changes in Fiduciary Net Assets**Fiduciary Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Pension Trust | Investment Trust | College Savings Private-Purpose Trust |
|--|--------------------------|-----------------------------|--|
| ADDITIONS | | | |
| Contributions: | | | |
| Member | \$216,088 | | |
| Employer | 318,137 | | |
| Transfers In from Other Plans | 6,058 | | |
| Participant Deposits | | \$3,386,167 | \$28,096 |
| Total Contributions | 540,283 | 3,386,167 | 28,096 |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | (2,074,264) | 10,151 | (17,388) |
| Interest, Dividends, and Other | 286,458 | 24,717 | 4,129 |
| Securities Lending Income | 183 | 8,648 | |
| Less Investment Expense: | | | |
| Investment Activity Expense | (41,360) | (924) | |
| Securities Lending Interest Expense | (38) | (7,311) | |
| Net Investment Income | (1,829,021) | 35,281 | (13,259) |
| Miscellaneous Income | 1,757 | 183 | |
| Total Additions | (1,286,981) | 3,421,631 | 14,837 |
| DEDUCTIONS | | | |
| Benefits and Refunds Paid to Plan Members | 561,185 | | |
| Transfers Out to Other Plans | 8,126 | | |
| Administrative Expense | 6,364 | | 788 |
| Earnings Distribution | | 32,074 | |
| Participant Withdrawals | | 3,426,360 | 13,283 |
| Total Deductions | 575,675 | 3,458,434 | 14,071 |
| Change in Net Assets Held in Trust for: | | | |
| Employee Pension Benefits | (1,841,307) | | |
| Employee Postemployment Healthcare Benefits | (21,349) | | |
| External Investment Pool Participants | | (36,803) | |
| Trust Beneficiaries | | | 766 |
| Net Assets - Beginning of Year | 11,277,183 | 1,622,872 | 138,662 |
| Net Assets - End of Year | \$9,414,527 | \$1,586,069 | \$139,428 |

State of Idaho**Statement of Net Assets****Component Units****June 30, 2009***(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 | \$10,565 | \$17,436 | | \$3,677 |
| Pooled Cash and Investments | | | \$545 | |
| Investments | 685,926 | 289,947 | 31,965 | 18,789 |
| Accounts Receivable, Net | 11,419 | | 405 | 9 |
| Due from Other Entities | | | | 24 |
| Inventories and Prepaid Items | 1,281 | 6 | | 1,096 |
| Due from Primary Government | 215,192 | 3,056 | | |
| Loans, Notes, and Pledges Receivable, Net | 1,536,674 | 33,481 | | |
| Other Assets | 61,517 | 5,246 | 286 | 165 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 27,069 | 12,632 | | |
| Investments | | 2,790 | | |
| Capital Assets: | | | | |
| Nondepreciable | 4,408 | 13 | | |
| Depreciable, Net | 38,298 | 244 | | |
| Total Assets | \$2,592,349 | \$364,851 | \$33,201 | \$23,760 |
| LIABILITIES | | | | |
| Accounts Payable | \$528 | \$2,063 | | \$14 |
| Payroll and Related Liabilities | 709 | | | |
| Unearned Revenue | | 3,146 | | 18,473 |
| Amounts Held in Trust for Others | 19,088 | 15,369 | | |
| Due to Primary Government | | 64,618 | | |
| Other Accrued Liabilities | 178,563 | 39 | \$153 | 260 |
| Long-Term Liabilities: | | | | |
| Due Within One Year | 73,748 | 375 | 1,831 | 5,013 |
| Due in More Than One Year | 2,159,907 | 18,583 | 5,541 | |
| Total Liabilities | 2,432,543 | 104,193 | 7,525 | 23,760 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 6,939 | 257 | | |
| Restricted for: | | | | |
| Debt Service | 96,379 | | | |
| Permanent Trust - Expendable | | 95,625 | | |
| Permanent Trust - Nonexpendable | | 170,529 | | |
| Other Purposes | 1,607 | | | |
| Unrestricted | 54,881 | (5,753) | 25,676 | |
| Total Net Assets | 159,806 | 260,658 | 25,676 | |
| Total Liabilities and Net Assets | \$2,592,349 | \$364,851 | \$33,201 | \$23,760 |

| Bond Bank Authority | Total |
|------------------------|-------------|
| \$14 | \$31,692 |
| | 545 |
| | 1,026,627 |
| | 11,833 |
| | 24 |
| | 2,383 |
| | 218,248 |
| 176,655 | 1,746,810 |
| 6,041 | 73,255 |
| | 39,701 |
| | 2,790 |
| | 4,421 |
| | 38,542 |
| \$182,710 | \$3,196,871 |
| | |
| | \$2,605 |
| | 709 |
| | 21,619 |
| | 34,457 |
| | 64,618 |
| \$2,527 | 181,542 |
| | |
| 4,015 | 84,982 |
| 176,154 | 2,360,185 |
| 182,696 | 2,750,717 |
| | |
| | 7,196 |
| | |
| | 96,379 |
| | 95,625 |
| | 170,529 |
| | 1,607 |
| 14 | 74,818 |
| 14 | 446,154 |
| \$182,710 | \$3,196,871 |

State of Idaho**Statement of Revenues, Expenses, and Changes in Fund Net Assets****Component Units****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Idaho Housing and Finance Association | College and University Foundation | Petroleum Clean Water Trust | Health Reinsurance |
|--|--|--|--|-------------------------------|
| EXPENSES | | | | |
| Personnel Costs | \$8,088 | \$4,709 | | |
| Services and Supplies | 13,292 | 4,881 | \$1,553 | \$350 |
| Benefits, Awards, and Premiums | 213 | 37,020 | 232 | 11,914 |
| Interest Expense | 105,316 | 544 | | 15 |
| Depreciation | 2,447 | 138 | | |
| Other Expenses | 2,816 | 1,407 | | |
| Total Expenses | 132,172 | 48,699 | 1,785 | 12,279 |
| PROGRAM REVENUES | | | | |
| Charges for Services: | | | | |
| Licenses, Permits, and Fees | 13,612 | | 2,200 | |
| Sale of Goods and Services | 4,038 | 66 | | 4,283 |
| Investment Income | 75,582 | | 1,038 | 911 |
| Other Income | 4,416 | 4,441 | | |
| Operating Grants and Contributions | 2,577 | 27,701 | | 967 |
| Total Program Revenues | 100,225 | 32,208 | 3,238 | 6,161 |
| Net Revenues (Expenses) | (31,947) | (16,491) | 1,453 | (6,118) |
| GENERAL REVENUES | | | | |
| Payments from State of Idaho | | 1,272 | | 6,118 |
| Total General Revenues | | 1,272 | | 6,118 |
| Contributions to Permanent Endowments | | 5,980 | | |
| Change in Net Assets | (31,947) | (9,239) | 1,453 | |
| Net Assets - Beginning of Year, as Restated | 191,753 | 269,897 | 24,223 | |
| Net Assets - End of Year | \$159,806 | \$260,658 | \$25,676 | |

| Bond Bank Authority | Total |
|--------------------------------|--------------|
| | \$12,797 |
| | 20,076 |
| | 49,379 |
| \$5,600 | 111,475 |
| | 2,585 |
| 42 | 4,265 |
| 5,642 | 200,577 |
| | |
| 14 | 15,826 |
| | 8,387 |
| 5,600 | 83,131 |
| 42 | 8,899 |
| | 31,245 |
| 5,656 | 147,488 |
| 14 | (53,089) |
| | |
| | 7,390 |
| | 7,390 |
| | 5,980 |
| 14 | (39,719) |
| | 485,873 |
| \$14 | \$446,154 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

INDEX

| | | |
|----------|---|----|
| Note 1. | Summary of Significant Accounting Policies | |
| | A. Reporting Entity | 39 |
| | B. Government-Wide and Fund Financial Statements..... | 41 |
| | C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 43 |
| | D. Assets and Liabilities | 43 |
| | E. Equity | 46 |
| | F. Newly Issued Accounting Pronouncements..... | 46 |
| Note 2. | Deposits and Investments | |
| | A. Deposits | 46 |
| | B. Investments | 47 |
| | C. Restricted Assets | 61 |
| Note 3. | External Investment Pools | |
| | A. Overview of the External Investment Pools | 62 |
| | B. Local Government Investment Pool | 63 |
| | C. Diversified Bond Fund | 66 |
| Note 4. | Interfund Balances and Transfers | |
| | A. Interfund Balances..... | 69 |
| | B. Interfund Transfers | 69 |
| Note 5. | Noncurrent Receivables..... | 70 |
| Note 6. | Capital Assets | 71 |
| Note 7. | Retirement Plans | |
| | A. Summary of Public Employee Retirement System of Idaho Plans | 73 |
| | 1. PERSI Base Plan..... | 73 |
| | 2. Firefighters' Retirement Fund..... | 74 |
| | 3. Defined Contribution Retirement Plans | 74 |
| | B. Other State-Sponsored Retirement Plans..... | 75 |
| | 1. Judges' Retirement Fund | 75 |
| | 2. College and University Optional Retirement Plan | 76 |
| | 3. Department of Labor Retirement Plan | 77 |
| Note 8. | Postemployment Benefits Other Than Pensions..... | 77 |
| Note 9. | Risk Management | 83 |
| Note 10. | Leases | |
| | A. State as Lessee | 84 |
| | B. State as Lessor | 85 |
| Note 11. | Short-Term Debt | 85 |
| Note 12. | Bonds, Notes, and Other Long-Term Liabilities | |
| | A. Compensated Absences | 86 |
| | B. Revenue Bonds | 87 |
| | C. Advance Refundings..... | 88 |
| | D. Notes Payable | 89 |
| | E. Claims and Judgments | 90 |
| | F. Changes in Long-Term Liabilities | 91 |
| | G. Conduit Debt..... | 92 |
| Note 13. | Fund Equity | |
| | A. Restatement of Beginning Fund Balances and Net Assets..... | 92 |
| | B. Net Assets Restricted by Enabling Legislation | 93 |
| | C. Designated Governmental Fund Balances | 93 |
| Note 14. | Donor-Restricted Endowments | 93 |
| Note 15. | Litigation, Contingencies, and Commitments | |
| | A. Litigation and Contingencies | 95 |
| | B. Commitments..... | 95 |
| Note 16. | Subsequent Events..... | 96 |

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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.

In November 2006 the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement establishes requirements for accounting and reporting obligations to address the current or potential detrimental effects of existing pollution. The State implemented this Statement during the fiscal year ended June 30, 2009. See Note 12 for more information.

In November 2007 the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes requirements for endowments to report their land and other real estate investments at fair value and requires the changes in fair value be reported as investment income. The State implemented this Statement during the fiscal year ended June 30, 2009. See Note 2 for more information.

In March 2009 the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of GAAP for state and local governments into the GASB's authoritative literature. The State implemented this Statement during the fiscal year ended June 30, 2009.

In March 2009 the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events. The State implemented this Statement during the fiscal year ended June 30, 2009.

The financial statements are presented for the fiscal year ended June 30, 2009, except for the Idaho State Bar, the Idaho Dairy Products Commission (nonmajor special revenue funds), the Petroleum Clean Water Trust Fund, the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units), whose

statements are for the fiscal year ended December 31, 2008; and the Idaho Potato Commission (nonmajor special revenue fund) whose statements are for the fiscal year ended August 31, 2008.

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; and 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 or other organizations for which the nature and significance of their relationships with the State are such that exclusion would cause the financial statements to be misleading or incomplete. 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

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship; and the Authority provides services entirely to the State of Idaho. 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, The Housing Company. 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, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, and the University of Idaho. The foundations were established for the purpose of soliciting donations and to hold and manage invested donations for the primary benefit of the respective colleges and universities.

The *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 Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves, and may modify, the Fund's annual budget and thereby 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. Both 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 and facilitate the guaranteed issue of standardized state-

approved health benefit plans. Both 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. Due to the level of authorized oversight by the Department of Insurance, the State has the ability to impose its will on these programs. The Pool is partially funded through state premium tax revenue creating a financial burden for the State. The assets of the Pool and the Program are restricted for specific purposes and are not subject to appropriation by the Idaho Legislature for other uses.

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 7899
Boise, ID 83707

Boise State University Foundation, Inc.
2225 University Drive
Boise, ID 83706

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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

University of Idaho Foundation, Inc.
714 West State Street, Suite 240
Boise, ID 83702

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 *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. 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.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 required to be accounted for in another fund.

The *Health and Welfare* fund accounts for resources used for public assistance, medical care, foster care, and other relief for eligible citizens of Idaho.

The *Transportation* fund accounts for resources used for administration, construction, and maintenance of the state highway and aviation systems.

The *Land Endowments* 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 to expenditures for specified purposes.

The *capital projects fund* accounts for revenues designated to finance construction of transportation infrastructure.

Permanent funds account for resources that are legally 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 trust funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plans, and other employee benefits.

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

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.

The *private-purpose trust fund* accounts for resources legally 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.

Operating and Nonoperating 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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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 reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary (except agency) 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) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins 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.

The foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), and Idaho State University (ISU), and The Housing Company issue financial statements using FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. The financial statements of the foundations (BSU, EITC and, ISU), and The Housing Company have been reformatted to comply with GASB requirements. Note disclosures for the foundations (BSU, EITC, and ISU) have been reformatted to comply with GASB requirements. The Housing Company's note disclosures have not been reformatted to comply with GASB requirements; therefore they are not included in the note disclosures.

D. Assets and Liabilities

Cash and Cash Equivalents

Cash and Cash Equivalents consist of bank accounts; petty cash; cash in transit; money markets; 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 STO manages investments of state funds and funds of other qualified entities within the State in accordance with Idaho Code, Sections 67-1210 and 67-1210A. See Note 2 for more information.

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,

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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.

The Public Employee Retirement System of Idaho, the Judges' Retirement fund, and the Land Endowments fund are permitted to make investments in accordance with the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514, of the Idaho Code.

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 and fuel taxes. 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.

Internal Balances

Interfund receivables and payables consist of unpaid balances for goods and services provided by one fund to another. 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, generally using the first-in, first-out method. The consumption method of inventory accounting is used. Prepaid

expenses represent amounts paid in the current period for services that will benefit future periods. Prepaid expenses are accounted for using the consumption method.

Other Assets

Other assets include interest receivable and other miscellaneous items.

Restricted Assets

Assets are reported as restricted when restrictions 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, buildings and improvements, construction in progress, historical art and collections, improvements other than buildings, machinery and equipment, all infrastructure regardless of acquisition date, and other capital assets. Assets with a cost of \$5,000 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 recorded at cost or estimated historical cost, if actual cost is not available. In cases where historical cost is not available, assets are valued using comparables indexed forward or backward with the consumer price index. Donated capital assets are recorded at estimated fair value at the date of donation. Endowment land originally granted to the State by the federal government is valued at one dollar per acre.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 30 - 50 |
| Improvements Other Than Buildings | 5 - 50 |
| Machinery, Equipment, and Other | 3 - 40 |
| Bridges | 75 |

Roads and rights-of-way 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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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 are not capitalized unless those collections were already capitalized on June 30, 1999. Historical art and collections include historical artifacts, documents, rare books, paintings, portraits, state capitol-related artifacts, furnishings, films, statues, and monuments. Historical art and collections are on public display, preserved and protected, and are used in the furtherance of historical education or are involved in advancement of artistic or historical research. If sold, the proceeds are used to acquire other items for the collection. See Note 6 for more information.

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 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, unemployment compensation, 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 and infrastructure expenses, contract retentions, interest payable, unclaimed property, and other miscellaneous liabilities.

Long-Term Liabilities

Government-wide and proprietary financial statements report long-term obligations as liabilities, with the portion payable within twelve months designated separately from the portion payable in more than twelve 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, net other postemployment benefits obligation, and an arbitrage rebate liability. See Notes 7, 8, and 12 for more information.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

E. Equity

Equity represents the difference between assets and liabilities. The governmental fund equity is called fund balance; the government-wide, proprietary, and fiduciary fund equity are called net assets. Reserved fund balance and restricted net assets identify equity that is not available for appropriation for expenditures or is legally segregated for a specific future use.

F. Newly Issued Accounting Pronouncements

In June 2007 the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement defines an intangible asset's required characteristics and generally requires that they be treated as capital assets. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2010.

In June 2008 the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative*

Instruments. This Statement establishes recognition, measurement, and disclosure requirements for derivative instruments. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2010.

In February 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2011.

NOTE 2. DEPOSITS AND INVESTMENTS

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, 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 248 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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

Custodial Credit Risk at June 30, 2009

(dollars in thousands)

| | Governmental and Business- Type Activities | Fiduciary Funds | Component Units |
|---|---|----------------------------|----------------------------|
| Bank Value of Deposits | \$300,582 | \$9,732 | \$66,138 |
| Uninsured and Uncollateralized Deposits | 35,587 | 3,436 | 8,973 |
| Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution | 7,939 | | |
| Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name | | | 14,819 |

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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:

- Domestic equities and high-yield bonds
- International equities
- Collateralized mortgage obligations
- Fixed-income securities with a minimum Baa rating by Moody's or equivalent rating, Yankee bonds with a minimum A rating, equity-linked debt with a minimum rating of A, pass-through mortgage-backed securities with a minimum Aaa or equivalent rating
- Derivative instruments, specifically, covered call options
- Forward foreign currency contracts
- Forward and futures contracts to buy or sell a specified amount of an underlying security at a given delivery or maturity date for an agreed upon price

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, futures, options, swaps, repurchase agreements, 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 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 Idaho State Treasurer 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 \$235.0 million.

The Judges' Retirement fund held \$9.7 million of government agency securities, \$0.2 million of foreign agency securities, \$3.8 million of corporate bonds, \$0.7 million of mortgage backed securities and \$33.6 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 \$16.9 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 \$3.5 million of U.S. Treasury bonds, \$13.4 million of corporate bonds, \$10.9 million of bond mutual funds, \$2.0 million of certificates of deposits, \$38.9 million of equity mutual funds, and \$1.1 million of private equity funds that were uninsured and held in the name of the broker.

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. All investment managers are governed by the Idaho Uniform Prudent Investor Act as detailed in Idaho Code, Sections 68-501 through 68-514. 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 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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

- 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 Endowment Funds interest rate risk

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, 2009.

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2009
(Except Endowment Funds, PERSI, and Idaho College Savings Program)
(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 | Total Fair Value |
|--|-----------------------------|----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------------|
| Debt Securities: | | | | | | | | |
| Money Market Funds | \$1,253,950 | | | | | | | \$1,253,950 |
| Certificates of Deposit | 45,075 | \$155 | | | | | | 45,230 |
| Commercial Paper | 14,997 | | | | | | | 14,997 |
| U.S. Government Obligations | 699,719 | 50,833 | \$1,546 | | | \$29 | | 752,127 |
| U.S. Gov't Agency Obligations | 843,060 | 111,730 | 30,323 | \$4,136 | \$348 | 6,356 | \$25,753 | 1,021,706 |
| U.S. Gov't Agency Mortgage-Backed Securities* | 8,631 | 228,743 | 33,291 | | | | | 270,665 |
| U.S. Gov't Corporation Mortgage-Backed Securities* | | 22,402 | | | | | | 22,402 |
| Asset-Backed Securities* | 894 | 3,001 | | | | | | 3,895 |
| Commercial Mortgages* | | 59 | 17,833 | | | | | 17,892 |
| Corporate Obligations | 5,030 | 42,956 | 16,600 | | | 700 | 528 | 65,814 |
| Municipal and Public Entity Obligations | 21,855 | 64 | | | | | | 21,919 |
| Bond Mutual Funds and Other Pooled Fixed-Income Securities | 62,846 | 329 | | | | | | 63,175 |
| Foreign Agency Obligations | | 79 | 170 | | | | | 249 |
| Idaho Small Business Loans | 40 | 863 | 210 | 331 | | | | 1,444 |
| External Investment Pools | 91,019 | | | | | | | 91,019 |
| Total Debt Securities | 3,047,116 | 461,214 | 99,973 | 4,467 | 348 | 7,085 | 26,281 | 3,646,484 |
| Reinvestment of Securities Lending Collateral: | | | | | | | | |
| Money Market Funds | 380,921 | | | | | | | 380,921 |
| Repurchase Agreements | 770,544 | | | | | | | 770,544 |
| Asset-Backed Securities* | 6,395 | 33,098 | | | | | | 39,493 |
| Corporate Obligations | 298,500 | 49,667 | | | | | | 348,167 |
| Total Debt Securities and Reinvestment of Securities Lending Collateral | \$4,503,476 | \$543,979 | \$99,973 | \$4,467 | \$348 | \$7,085 | \$26,281 | 5,185,609 |
| Other Investments: | | | | | | | | |
| Mutual Funds | | | | | | | | 764 |
| Preferred Stock | | | | | | | | 4,400 |
| Domestic Equity Securities | | | | | | | | 33,975 |
| Foreign Equity Securities | | | | | | | | 116 |
| Total | | | | | | | | \$5,224,864 |

*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

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Endowment Funds Interest Rate Risk at June 30, 2009
(dollars in thousands)

| Investment Type | Fair Value | Modified Duration In Years |
|--|-------------------------|---------------------------------------|
| <u>Debt Securities:</u> | | |
| Barclays Capital Aggregate Bond | \$175,332 | 4.35 |
| U.S. Treasury Inflation-Protected Securities | 27,654 | 4.20 |
| Total Endowment Fund Debt Securities | <u>202,986</u> | |
| <u>Other Investments:</u> | | |
| Equity Investments | 655,710 | |
| Money Market Funds | 58,647 | |
| Securities Lending Collateral | 91,211 | |
| Total Other Endowment Fund Investments | <u>805,568</u> | |
| <u>Unsettled Trades:</u> | | |
| Receivable for Investments Sold | (29,734) | |
| Payable for Investments Purchased | 3,195 | |
| Total Endowment Fund Investments | <u>\$982,015</u> | |

PERSI Investments at June 30, 2009
(dollars in thousands)

| Investment Type | Fair Value |
|--|---------------------------|
| Domestic Fixed-Income | \$2,111,302 |
| Commingled Domestic Fixed-Income | 53,263 |
| Short-Term Domestic Investments | 362,525 |
| Idaho Commercial Mortgages | 431,916 |
| International Fixed-Income | 34,058 |
| Domestic Equities | 2,896,235 |
| Domestic Equities - Convertibles | 511 |
| International Equities | 2,045,062 |
| Real Estate | 485,331 |
| Private Equity | 617,456 |
| Mutual Funds | 286,164 |
| Co-mingled Domestic Equity - Domestic | 102,783 |
| Co-mingled Domestic Equity - International | 30,249 |
| Total Fair Value of PERSI Investments | <u>\$9,456,855</u> |

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2009
(dollars in thousands)

| Investment Type | Domestic Securities | | International Securities | | Total Fair Value |
|--|---------------------|-----------------------------|--------------------------|-----------------------------|--------------------|
| | Fair Value | Effective Duration in Years | Fair Value | Effective Duration in Years | |
| Asset-Backed Securities | \$3,991 | 0.39 | \$256 | 3.49 | \$4,247 |
| Asset-Backed Securities | 1,516 | * | 43 | * | 1,559 |
| Mortgages | 27,631 | 1.89 | | | 27,631 |
| Mortgages | 2,807 | * | | | 2,807 |
| Commercial Paper | 238,394 | 0.07 | | | 238,394 |
| Commercial Paper | 23,385 | * | | | 23,385 |
| Corporate Bonds | 345,269 | 5.83 | 1,456 | 4.84 | 346,725 |
| Corporate Bonds | 10 | * | | | 10 |
| Fixed-Income Derivatives | (56) | 24.37 | (15) | * | (71) |
| Fixed-Income Derivatives | (69) | * | | | (69) |
| Government Agencies | 184,427 | 3.51 | 8,341 | 3.62 | 192,768 |
| Government Bonds | 238,383 | 6.16 | 23,977 | 4.89 | 262,360 |
| Government Mortgage-Backed Securities | 215,717 | 2.95 | | | 215,717 |
| Pooled Investments | 18,876 | 0.08 | | | 18,876 |
| Pooled Investments | 53,263 | * | | | 53,263 |
| Preferred Stock | 225 | 1.51 | | | 225 |
| Preferred Stock | 244 | * | | | 244 |
| Private Placements | 30,679 | 2.11 | | | 30,679 |
| Private Placements | 111,245 | * | | | 111,245 |
| U.S. Treasury Inflation-Protected Securities | 1,013,667 | 4.86 | | | 1,013,667 |
| Idaho Mortgages | 431,916 | * | | | 431,916 |
| Total PERSI Fixed Income Securities | \$2,941,520 | | \$34,058 | | \$2,975,578 |

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2009
(dollars in thousands)

| Investment Type | Fair Value | Average Maturity In Years |
|--|------------------|---------------------------|
| Money Market Fund | \$14,915 | Less than 1 |
| Bond Fund | 50,132 | 6.7 |
| Inflation-Linked Bond Fund | 7,517 | 9.1 |
| Equity Funds | 46,114 | |
| International Equity Funds | 11,555 | |
| TIAA-CREF | 9,106 | |
| Total Idaho College Savings Program Investments | \$139,339 | |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Component Units Maturity of Debt Investments at June 30, 2009

(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 | \$213,446 | | | | | | | | \$213,446 |
| Certificates of Deposit | 168 | \$589 | | | | | | | 757 |
| U.S. Government Obligations | 7,047 | 14,335 | \$4,100 | \$3,692 | \$6,878 | \$13 | \$166 | | 36,231 |
| U.S. Gov't Agency Obligations | 2,035 | 39,419 | 11,689 | 4,067 | 12,419 | 15,361 | 70,519 | | 155,509 |
| Corporate Obligations | 13,555 | 28,138 | 17,367 | 1,170 | 1,149 | 2,672 | 4,600 | \$3,645 | 72,296 |
| Municipal Obligations | 178 | 376 | 421 | | 134 | 28 | | | 1,137 |
| Bond Mutual Funds | 5 | 94 | 10,782 | | | | | | 10,881 |
| Total Debt Securities | \$236,434 | \$82,951 | \$44,359 | \$8,929 | \$20,580 | \$18,074 | \$75,285 | \$3,645 | 490,257 |
| Other Investments | | | | | | | | | |
| Cash Equivalents included with Investments | | | | | | | | | 2,005 |
| Domestic Equities | | | | | | | | | 75,165 |
| Foreign Equities | | | | | | | | | 461 |
| Private Equities | | | | | | | | | 3,644 |
| Investment Agreements | | | | | | | | | 347,106 |
| Corporate Obligations Without Maturity Dates | | | | | | | | | 4,163 |
| Equity and Income Mutual Funds | | | | | | | | | 46,027 |
| Mutual Funds | | | | | | | | | 32,403 |
| International Equity Funds | | | | | | | | | 3,231 |
| Real Estate and Perpetual Trusts | | | | | | | | | 3,678 |
| Insurance Annuities | | | | | | | | | 255 |
| Hedge Funds | | | | | | | | | 5,735 |
| Land Held by Endowment* | | | | | | | | | 13,766 |
| Component Units Investments | | | | | | | | | \$1,027,896 |

*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 Aa grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that fixed-income securities must be rated Baa 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 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.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2009
(Except Endowment Funds and PERSI)
(dollars in thousands)

| Investment Type | Fair Value | Aaa | Aa | A | Baa | Ba | B | Caa | C | A1-P1 | Unrated |
|--|--------------------|--------------------|-----------------|------------------|-----------------|-------------|-----------------|----------------|-----------------|-----------------|--------------------|
| Money Market Funds* | \$1,328,243 | \$1,300,013 | | | | | | | | \$2,164 | \$26,066 |
| Certificates of Deposit | 45,230 | | | | \$30 | | | | | | 45,200 |
| Commercial Paper | 14,997 | | | | | | | | | 14,997 | |
| U.S. Gov't Agency Obligations | 1,021,706 | 1,020,855 | \$162 | | | | | | | | 689 |
| U.S. Gov't Agency Mortgage-Backed Securities | 270,665 | 269,983 | | | | | | | | | 682 |
| Asset-Backed Securities | 3,895 | 3,001 | 894 | | | | | | | | |
| Commercial Mortgages | 17,892 | 17,892 | | | | | | | | | |
| Corporate Obligations | 70,596 | 6,761 | 30,754 | \$20,787 | 12,284 | \$10 | | | | | |
| Municipal and Public Entity Obligations | 21,919 | 44 | | | 20 | | | | | | 21,855 |
| Bond Mutual Funds and Other Pooled Fixed-Income Securities | 120,824 | | 905 | | | | | | | | 119,919 |
| Foreign Agency Obligations | 249 | | 22 | 114 | 113 | | | | | | |
| External Investment Pools | 91,019 | 91,019 | | | | | | | | | |
| Total Before Securities Lending | 3,007,235 | 2,709,568 | 32,737 | 20,901 | 12,447 | 10 | 0 | 0 | 0 | 17,161 | 214,411 |
| Reinvestment of Securities Lending Collateral: | | | | | | | | | | | |
| Money Market Funds | 380,921 | 166,312 | | | | | | | \$17,226 | | 197,383 |
| Repurchase Agreements | 770,544 | | | | | | | | | | 770,544 |
| Asset-Backed Securities | 39,493 | 3,198 | | 3,197 | 5,471 | | \$18,465 | \$9,162 | | | |
| Corporate Obligations | 348,167 | | 39,999 | 222,002 | | | | | 40,414 | | 45,752 |
| Total | \$4,546,360 | \$2,879,078 | \$72,736 | \$246,100 | \$17,918 | \$10 | \$18,465 | \$9,162 | \$57,640 | \$17,161 | \$1,228,090 |

*Includes \$59.4 million of money market funds that are reported with cash and cash equivalents

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2009
(dollars in thousands)

| Investment Type | Fair Value | Average S & P Rating |
|---------------------------------|-------------------|---------------------------------|
| Barclays Capital Aggregate Bond | \$175,332 | AA |
| Northern Money Market Fund | 58,647 | A |
| Securities Lending Collateral | 91,211 | A |
| Total | \$325,190 | |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

PERSI Credit Quality of Fixed-Income Securities at June 30, 2009

(dollars in thousands)

| S & P Rating Level | Fair Value | Investment Type | |
|--------------------|--------------------|---------------------|--------------------------|
| | | Domestic Securities | International Securities |
| Agency (A-1+) | \$337,351 | \$337,351 | |
| AAA | 102,293 | 86,554 | \$15,739 |
| AA | 22,495 | 20,999 | 1,496 |
| A | 317,633 | 305,875 | 11,758 |
| BBB | 116,655 | 114,799 | 1,856 |
| BB | 18,982 | 18,953 | 29 |
| B | 15,662 | 15,655 | 7 |
| CCC | 7,151 | 7,151 | |
| CC | 751 | 751 | |
| C | 26 | 26 | |
| D | 2,012 | 1,999 | 13 |
| Not Rated | 278,462 | 275,302 | 3,160 |
| Total | \$1,219,473 | \$1,185,415 | \$34,058 |

Component Units Credit Quality Ratings of Debt Securities at June 30, 2009

(dollars in thousands)

| Investment Type | Fair Value | Aaa | Aa | A | Baa | Ba | B | Caa | C | Unrated |
|------------------------------------|------------------|------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|--------------|------------------|
| Money Market Funds | \$213,446 | \$3,735 | | | | | | | | \$209,711 |
| Certificates of Deposit | 757 | 589 | | | | | | | | 168 |
| U.S. Government Agency Obligations | 155,509 | 150,842 | | | | | | | | 4,667 |
| Corporate Obligations | 72,296 | 7,478 | \$18,448 | \$20,460 | \$17,004 | \$3,380 | \$1,281 | \$3,411 | \$431 | 403 |
| Municipal Obligations | 1,137 | 178 | 331 | 543 | | 32 | | | | 53 |
| Bond Mutual Funds | 10,881 | 4,327 | 6,456 | 82 | | | | | | 16 |
| Total | \$454,026 | \$167,149 | \$25,235 | \$21,085 | \$17,004 | \$3,412 | \$1,281 | \$3,411 | \$431 | \$215,018 |

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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

Primary Government Concentration of Credit Risk at June 30, 2009

(dollars in thousands)

| Portfolio | Issuer | Fair Value | Percent of Portfolio Investments |
|--------------------------|--|-------------------|---|
| Idaho Potato Commission: | Federal Home Loan Mortgage Corporation | \$866 | 100.0 |
| STO Pool: | Federal Home Loan Bank | 89,474 | 5.6 |
| | Federal Home Loan Mortgage Corporation | 140,163 | 8.7 |
| | Federal National Mortgage Association | 94,781 | 5.9 |
| Boise State University: | Federal Home Loan Bank | 9,979 | 9.0 |

Component Unit Concentration of Credit Risk at June 30, 2009

(dollars in thousands)

| Component Unit | Issuer | Fair Value | Percent of Portfolio Investments |
|--|---|-------------------|---|
| Idaho Housing and Finance Association: | Federal Farm Credit Bank | \$53,804 | 7.9 |
| | Transamerica Life Insurance Corporation | 170,424 | 24.9 |
| | Trinity Plus Funding Company | 133,074 | 19.4 |
| Health Reinsurance: | Federal Farm Credit | 1,003 | 5.5 |
| | Federal Home Loan Bank | 9,594 | 52.7 |
| | Federal Home Loan Mortgage Corporation | 4,014 | 22.1 |
| | Federal National Mortgage Association | 3,589 | 19.7 |

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 16 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.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Endowment Funds Foreign Currency Risk at June 30, 2009*(dollars in thousands)*

| Currency | Investment Type | Fair Value in U.S. Dollars |
|--------------------|----------------------------|---------------------------------------|
| Australian Dollar | Common Stock | \$3,198 |
| Canadian Dollar | Common Stock | 521 |
| Danish Krone | Common Stock | 1,530 |
| Euro | Common Stock | 26,339 |
| Hong Kong Dollar | Common Stock | 7,143 |
| Japanese Yen | Common Stock | 32,730 |
| Norwegian Krone | Common Stock | 1,129 |
| Singapore Dollar | Common Stock | 1,273 |
| South African Rand | Common Stock | 2,443 |
| South Korean Won | Common Stock | 1,598 |
| Swedish Krona | Common Stock | 514 |
| Swiss Franc | Common Stock | 8,735 |
| U.K. Pound | Common Stock | 10,257 |
| Total | | \$97,410 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

PERSI Foreign Currency Risk at June 30, 2009

(stated at fair value of U.S. dollars in thousands)

| Currency | Investment Type | | | Fair Value of Currency in U.S. Dollars |
|------------------------|---------------------------|--------------------|-----------------|--|
| | Short-Term Investments | Equities | Fixed Income | |
| Australian Dollar | (\$3,157) | \$78,815 | \$3,645 | \$79,303 |
| Brazilian Real | 1,060 | 91,851 | 1,675 | 94,586 |
| British Pound Sterling | 2,681 | 275,184 | 3,150 | 281,015 |
| Canadian Dollar | (2,856) | 37,781 | 11,358 | 46,283 |
| Chilean Peso | 50 | 2,698 | | 2,748 |
| Chinese Yuan Renminbi | | 27 | | 27 |
| Czech Koruna | 51 | 3,337 | | 3,388 |
| Danish Krone | 38 | 5,900 | | 5,938 |
| Egyptian Pound | | 17,125 | | 17,125 |
| Euro | (4,062) | 543,617 | 6,752 | 546,307 |
| Hong Kong Dollar | 4,941 | 174,103 | | 179,044 |
| Hungarian Forint | 32 | 9,913 | | 9,945 |
| Indonesian Rupiah | 20 | 60,846 | | 60,866 |
| Israeli Shekel | 41 | 17,464 | | 17,505 |
| Japanese Yen | (8,567) | 288,586 | | 280,019 |
| Kenyan Shilling | | 290 | | 290 |
| Malaysian Ringgit | | 7,506 | | 7,506 |
| Mexican New Peso | (4,699) | 14,254 | 5,036 | 14,591 |
| New Taiwan Dollar | 1,620 | 54,798 | | 56,418 |
| New Turkish Lira | (375) | 60,643 | | 60,268 |
| New Zealand Dollar | 4 | 2,196 | | 2,200 |
| Norwegian Krone | 138 | 6,528 | | 6,666 |
| Philippines Peso | 66 | 2,721 | | 2,787 |
| Polish Zloty | (1,419) | | 2,939 | 1,520 |
| South African Rand | 755 | 101,760 | | 102,515 |
| Singapore Dollar | 151 | 22,030 | | 22,181 |
| South Korean Won | 1,064 | 97,676 | | 98,740 |
| Sri Lanka Rupee | | 427 | | 427 |
| Swedish Krona | 15 | 23,134 | | 23,149 |
| Swiss Franc | 879 | 75,228 | | 76,107 |
| Thailand Baht | 218 | 31,029 | | 31,247 |
| Zimbabwe Dollar | | 342 | | 342 |
| Total | (\$11,311) | \$2,107,809 | \$34,555 | \$2,131,053 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

College and University Foundation Foreign Currency Risk at June 30, 2009

(dollars in thousands)

| Currency | Investment Type | Fair Value in U.S. Dollars |
|--------------------|--------------------|-------------------------------|
| Australian Dollar | Equities | \$1,851 |
| Brazilian Real | Equities | 12 |
| Canadian Dollar | Equities | 64 |
| Chinese Yuan | Equities | 28 |
| Danish Krone | Equities | 30 |
| Euro | Equities | 2,353 |
| Hong Kong Dollar | Equities | 2,977 |
| Indian Rupee | Equities | 10 |
| Israeli Shekel | Equities | 18 |
| Japanese Yen | Equities | 4,386 |
| Mexican Peso | Equities | 19 |
| New Zealand Dollar | Equities | 295 |
| Norwegian Krone | Equities | 7 |
| Portuguese Escudo | Equities | 3 |
| Russian Ruble | Equities | 7 |
| Singapore Dollar | Equities | 984 |
| Swedish Krona | Equities | 779 |
| Swiss Franc | Equities | 892 |
| Turkish Lira | Equities | 10 |
| U.K. Pound | Equities | 4,185 |
| Total | | \$18,910 |

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 \$27.7 million, and the PERSI had investments in TIPS with a fair value of \$1.0 billion.

The Idaho Housing and Finance Association has five U.S. agency obligations with an aggregate value of \$8.3 million with call options.

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 \$7.0 million with Wells Fargo Bank and \$9.7 million with KeyBank 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 \$2.9 million with Key Bank National Association.

Securities Lending Agreements

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. 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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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, 2009, more than 73 percent of the portfolio was invested in instruments with a one-day maturity and the weighted average maturity of the cash collateral portfolio was 88 days.

Primary Government and Fiduciary Funds
Balances of Securities Lending Transactions at June 30, 2009
(dollars in thousands)

| Securities Lent for Cash Collateral | Fair Value of Lent Securities | Cash Collateral Received for Lent Securities |
|--|--|---|
| U.S. Treasury Obligations | \$555,669 | \$566,881 |
| U.S. Government Agency Obligations | 855,185 | 872,490 |
| Mortgage-Backed Securities | 141,719 | 144,845 |
| Corporate Debt Instruments | 22,558 | 23,223 |
| Total | \$1,575,131 | \$1,607,439 |

The STO pool portfolio and internal participants' portions of the LGIP reinvestment of securities lending balances are reported in the General Fund. The reinvestment of securities lending balances attributable to the LGIP and the DBF external participants are reported in the investment trust funds. These amounts do not include the EFIB or Judges' securities lending balances.

The EFIB engages in securities lending agreements. The EFIB custodian, Northern Trust Company, lends securities for collateral in the form of cash, irrevocable letters of credit or securities worth at least 102 percent of the lent securities' fair value, (105 percent for international securities). At year-end the EFIB had no credit risk exposure to borrowers because the collateral exceeded the amounts borrowed. The securities loans can be terminated on demand by either the EFIB or the borrower. The EFIB is indemnified if the borrowers fail to return the securities or fail to pay the EFIB for income distributions by the securities issuers while the securities are on loan. At June 30, 2009, the average term of a loan was 46 days. The maturities of loans are affected by the securities loans made by other entities that use the agent's pool. The EFIB cannot pledge or sell collateral securities unless the borrower defaults.

The Judges' Retirement fund engages in securities lending transactions. The Judges' custodian, Northern Trust Company, lends securities for collateral in the form of cash, securities and irrevocable letters of credit worth at least 102 percent of the lent securities' fair value, (105 percent for international securities). The carrying amount and fair value of the securities on loan was approximately \$4.4 million and the underlying collateral for these securities has a market value of approximately

\$4.2 million. Because these securities cannot be pledged or sold unless the borrower defaults, the collateral and related liability are not presented in the statement of net assets. The fund is indemnified for losses by the custodian in the event the borrowers fail to return the securities, the collateral received is insufficient to replace the securities, or the borrowers fail to pay the fund for income distributions by the securities issuers while the securities are out on loan. All loans of securities can be terminated on demand by either the fund or the borrower.

Derivatives

Derivatives are financial obligations whose value is derived from underlying debt or equity securities, commodities, or currencies. Derivatives are designed, among other things, to help investors protect themselves against the risk of price changes.

The Idaho State Building Authority established a forward interest rate swap contract with Lehman Brothers Financial Products, Inc. on the 1998 Prison Project (1998 Series A Bonds). This forward interest rate contract can be terminated by the Authority at any time from origination on September 19, 2003, to the expiration date of September 1, 2025. The Authority executed this forward interest rate swap contract for a specified proposed refunding of the 1998A bonds. The Authority

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

intended to terminate the swap contract prior to the implementation date if the termination payment to be received by the Authority equaled or exceeded two times the present value savings for the bonds for which the swap contract was executed. The contract was implemented as of June 3, 2008. In September 2008, Lehman filed for bankruptcy. On December 1, 2008, the Authority terminated the swap contract by paying Lehman \$7.1 million. The Authority entered into a new swap contract with Barclays Capital on December 1, 2008, and received \$7.4 million. The contract is in a liability position of \$6.7 million. The position is determined by the difference between a fixed 4.3 percent and 67 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap agreement is characterized as a derivative and is carried on the Statement of Net Assets as Other Accrued Liabilities at fair value.

The EFIB periodically invests in forward and futures contracts representing agreements to buy or sell a specified amount of an underlying security at a given delivery or maturity date. The EFIB's use of these securities is limited to small positions in the EFIB international and domestic equity portfolios established primarily for hedging or passive rebalancing. At June 30, 2009, the EFIB held 42 S&P 500 contracts with a fair value of \$9.6 million and 460 10-year treasury contracts with a fair value of \$53.5 million. The mark-to-market payable as of that date was \$16,305, which was paid on July 1, 2009.

The PERSI permits a few selected managers to use derivatives. In every case, the type of derivatives used and limits on their use are defined in manager contracts and are monitored on an ongoing basis. At June 30, 2009, the PERSI reported the following derivative and hedging activity:

- Futures contracts with a fair value of (\$59,242), which is included in Fixed-Income Investments. Cash equivalents and short-term investments in amounts necessary to settle the futures contracts were held in the portfolio so that no leverage was employed. The PERSI had the following net futures contracts exposure:
 - (a) Cash and cash equivalents (Euro) of \$39.4 million
 - (b) U.S. Treasury bond futures of (\$2.0) million
 - (c) U.S. Treasury note futures of \$39.4 million
 - (d) German Treasury note futures of \$6.8 million

- Option contracts give the PERSI the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. Options strategies used by the PERSI are designed to provide exposures to positive market moves and limit exposures to interest rate and currency fluctuations. The PERSI had option contracts payable with a fair value of \$92,691, which is included in the liabilities as Investments Purchased.

The PERSI had the following option contracts exposure:

- (a) Cash and cash equivalents written call options of \$3,488
 - (b) Cash and cash equivalents written put options of \$1,000
 - (c) Fixed-income written call options of \$76,734
 - (d) Fixed-income written put options of \$11,469
- The PERSI has entered into forward foreign currency exchange contracts to purchase or sell currency at various dates in the future at a specific price. Some of the PERSI's international and real estate investment managers use forward contracts to hedge the exposure of investments to fluctuations in foreign currency. The PERSI and the investment managers have established controls to monitor the creditworthiness of the counterparties. The PERSI had entered into forward currency contracts to sell foreign currencies with a fair value of \$952.6 million and had entered into forward currency contracts to buy foreign currencies with a fair value of \$958.8 million. Forward currency contracts are receivables or liabilities reported as Investments Sold or Investments Purchased.

The Idaho Housing and Finance Association established interest swap contracts with Lehman Brothers Derivative Products Inc. on several single-family mortgage bond issues. The Association also issued variable rate debt in connection with the same bond issues. The swap agreements, when combined with the associated variable rate debt, create a synthetic fixed-rate debt obligation. During the fiscal year, the Association terminated its interest swap contracts with Lehman Brothers Derivative Products Inc. on several single-family mortgage bond issues. Concurrently, the Association established contracts with Barclays Capital. The swap agreements are carried on the Statement of Net Assets in Other Accrued Liabilities at fair value, with changes in the value recognized in earnings of the current period. The impact on Other Accrued Liabilities was an aggregate amount of \$82.4 million.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

C. 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, 2009
(dollars in thousands)

| Purpose | Amount |
|--|-------------------------|
| <u>Governmental Activities:</u> | |
| Restricted Cash: | |
| Group Insurance Reserves | \$40,305 |
| Pollution Clean Up | 3,819 |
| Bond Covenants | 703 |
| Matching Fund Contributions | 10,110 |
| Donors for Various Projects | 6,641 |
| Petroleum Violation Escrow | 4,175 |
| Legal Settlements | 424 |
| Transportation Project Costs | 86 |
| Legislation and Donations | 5,141 |
| The Idaho State Bar Client Assistance Fund | 382 |
| Debt Service | 55,942 |
| Restricted Investments: | |
| Matching Fund Contributions | 370 |
| Donors for Various Projects | 3,266 |
| Legal Settlements | 2,164 |
| Legislation and Donations | 73,199 |
| | <u>\$206,727</u> |
| <u>Business-Type Activities:</u> | |
| Restricted Cash: | |
| Debt Service | \$553 |
| Wastewater Facility Loan Program and Drinking Water Systems Loan Program | 23,830 |
| Bond Indentures | 25,381 |
| Idaho Lottery Dividends Payout | 34,375 |
| Restricted Investments: | |
| Wastewater Facility Loan Program and Drinking Water Systems Loan Program | 61,382 |
| Bond Indentures | 1,173 |
| | <u>\$146,694</u> |
| <u>Component Units:</u> | |
| Restricted Cash: | |
| Single-Family and Multi-Family Escrow Deposits | \$25,371 |
| Multi-Family Escrow Deposits | 1,698 |
| Donors for the College and University Foundations | 12,632 |
| Restricted Investments: | |
| Donors for the College and University Foundations | 2,790 |
| | <u>\$42,491</u> |

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

NOTE 3. EXTERNAL INVESTMENT POOLS**A. Overview of the External Investment Pools**

Idaho Code, Sections 67-1301 and 67-2328 authorizes the State Treasurer to combine the money of public agencies jointly in 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 more than \$10.0 million require 3 business days' notification. The weighted average maturity of investments in the LGIP at June 30, 2009, was 58 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, 2009, was 2.8 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. Both pools are rated 'AAA' by Standard & Poor's Ratings Services. 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, 2009. 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.

In March 2009 the DBF received \$0.7 million as a result of litigation of Tyco International. 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 whose investment income 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 with additional collateral 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 and 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 three years. As of June 30, 2009, more than 75 percent of the LGIP cash collateral was invested in instruments with a one-day maturity and the weighted average maturity of all collateral investments was 61 days; more than 83 percent of the DBF cash collateral was invested in instruments with a one-day maturity and the weighted average maturity of all cash collateral investments was 15 days.

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:

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

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 and represents heightened risk of potential loss. No specific percentage identifies when concentration of credit risk is present. The GASB has adopted a principle that when governments invest discretely on behalf of their various funds, such as the LGIP or the DBF, they should disclose the amount and percentage when 5 percent of the total fund 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. 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, 2009
(amounts in thousands)

| | |
|---|--------------------|
| Assets | |
| Investments, at Fair Value | \$1,571,980 |
| Interest Receivable to the Pool | 1,044 |
| Reinvestment of Securities Lending Collateral | 966,308 |
| Securities Lending Income Receivable | 386 |
| Total Assets | 2,539,718 |
| Liabilities | |
| Distributions Payable | 682 |
| Administrative Fees Payable | 33 |
| Obligations Under Securities Lending | 966,308 |
| Securities Lending Agent Fees Payable | 43 |
| Securities Lending Borrower Rebates Payable | 216 |
| Total Liabilities | 967,282 |
| Net Assets Held in Trust for Pool Participants | \$1,572,436 |
| Net Assets Consist of: | |
| Net Assets Held in Trust for External Participants (\$1.00 par) | \$1,485,290 |
| Net Assets Held in Trust for Internal Participants (\$1.00 par) | 87,146 |
| Net Assets Held in Trust for Pool Participants | \$1,572,436 |
| Total Participant Units Outstanding (\$1.00 par) | 1,563,660 |
| Participant Net Asset Value, Offering Price and Redemption Price Per Share (\$1,572,436 divided by 1,563,660 units) | \$1.01 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Local Government Investment Pool

Condensed Statement of Operations and Changes in Net Assets

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | |
|--|--------------------|
| Investment Income | |
| Interest Income | \$21,386 |
| Securities Lending Income | 8,653 |
| Change in Fair Value of Investments | 8,784 |
| Total Investment Income | 38,823 |
| Expense | |
| Administrative Fees | (439) |
| Securities Lending Agent Fees | (339) |
| Securities Lending Borrower Rebates | (7,296) |
| Total Investment Expense | (8,074) |
| Net Investment Income | 30,749 |
| Distributions to Participants | |
| Distributions Paid and Payable | (29,646) |
| Share Transactions at Net Asset Value of \$1.00 per Share | |
| Pooled Participant Deposits | \$3,498,967 |
| Pooled Participant Withdrawals | (3,521,399) |
| Change in Net Assets and Shares Resulting From | |
| Share Transactions | (22,432) |
| Total Change in Net Assets | (21,329) |
| Net Assets Held in Trust for Pool Participants | |
| Beginning of Period | 1,593,765 |
| End of Period | \$1,572,436 |

Local Government Investment Pool

Summary of Fair Value and Interest Rate Risk at June 30, 2009

(dollars in thousands)

| Investment Type | Fair Value | Interest Rates | Investment Maturities | |
|--|--------------------|----------------|-----------------------|------------------|
| | | | In Years | |
| | | | Less than 1 | 1-5 |
| Money Market Mutual Funds | \$524,046 | 0.400% -0.470% | \$524,046 | |
| Corporate Debt Instruments | 9,978 | 0.934% -8.300% | 5,006 | \$4,972 |
| U.S. Government Agency Obligations | 698,245 | 0.150% -3.750% | 628,161 | 70,084 |
| U.S. Treasury Obligations | 339,711 | 0.160% -0.390% | 339,711 | |
| Total Securities | 1,571,980 | | 1,496,924 | 75,056 |
| Accrued Interest | 1,044 | | 1,044 | |
| Reinvestment of Securities Lending Collateral: | | | | |
| Money Market Mutual Funds | 185,854 | 0.000% -0.243% | 185,854 | |
| Repurchase Agreements | 534,920 | 0.340% -0.740% | 534,920 | |
| Corporate Debt Instruments | 223,052 | 0.370% -1.211% | 177,358 | 45,694 |
| Asset-Backed Securities* | 22,482 | 0.290% -0.375% | 3,198 | 19,284 |
| Securities Lending Income Receivable | 386 | | 386 | |
| Total Assets | \$2,539,718 | | \$2,399,684 | \$140,034 |

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

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Local Government Investment Pool

Change in Fair Value

(dollars in thousands)

| | |
|--|----------------|
| Fair Value of Investments at June 30, 2009 | \$1,571,980 |
| Proceeds of Investments Sold in FY2009 | 8,285,025 |
| Cost of Investments Purchased in FY2009 | (8,257,943) |
| Fair Value at June 30, 2008 | (1,590,278) |
| Change in Fair Value of Investments During FY2009 | \$8,784 |

Local Government Investment Pool

Concentration of Credit Risk at June 30, 2009

(dollars in thousands)

| Issuer | Fair Value | Percent of Total LGIP Investments |
|--|-------------------|--|
| Federal Home Loan Bank | \$169,728 | 6.69 |
| Federal Home Loan Mortgage Corporation | 168,028 | 6.62 |
| Federal National Mortgage Association | 189,998 | 7.49 |

Local Government Investment Pool

Credit Quality Ratings of Debt Securities at June 30, 2009

(dollars in thousands)

| Investment Type | Fair Value | Aaa | Aa | A | Baa | B | Caa | C | Unrated |
|--|--------------------|--------------------|-----------------|------------------|----------------|----------------|----------------|----------------|------------------|
| Money Market Mutual Funds | \$524,046 | \$524,046 | | | | | | | |
| Corporate Debt Instruments | 9,978 | | \$506 | \$9,472 | | | | | |
| U S Government Agency Obligations | 698,245 | 698,245 | | | | | | | |
| Reinvestment of Securities Lending Collateral: | | | | | | | | | |
| Money Market Mutual Funds | 185,854 | 33,144 | | | | | | \$7,544 | \$145,166 |
| Repurchase Agreements | 534,920 | | | | | | | | 534,920 |
| Corporate Debt Instruments | 223,052 | | 24,998 | 198,054 | | | | | |
| Asset-Backed Securities | 22,482 | | | 3,198 | \$5,471 | \$9,232 | \$4,581 | | |
| Total Investments | \$2,198,577 | \$1,255,435 | \$25,504 | \$210,724 | \$5,471 | \$9,232 | \$4,581 | \$7,544 | \$680,086 |

Moody's or equivalent credit quality ratings have been used

Local Government Investment Pool

Balances of Securities Lending Transactions at June 30, 2009

(dollars in thousands)

| Securities Lent for Cash Collateral | Fair Value of Lent Securities | Cash Collateral Received for Lent Securities |
|--|--------------------------------------|---|
| Corporate Debt Instruments | \$154 | \$160 |
| U.S. Government Agency Obligations | 628,277 | 640,766 |
| U.S. Treasury Obligations | 339,711 | 345,963 |
| Total | \$968,142 | \$986,889 |

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Diversified Bond Fund

Diversified Bond Fund
Condensed Statement of Net Assets
June 30, 2009
(amounts in thousands)

| | |
|---|------------------|
| Assets | |
| Investments, at Fair Value | \$383,695 |
| Interest Receivable to the Pool | 2,167 |
| Reinvestment of Securities Lending Collateral | 190,514 |
| Securities Lending Income Receivable | 75 |
| Total Assets | 576,451 |
| Liabilities | |
| Distributions Payable | 1,134 |
| Administrative Fees Payable | 5 |
| Obligations Under Securities Lending | 190,514 |
| Securities Lending Agent Fees Payable | 7 |
| Securities Lending Borrower Rebates Payable | 47 |
| Total Liabilities | 191,707 |
| Net Assets Held in Trust for Pool Participants | \$384,744 |
| Net Assets Consist of: | |
| Net Assets Held in Trust for External Participants (\$1.00 par) | \$100,779 |
| Net Assets Held in Trust for Internal Participants (\$1.00 par) | 283,965 |
| Net Assets Held in Trust for Pool Participants | \$384,744 |
| Total Participant Units Outstanding (\$1.00 par) | 377,875 |
| Participant Net Asset Value, Offering Price and Redemption | |
| Price Per Share (\$384,744 divided by 377,875 units) | \$1.02 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Diversified Bond Fund

Condensed Statement of Operations and Changes in Net Assets

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | |
|---|------------------|
| Investment Income | |
| Interest Income | \$17,941 |
| Securities Lending Income | 1,297 |
| Change in Fair Value of Investments | 5,297 |
| Tyco Settlement | 700 |
| Total Investment Income | 25,235 |
| Expense | |
| Administrative Fees | (778) |
| Securities Lending Agent Fees | (43) |
| Securities Lending Borrower Rebates | (1,125) |
| Total Investment Expense | (1,946) |
| Net Investment Income | 23,289 |
| Distributions to Participants | |
| Distributions Paid and Payable | (15,518) |
| Share Transactions at Net Asset Value of \$1.00 per Share | |
| Pooled Participant Deposits | \$76,842 |
| Pooled Participant Withdrawals | (91,300) |
| Change in Net Assets and Shares Resulting From Share Transactions | (14,458) |
| Total Change in Net Assets | (6,687) |
| Net Assets Held in Trust for Pool Participants | |
| Beginning of Period | 391,431 |
| End of Period | \$384,744 |

Diversified Bond Fund

Summary of Fair Value and Interest Rate Risk at June 30, 2009

(dollars in thousands)

| Investment Type | Fair Value | Interest Rates | Investment Maturities In Years | | |
|--|------------------|----------------|--------------------------------|------------------|-----------------|
| | | | Less than 1 | 1-5 | 6-10 |
| Money Market Mutual Fund | \$62,819 | | \$62,819 | | |
| Corporate Debt Instruments | 25,955 | 1.639%-5.900% | | \$16,844 | \$9,111 |
| Asset-Backed Securities* | 3,029 | 4.900%-6.590% | | 3,029 | |
| Mortgage-Backed Securities* | 11,865 | 6.020% | | 36 | 11,829 |
| U.S. Gov't Agency Obligations | 30,144 | 2.750%-5.000% | | 22,733 | 7,411 |
| U.S. Gov't Agency Mortgage-Backed Securities* | 184,467 | 4.000%-6.500% | 6,041 | 150,291 | 28,135 |
| U.S. Gov't Corporation Mortgage-Backed Securities* | 13,358 | 5.250%-6.000% | | 13,358 | |
| U.S. Treasury Obligations | 52,058 | 1.375%-6.500% | 19,926 | 32,132 | |
| Total Securities | 383,695 | | 88,786 | 238,423 | 56,486 |
| Accrued Interest | 2,167 | | 2,167 | | |
| Reinvestment of Securities Lending Collateral: | | | | | |
| Money Market Mutual Fund | 50,884 | 0.000%-0.243% | 50,884 | | |
| Corporate Debt Instruments | 31,948 | 0.370%-0.670% | 27,975 | 3,973 | |
| Repurchase Agreements | 107,682 | 0.490%-0.700% | 107,682 | | |
| Securities Lending Income Receivable | 75 | | 75 | | |
| Total Assets | \$576,451 | | \$277,569 | \$242,396 | \$56,486 |

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

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Diversified Bond Fund

Change in Fair Value

(dollars in thousands)

| | |
|--|----------------|
| Fair Value of Investments at June 30, 2009 | \$383,695 |
| Proceeds of Investments Sold in FY2009 | 422,410 |
| Cost of Investments Purchased in FY2009 | (410,705) |
| Fair Value at June 30, 2008 | (390,103) |
| Change in Fair Value of Investments | \$5,297 |

Diversified Bond Fund

Concentration of Credit Risk at June 30, 2009

(dollars in thousands)

| Issuer | Fair Value | Percent of Total DBF Investments |
|--|-------------------|---|
| Citigroup | \$37,000 | 6.44 |
| Federal Home Loan Mortgage Corporation | 78,828 | 13.73 |
| Federal National Mortgage Association | 114,346 | 19.91 |
| Goldman Sachs | 37,064 | 6.45 |
| Morgan Stanley | 38,000 | 6.62 |

Diversified Bond Fund

Credit Quality Ratings of Debt Securities at June 30, 2009

(dollars in thousands)

| Investment Type | Fair Value | Aaa | Aa | A | Baa | C | Unrated |
|--|-------------------|------------------|-----------------|-----------------|----------------|----------------|------------------|
| Money Market Mutual Fund | \$62,819 | \$62,819 | | | | | |
| Corporate Debt Instruments | 25,955 | | \$18,167 | \$4,382 | \$3,406 | | |
| Asset-Backed Securities | 3,029 | 3,029 | | | | | |
| Mortgage-Backed Securities | 11,865 | 11,865 | | | | | |
| U S Gov't Agency Obligations | 30,144 | 30,144 | | | | | |
| U S Gov't Agency Mortgage-Backed Securities | 184,467 | 184,467 | | | | | |
| Reinvestment of Securities Lending Collateral: | | | | | | | |
| Money Market Mutual Fund | 50,884 | 29,193 | | | | \$1,691 | \$20,000 |
| Corporate Debt Instruments | 31,948 | | 8,000 | 23,948 | | | |
| Repurchase Agreements | 107,682 | | | | | | 107,682 |
| Total Investments | \$508,793 | \$321,517 | \$26,167 | \$28,330 | \$3,406 | \$1,691 | \$127,682 |

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

Diversified Bond Fund

Balances of Securities Lending Transactions at June 30, 2009

(dollars in thousands)

| Securities Lent for Cash Collateral | Fair Value of Lent Securities | Cash Collateral Received for Lent Securities |
|--|--------------------------------------|---|
| Corporate Debt Instruments | \$9,201 | \$9,517 |
| U.S. Treasury Obligations | 52,058 | 53,778 |
| Mortgage-Backed Securities | 94,617 | 96,586 |
| U.S. Government Agency Obligations | 30,144 | 30,983 |
| Total | \$186,020 | \$190,864 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 4. INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

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

| | | Interfund Payables | | | | | | |
|-----------------------|------------------------|--------------------|----------------|-----------------------|------------------------|---------------------|----------------|-----------------|
| Interfund Receivables | General Fund | Health and Welfare | Transportation | Nonmajor Governmental | College and University | Nonmajor Enterprise | Pension Trust | Total |
| | General Fund | | | \$536 | \$5,299 | \$835 | | \$6,670 |
| | Health and Welfare | | | 12 | | | | 12 |
| | Nonmajor Governmental | \$110 | \$131 | 1,756 | | | | 1,997 |
| | College and University | \$1,569 | 369 | 161 | 1,244 | | | 3,343 |
| | Nonmajor Enterprise | 11 | 164 | 53 | 20 | | | 248 |
| | Internal Service | 17 | 388 | 45 | | | | 498 |
| | Pension Trust | | | | | | \$1,626 | 1,626 |
| | Total | \$1,597 | \$867 | \$504 | \$3,646 | \$835 | \$1,626 | \$14,394 |

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. 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 special revenue funds and \$1.4 million advanced by nonmajor special revenue funds to other nonmajor special revenue funds.

B. Interfund Transfers

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

| | | Transfers In | | | | | | |
|---------------|---------------------------|--------------------|-----------------|-----------------------|------------------------|----------------|------------------|--------------------|
| Transfers Out | General Fund | Health and Welfare | Land Endowments | Nonmajor Governmental | College and University | Loan | Internal Service | Total |
| | General Fund | \$491,806 | | \$16,920 | \$311,601 | \$3,084 | \$1,830 | \$825,241 |
| | Health and Welfare | | | 231 | | | | 231 |
| | Transportation | | | 15,602 | | | | 15,602 |
| | Land Endowments | \$42,413 | | | | | | 42,413 |
| | Nonmajor Governmental | 64,869 | 2,210 | \$2,164 | 276 | 1,016 | | 70,635 |
| | Unemployment Compensation | | | 13,766 | | | | 13,766 |
| | Loan | | | 86 | | | | 86 |
| | Nonmajor Enterprise | 45,844 | 2,730 | 1,528 | | | | 50,102 |
| | Internal Service | 209 | | | | | | 209 |
| Total | \$153,335 | \$496,746 | \$2,164 | \$48,409 | \$311,701 | \$4,100 | \$1,830 | \$1,018,285 |

Interfund transfers are primarily performed for two reasons:

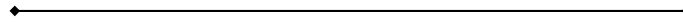
- 1) Taxes, fees, penalties, earnings, and other revenues are transferred from the agencies that initially collect them (such as the Tax Commission) to the General Fund and other funds as dictated by state law.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

- 2) Revenues are transferred from the fund that is statutorily required to collect them to the fund that has budgetary authorization to spend them.

- \$2.2 million to the General Fund from the Consumer Protection Fund to help balance the fiscal year 2009 budget.

During fiscal year 2009 the following nonroutine statutory transfer was made:



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 \$2.6 million, which is not expected to be collected within one year. Taxes receivable not expected to be collected within one year in the General Fund consist of income and sales tax and overpaid tax refunds in the amount of \$38.2 million, net of allowance for doubtful accounts of \$0.4 million.

Loans and notes receivable in the Transportation fund consist of long-term receivables from the sale of capital assets in the amount of \$0.3 million, which is not expected to be collected within one year. Taxes receivable in the Transportation fund consist of long-term receivables for fuel tax in the amount of \$22.9 million, of which \$1.5 million is not expected to be collected within one year.

Loans and notes receivable in the nonmajor special revenue funds consist of long-term receivables for energy and soil conservation projects and for the construction of an irradiation facility in the amount of \$12.0 million. The amount not expected to be collected within one year is \$10.2 million. Accounts receivable not expected to be collected within one year in the nonmajor special revenue funds includes \$2.6 million, net of allowance for doubtful accounts of \$1.9 million. These amounts are related to compliance penalties, restitution to crime victims who have suffered an economic loss, and cost of supervision of individuals on probation and parole.

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 \$246.5 million, of which \$236.2 million is not expected to be collected within one year.

Loans and notes receivable in the College and University fund consist of student loans in the amount of \$26.1 million, net of allowance for doubtful accounts of \$2.0 million. The amount not expected to be collected within one year is \$22.8 million.

Noncurrent interfund receivables are discussed in Note 4.

Component Units

Loans, notes, and pledges receivable for the Idaho Housing and Finance Association consist of long-term receivables from single-family mortgage loans in the amount of \$1.5 billion. The amount not expected to be collected within one year is \$1.4 billion.

Loans, notes, and pledges receivable for the College and University Foundation consist of long-term receivables mainly from pledges in the amount of \$33.5 million, net of allowance for doubtful accounts of \$1.0 million. The amount not expected to be collected within one year is \$23.9 million.

Loans, notes, and pledges receivable for the Bond Bank Authority consist of long-term receivables from loans to municipalities in the amount of \$176.7 million. The amount not expected to be collected within one year is \$172.6 million.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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, 2008 | Increases | Decreases | Balances at June 30, 2009 |
|--|-----------------------------|------------------|--------------------|------------------------------|
| Capital Assets not Being Depreciated: | | | | |
| Land | \$948,599 | \$30,615 | (\$5,735) | \$973,479 |
| Construction in Progress | 968,930 | 363,051 | (243,786) | 1,088,195 |
| Infrastructure | 1,919,944 | 122,653 | (12,073) | 2,030,524 |
| Historical Art and Collections | 122 | | | 122 |
| Total Capital Assets not Being Depreciated | 3,837,595 | 516,319 | (261,594) | 4,092,320 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 659,098 | 47,059 | (7,354) | 698,803 |
| Improvements Other Than Buildings | 59,015 | 10,009 | (742) | 68,282 |
| Machinery, Equipment, and Other | 337,411 | 56,512 | (34,496) | 359,427 |
| Infrastructure | 630,198 | 71,769 | (5,123) | 696,844 |
| Total Capital Assets Being Depreciated | 1,685,722 | 185,349 | (47,715) | 1,823,356 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (249,577) | (15,609) | 1,521 | (263,665) |
| Improvements Other Than Buildings | (17,170) | (3,229) | 41 | (20,358) |
| Machinery, Equipment, and Other | (212,041) | (26,432) | 11,602 | (226,871) |
| Infrastructure | (159,286) | (11,717) | 882 | (170,121) |
| Total Accumulated Depreciation | (638,074) | (56,987) | 14,046 | (681,015) |
| Total Capital Assets Being Depreciated, Net | 1,047,648 | 128,362 | (33,669) | 1,142,341 |
| Governmental Activities Capital Assets, Net | \$4,885,243 | \$644,681 | (\$295,263) | \$5,234,661 |

Note: \$716 was received in insurance recoveries for damage to capital assets, which is reported as other income.

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

| | |
|---|-----------------|
| General Government | \$8,732 |
| Public Safety and Correction | 7,423 |
| Health and Human Services | 3,270 |
| Education | 2,283 |
| Economic Development | 24,373 |
| Natural Resources | 8,697 |
| 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 | 2,209 |
| Total Depreciation Expense for Governmental Activities | \$56,987 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

| | Balances at July 1, 2008 As Restated* | Increases | Decreases | Balances at June 30, 2009 |
|--|---|------------------|--------------------|------------------------------|
| Business-Type Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Land | \$68,800 | \$3,928 | (\$1,863) | \$70,865 |
| Construction in Progress | 73,337 | 63,233 | (79,620) | 56,950 |
| Historical Art and Collections | 2,144 | 24 | (10) | 2,158 |
| Intangible Assets-- Water Rights | 44,382 | | (20,000) | 24,382 |
| Total Capital Assets not Being Depreciated | 188,663 | 67,185 | (101,493) | 154,355 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 980,178 | 102,646 | (417) | 1,082,407 |
| Improvements Other Than Buildings | 47,146 | 1,090 | (62) | 48,174 |
| Machinery, Equipment, and Other | 326,772 | 28,662 | (11,519) | 343,915 |
| Total Capital Assets Being Depreciated | 1,354,096 | 132,398 | (11,998) | 1,474,496 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (325,780) | (26,602) | 128 | (352,254) |
| Improvements Other Than Buildings | (25,578) | (1,918) | 60 | (27,436) |
| Machinery, Equipment, and Other | (233,991) | (22,640) | 10,279 | (246,352) |
| Total Accumulated Depreciation | (585,349) | (51,160) | 10,467 | (626,042) |
| Total Capital Assets Being Depreciated, Net | 768,747 | 81,238 | (1,531) | 848,454 |
| Business-Type Activities Capital Assets, Net | \$957,410 | \$148,423 | (\$103,024) | \$1,002,809 |
| Component Units: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Land | \$4,401 | | (\$3,394) | \$1,007 |
| Total Capital Assets not Being Depreciated | 4,401 | 0 | (3,394) | 1,007 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Other Improvements | 12,179 | | (2,190) | 9,989 |
| Improvements Other than Buildings | 495 | \$97 | (55) | 537 |
| Machinery, Equipment, and Other | 3,307 | 361 | (255) | 3,413 |
| Total Capital Assets Being Depreciated | 15,981 | 458 | (2,500) | 13,939 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Other Improvements | (4,915) | (222) | 528 | (4,609) |
| Improvements Other than Buildings | (253) | (9) | 55 | (207) |
| Machinery, Equipment, and Other | (3,003) | (186) | 255 | (2,934) |
| Total Accumulated Depreciation | (8,171) | (417) | 838 | (7,750) |
| Total Capital Assets Being Depreciated, Net | 7,810 | 41 | (1,662) | 6,189 |
| Component Unit Activities Capital Assets, Net | \$12,211 | \$41 | (\$5,056) | \$7,196 |

* Beginning balances for business-type activities were adjusted for the transfer of water rights.

* Beginning balances for component units were adjusted between asset classes.

Note: Capital assets of \$35,767 are not included above for The Housing Company (THC), which prepared financial statements under FASB standards. THC is a component unit of the Idaho Housing and Finance Association.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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 and establishing funding policy. 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 held by the PERSI Base Plan and the FRF are pooled.

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, Sections 59-1301 through 59-1399.

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 724.

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.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

The last actuarial valuation was performed as of July 1, 2009. Normal cost is 14.62 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 2.27 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% | 7.65% |

Employer contributions required and paid were \$68.5 million, \$72.5 million, and \$74.3 million for the fiscal years ended June 30, 2007, 2008, and 2009, 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. Interest is compounded monthly per annum and accrued at 1 percent January 1 through June 30, 2009; and 17.51 percent July 1 through December 31, 2008. 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, Sections 72-1401 through 72-1472. 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-three 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, Sections 59-1301 through 59-1399. 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.

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 724 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 without restriction 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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

Employers and participants in the plans contributed \$0.2 million and \$35.7 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

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 71 retired members or beneficiaries collecting benefits, 8 terminated members entitled to, but not yet receiving benefits, and 49 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 and Vesting

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.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 the 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 \$6.1 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, 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, 2009, the annual required contribution (ARC) is \$2.4 million. Total Judicial Department and member contributions to the pension plan for the fiscal year amounted to \$2.4 million, of which \$1.7 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 \$2.4 million in 2008 to \$2.7 million in 2009 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 actuarial value of plan assets.

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

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------------------------|---------------------------------|--|--|-------------------------------|------------------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded AAL (UAAL) (2) - (1) | Funded Ratios (1) : (2) | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll (3) : (5) |
| 6/30/09 | \$48,439 | \$75,345 | \$26,906 | 64.3% | \$5,960 | 451 |

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)

| | 2007 | 2008 | 2009 |
|--|----------------|----------------|----------------|
| Annual Required Contribution (ARC) | \$2,523 | \$2,582 | \$2,377 |
| Interest on Net Pension Obligation (NPO) | 80 | 129 | 178 |
| Adjustment to ARC | (96) | (154) | (213) |
| Annual Pension Cost (APC) | 2,507 | 2,557 | 2,342 |
| Employer Contributions Made | (1,864) | (1,896) | (2,006) |
| Increase in NPO | 643 | 661 | 336 |
| Prior Year NPO | 1,071 | 1,714 | 2,375 |
| Current Year NPO | \$1,714 | \$2,375 | \$2,711 |
| Percentage of APC Contributed | 74.3 | 74.2 | 85.7 |

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 Fund (TIAA-CREF) and Variable Annuity Life Insurance Company. The Plan is administered by TIAA-CREF, and they may be reached at (800) 842-2009.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Membership

New 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 \$38.6 million, which consisted of \$22.0 million from the colleges and universities and \$16.6 million from employees. The contribution rates as a percentage of payroll for the fiscal year are as follows:

| Employee Group | Employer | Employee |
|---------------------------------|----------|----------|
| Boise State University | 9.26% | 6.97% |
| Eastern Idaho Technical College | 7.72% | 6.97% |
| Idaho State University | 9.30% | 6.97% |
| Lewis-Clark State College | 9.35% | 6.97% |
| University of Idaho | 9.26% | 6.97% |

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 ext. 3228.

Membership

As of September 30, 2008, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

| | |
|----------------------------|-----------|
| Retirees and Beneficiaries | 401 |
| Inactive Participants | 10 |
| Current Active Employees | <u>28</u> |
| Total | 439 |

Benefits

The 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. Once an annuity is purchased 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, 2008, 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 \$122.2 million. The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6 percent for 2009. Net assets available for benefits (at fair value) are \$179.4 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, 2009, consistent with the most recent actuarial valuations. This valuation certified that the total contribution rate should remain at zero through September 30, 2010. The total employer contribution for federal fiscal year 2008 was zero. The employer payments have been fully funded by federal revenues from the U.S. Department of Labor.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

plans are reported as agent multiple-employer defined benefit plans. The Life Insurance benefit 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, 2008. 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, \$0.30 per person per month for fiscal year 2009. This rate is reviewed annually.

Each of the participating employers 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, P.O. Box 443166, Moscow, ID 83844-3166. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2008. 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, 2008. 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:

| | Participating Employers and Classes of Employees | | | | | |
|-----------------------------------|--|---------------------------|------------|-------------------|---------------------------|--------------------------------|
| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Life Insurance Plan | University of Idaho Plan |
| | | Income | Healthcare | Life Insurance | | |
| Active Employees | 20,107 | - | 20,107 | 20,107 | 4,719 | 1,272 |
| Retired/Disabled Employees | 3,092 | 148 | 125 | 572 | 1,290 | 837 |
| Terminated, Vested Employees | 3,484 | - | 3,484 | 3,484 | 11 | - |
| 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. Effective July 1, 2009, changes to this benefit regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State service; the maximum benefit is \$1,860 per retiree per year. Additionally, any retiree who is currently eligible will remain so until they are eligible for Medicare. Beginning January 1, 2010, coverage will not be available to Medicare-eligible retirees or their Medicare-

eligible dependents. These changes have significantly reduced the liability.

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. In fiscal year 2009 retired plan members contributed 83.3 percent of the total premium cost. In fiscal year 2009 employers were charged \$26.00 per active employee per month towards the retiree premium cost, 16.7 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

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2009

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 0.328 percent of payroll. The employers' actual contribution was \$2.9 million in fiscal year 2009. 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 2009 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.

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:

Life Insurance Contribution Rates

| | Under Age 65 | Age 65 - 69 | Age 70 and Over | All Ages |
|---------------------------|-------------------------|------------------------|----------------------------|-----------------|
| Colleges and Universities | 2.037% | 1.568% | 1.081% | |
| Judicial Department | 1.940% | 1.471% | 0.984% | |
| Department of Labor | | | | 0.984% |

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.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Revenues and 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 | |
| | | Income | Healthcare | Insurance | | |
| ASSETS | | | | | | |
| Pooled Cash and Investments | \$225 | | \$105 | | | \$136 |
| Interest Receivable | | | | | | 5 |
| Investments, at Fair Value | | | | | | |
| Fixed Income Securities | | | | | | 2,383 |
| Equity Securities | | | | | | 2,114 |
| Total Assets | <u>\$225</u> | <u>\$0</u> | <u>\$105</u> | <u>\$0</u> | <u>\$0</u> | <u>\$4,638</u> |
| LIABILITIES | | | | | | |
| Deferred Revenue | \$225 | | \$105 | | | |
| Total Liabilities | <u>\$225</u> | <u>\$0</u> | <u>\$105</u> | <u>\$0</u> | <u>\$0</u> | <u>0</u> |
| NET ASSETS | | | | | | |
| Net Assets Held in Trust for OPEB | | | | | | 4,638 |
| Total Net Assets | | | | | | <u>4,638</u> |
| TOTAL LIABILITIES AND NET ASSETS | | | | | | <u>\$4,638</u> |

Statement of Changes in Plan Net Assets

(dollars in thousands)

| | University of Idaho Plan |
|---|--------------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$5,295 |
| Total Contributions | <u>5,295</u> |
| Interest | 82 |
| Realized Capital Gains | 37 |
| Total Additions | <u>\$5,414</u> |
| DEDUCTIONS | |
| Unrealized loss on investments | \$775 |
| Administrative expenses | 1 |
| Total Deductions | <u>\$776</u> |
| Net Increase in Plan Net Assets | <u>\$4,638</u> |
| Net Plan Assets, Beginning of Year | <u>0</u> |
| Net Plan Assets, End of Year | <u>\$4,638</u> |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

Annual OPEB Cost

The Annual OPEB Cost (AOC) is actuarially determined based on the annual required contribution (ARC) of the employer in accordance with GASB Statement Nos. 43 and 45. 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 (NOO)

(dollars in thousands)

| | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan | University of Idaho Plan |
|---|-------------------------------|---------------------------|------------|-------------------|-----------------------------------|--------------------------------|
| | | Income | Healthcare | Life Insurance | | |
| Annual required contribution | \$3,272 | \$881 | \$1,573 | \$703 | \$2,673 | \$6,362 |
| Interest on NOO | 1,139 | (32) | 30 | 14 | 93 | |
| Adjustment to ARC | (1,560) | 43 | (41) | (19) | (127) | |
| Total Annual OPEB Cost | 2,851 | 892 | 1,562 | 698 | 2,639 | 6,362 |
| Contributions Made | (3,165) | (857) | (1,500) | (1,029) | (961) | (6,430) |
| Increase (Decrease) in NOO | (314) | 35 | 62 | (331) | 1,678 | (68) |
| NOO (Funding Excess) – Beginning of Year | 25,476 | (646) | 674 | 317 | 2,055 | (77) |
| NOO (Funding Excess) – End of Year | \$25,162 | (\$611) | \$736 | (\$14) | \$3,733 | (\$145) |

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 year.

Annual OPEB Cost and Net OPEB Obligation Comparison (NOO)

(dollars in thousands)

| | | Retiree Healthcare Plan | Long-Term Disability Plan | | | Retiree Life Insurance Plan | University of Idaho Plan |
|---------------------------------------|------|-------------------------------|---------------------------|------------|-------------------|-----------------------------------|--------------------------------|
| | | | Income | Healthcare | Life Insurance | | |
| Annual OPEB Cost | 2008 | \$33,311 | \$238 | \$1,540 | \$706 | \$2,542 | \$7,157 |
| | 2009 | \$2,851 | \$892 | \$1,562 | \$698 | \$2,639 | \$6,362 |
| Percentage of AOC Contributed | 2008 | 23.5% | 371.3% | 56.2% | 55.1% | 19.2% | 101.1% |
| | 2009 | 111.0% | 96.0% | 96.1% | 147.4% | 36.4% | 101.1% |
| NOO (Funding Excess) – End of Year | 2008 | \$25,476 | (\$646) | \$674 | \$317 | \$2,055 | (\$77) |
| | 2009 | \$25,162 | (\$611) | \$736 | (\$14) | \$3,733 | (\$145) |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 | |
| | 7/1/2008 | Income | Healthcare | Life Insurance | 7/1/2008 | 7/1/2008 |
| Actuarial Valuation Date | 7/1/2008 | 7/1/2008 | 7/1/2008 | 7/1/2008 | 7/1/2008 | 7/1/2008 |
| 1 Actuarial Value of Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,333 |
| 2 Actuarial Accrued Liability (AAL) | 21,603 | 5,813 | 9,975 | 8,344 | 33,482 | 77,141 |
| 3 Unfunded AAL (UAAL) (2) - (1) | \$21,603 | \$5,813 | \$9,975 | \$8,344 | \$33,482 | \$68,808 |
| 4 Funded Ratios (1) : (2) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 10.8% |
| 5 Annual Covered Payroll | \$803,608 | \$803,608 | \$803,608 | \$803,608 | \$248,565 | \$129,435 |
| 6 UAAL as a Percentage of Covered Payroll (3) : (5) | 2.7 | 0.7 | 1.2 | 1.0 | 13.5 | 53.2 |

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.

Any variations in future experience from that expected based on these assumptions will result in corresponding changes in the estimated costs of the benefits. 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 | |
| | Projected Unit Credit Level | Projected Unit Credit Level Dollar Amount | Projected Unit Credit Level | Projected Unit Credit Level | Projected Unit Credit Level | Entry Age Normal |
| Actuarial Cost Method | Projected Unit Credit Level | Projected Unit Credit Level Dollar Amount | Projected Unit Credit Level | Projected Unit Credit Level | Projected Unit Credit Level | Entry Age Normal |
| Amortization Method | Percentage of Payroll | Level Dollar Amount | Percentage of Payroll | Percentage of Payroll | Percentage of Payroll | Level Dollar |
| Amortization Period | 11 years, Closed | 8 years, Closed | 30 years, Open | 30 years, Open | 30 years, Open | 30 years, Open |
| Assumptions: | | | | | | |
| Inflation Rate | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | N/A |
| Investment Return | 4.50% | 5.25% | 4.50% | 5.25% | 4.50% | 6.25% |
| OPEB Increases | N/A | N/A | N/A | N/A | 3.75% | N/A |
| Projected Salary Increases | 3.75% | 3.75% | 3.75% | 3.75% | 3.75% | 3.00% |
| Healthcare Cost Initial Trend Rate | 13.60% | N/A | 13.60% | N/A | N/A | 11.00% |
| Healthcare Cost Ultimate Trend Rate | 5.00% | N/A | 5.00% | N/A | N/A | 5.00% |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 \$17.1 million of unpaid claim liabilities for Risk Management are presented at present value, \$15.8 million, using a 3.5 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 13.5 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 claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2009 refunds from the Group Insurance carriers reflect favorable claims experience. Unpaid claim liabilities at fiscal year-end of \$3.9 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 | 2008 | \$15,183 | \$5,840 | (\$3,915) | \$17,108 |
| | 2009 | \$17,108 | \$2,509 | (\$3,792) | \$15,825 |
| Group Insurance | 2008 | \$2,684 | \$18,338 | (\$17,966) | \$3,056 |
| | 2009 | \$3,056 | (\$4,436) | \$5,308 | \$3,928 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 10. LEASES

A. State as Lessee

The State leases office buildings, 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, executory costs, 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 2009 were \$28.0 million for the primary government and \$38,082 for component units. 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 | \$390 | | \$390 |
| Buildings and Improvements | 12,230 | \$6,973 | 19,203 |
| Improvements Other Than Buildings | 609 | | 609 |
| Machinery, Equipment, and Other | 4,182 | 2,595 | 6,777 |
| Total Capital Leases | \$17,411 | \$9,568 | \$26,979 |

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

| Fiscal Year | Operating Leases | | Capital Leases | | | |
|--|-----------------------|--------------------|----------------------------|---|---|--------------------------------|
| | Primary Government | Component Units | Governmental Activities | Business-Type Activities With Third Parties | Business-Type Activities With Component Units | Total Primary Government |
| 2010 | \$27,259 | \$9 | \$1,769 | \$466 | \$423 | \$2,658 |
| 2011 | 23,659 | 9 | 1,554 | 168 | 430 | 2,152 |
| 2012 | 20,958 | 9 | 1,373 | 34 | 426 | 1,833 |
| 2013 | 17,884 | 10 | 1,238 | | 431 | 1,669 |
| 2014 | 13,502 | 12 | 1,156 | | 429 | 1,585 |
| 2015 - 2019 | 26,528 | 73 | 4,377 | | 1,280 | 5,657 |
| 2020 - 2024 | 5,096 | 99 | 3,707 | | | 3,707 |
| 2025 - 2029 | 4,139 | 139 | 539 | | | 539 |
| 2030 - 2034 | | 48 | | | | |
| 2035 - 2039 | | 49 | | | | |
| Total Payments | \$139,025 | \$457 | 15,713 | 668 | 3,419 | 19,800 |
| Less Imputed Interest | | | (4,238) | (41) | (767) | (5,046) |
| Total Present Value of Minimum Lease Payments | \$11,475 | | \$627 | | \$2,652 | \$14,754 |

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

B. State as Lessor

Operating Leases

Non-state parties rent land, buildings, and improvements other than buildings under operating leases from the Departments of Correction, Health and Welfare, Juvenile Corrections, Lands, and Parks and Recreation; the Lava Hot Springs Foundation; and Idaho State University.

Capital Leases

The Boise State University Foundation, a component unit, leases a building, land, and equipment 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 | Fair Market Value at Date of Acquisition | Accumulated Depreciation | Current Book Value |
|-----------------------------------|---|-----------------------------|-----------------------|
| Land | \$1,218 | | \$1,218 |
| Buildings and Improvements | 19,590 | (\$1,140) | 18,450 |
| Improvements Other Than Buildings | 10 | (5) | 5 |
| Total | \$20,818 | (\$1,145) | \$19,673 |

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

| Fiscal Year | Operating Leases | Capital Leases |
|--|-----------------------|-------------------|
| | Primary Government | Component Unit |
| 2010 | \$9,813 | \$423 |
| 2011 | 6,528 | 430 |
| 2012 | 3,544 | 426 |
| 2013 | 2,890 | 431 |
| 2014 | 2,271 | 429 |
| 2015 - 2019 | 8,109 | 1,280 |
| 2020 - 2024 | 6,333 | |
| 2025 - 2029 | 5,029 | |
| Total Rentals and Receivables | \$44,517 | \$3,419 |
| Net Investment in Direct Financing Lease: | | |
| Minimum Lease Payments Receivable | | \$3,419 |
| Less Unearned Income | | (767) |
| Net Investment in Direct Financing Lease | | \$2,652 |

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 2009 the State anticipated that 42 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 67.8 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

the open market were issued on July 1, 2008, and were redeemed on June 30, 2009.

The University of Idaho entered into a line of credit agreement to finance safety renovations and improvements for the University's Kibbie Dome athletic facility. The total available line of credit extended to the University under this agreement is \$10.0 million. The University is required to make quarterly payments of accrued interest on this line of credit beginning March 31, 2009, with the entire principal balance and remaining accrued interest to be paid on December 31, 2010. This line of credit carries an indexed variable interest rate which was 2.6 percent as of June 30, 2009. The line of credit is secured by the University's cash and investments held in the accounts of Wells Fargo and/or any Wells Fargo affiliates.

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 | \$600,000 | (\$600,000) | \$0 |
| Business-Type Activities: | | | | |
| Line of Credit | \$0 | \$1,880 | \$0 | \$1,880 |
| Component Units | | | | |
| Commercial Paper | \$30,000 | \$1,089,000 | (\$1,089,000) | \$30,000 |
| Line of Credit | \$285 | \$857 | (\$882) | \$260 |

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.

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, 2009, the Association has commercial paper outstanding, maturing within 30 to 90 days from date of issue, with a weighted average interest rate of 2.5 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 8 percent per annum. The line matures November 2, 2009, and is not secured.

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 |

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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.

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, 2009, under these surety bonds. The Authority has recorded an estimated arbitrage rebate liability of \$0.2 million for the Series 2005A bonds and the Series 2006A 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 \$616.2 million in bonds between 1996 and 2009. Annual principal and interest payments on the bonds are expected to require less than 11.8 percent of the revenues. The total principal and interest payments remaining on the bonds is \$731.7 million, payable through 2041. For the current year principal and interest payments and total pledged revenues were \$29.2 million and \$247.9 million, respectively. Boise State University has recorded an estimated arbitrage rebate liability of \$0.5 million.

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, and the assignment of water rights. These bonds are not considered general obligations of the State. The bonds are secured by a reserve fund with the trustee bank. A portion of the bonds is further secured by a reserve requirement 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. Total principal and interest remaining on the bonds is \$6.0 million, payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 81.6 percent of the revenues. For the current year principal and interest payments and total pledged revenues were \$0.6 million and \$0.7 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 Association issued \$539.6 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds between 2006 and 2009 for the construction of highway transportation projects. The total principal and interest payments remaining on the bonds is \$753.7 million, payable through 2028. Annual principal and interest payments on the bonds are expected to require more than 100 percent of the revenues. For the current year principal and interest payments and total pledged revenues were \$53.7 million and \$42.4 million, respectively.

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 BSU Foundation issued \$4.9 million in bonds during 2002. The total principal and interest payments remaining on the bonds is \$3.9 million, payable through 2018. Annual principal and interest payments on the bonds are expected to require 100 percent of the revenues. For the current year principal and interest payments and total pledged revenues were \$0.4 million and \$0.4 million, respectively.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 67-8728. 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*):

| Fiscal Year Ending June 30 | Primary Government | | | | | | | |
|----------------------------------|-----------------------------|------------------|---------------------------|------------------|----------------|----------------|------------------|------------------|
| | Governmental Activities | | Business-Type Activities | | | | | |
| | Nonmajor Special Revenue | | College and University | | Loan | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2010 | \$23,272 | \$12,339 | \$14,065 | \$20,458 | \$340 | \$259 | \$37,677 | \$33,056 |
| 2011 | 23,053 | 11,340 | 13,990 | 19,726 | 360 | 240 | 37,403 | 31,306 |
| 2012 | 24,210 | 10,289 | 12,195 | 18,728 | 380 | 220 | 36,785 | 29,237 |
| 2013 | 25,370 | 9,148 | 15,950 | 17,985 | 400 | 198 | 41,720 | 27,331 |
| 2014 | 25,620 | 7,943 | 14,410 | 17,256 | 425 | 175 | 40,455 | 25,374 |
| 2015-2019 | 51,170 | 30,121 | 74,640 | 73,738 | 2,515 | 477 | 128,325 | 104,336 |
| 2020-2024 | 50,080 | 19,823 | 74,050 | 52,067 | | | 124,130 | 71,890 |
| 2025-2029 | 18,935 | 10,515 | 47,635 | 35,926 | | | 66,570 | 46,441 |
| 2030-2034 | 10,270 | 8,184 | 47,850 | 22,755 | | | 58,120 | 30,939 |
| 2035-2039 | 13,230 | 5,258 | 36,105 | 7,879 | | | 49,335 | 13,137 |
| 2040-2044 | 14,155 | 1,571 | 93,735 | 509 | | | 107,890 | 2,080 |
| Total | \$279,365 | \$126,531 | \$444,625 | \$287,027 | \$4,420 | \$1,569 | \$728,410 | \$415,127 |
| Interest Rate | 2.50% to 5.98% | | 2.00% to 5.80% | | 5.46% to 6.28% | | | |

| Fiscal Year Ending June 30 | Component Units | | | | | | | |
|----------------------------------|--|--------------------|---------------------------------------|----------------|------------------------------|------------------|--------------------|--------------------|
| | Idaho Housing and Finance Association | | College and University Foundations | | Idaho Bond Bank Authority | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2010 | \$69,830 | \$75,603 | \$375 | \$423 | \$4,015 | \$8,139 | \$74,220 | \$84,165 |
| 2011 | 51,365 | 74,170 | 445 | 409 | 4,250 | 7,826 | 56,060 | 82,405 |
| 2012 | 52,265 | 71,789 | 455 | 395 | 5,335 | 7,634 | 58,055 | 79,818 |
| 2013 | 55,710 | 69,318 | 475 | 379 | 5,650 | 7,411 | 61,835 | 77,108 |
| 2014 | 59,320 | 66,791 | 5,548 | 199 | 6,155 | 7,168 | 71,023 | 74,158 |
| 2015-2019 | 347,460 | 290,837 | 4,430 | 282 | 31,150 | 31,952 | 383,040 | 323,071 |
| 2020-2024 | 412,385 | 213,067 | 7,235 | 36 | 46,525 | 23,153 | 466,145 | 236,256 |
| 2025-2029 | 451,495 | 123,747 | | | 51,935 | 11,216 | 503,430 | 134,963 |
| 2030-2034 | 362,140 | 63,801 | | | 12,835 | 3,389 | 374,975 | 67,190 |
| 2035-2039 | 305,320 | 23,533 | | | 8,805 | 1,088 | 314,125 | 24,621 |
| 2040-2044 | 22,845 | 1,067 | | | | | 22,845 | 1,067 |
| Total | \$2,190,135 | \$1,073,723 | \$18,963 | \$2,123 | \$176,655 | \$108,976 | \$2,385,753 | \$1,184,822 |
| Interest Rate | 0.598% to 7.709% | | *4.55% to 5.35% | | 2.50% to 5.625% | | | |

* Interest for the ISU Foundation is re-marketed weekly and priced off the SIFMA index.

C. Advance Refundings

Primary Government

During the current year Boise State University issued \$42.6 million, at par, of General Revenue and Refunding Series 2009A bonds. Proceeds from the Series 2009A

bonds in the amount of \$30.8 million were received by the University for designated projects and costs of issuance. Additionally, \$12.1 million was deposited in

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

trust to refund portions of the Series 1998 Student Refunding and Improvement bonds, Series 1998 Student Union and Housing System Refunding bonds, and the Series 2001 Student Building Fee Revenue bonds. The aggregate difference in the debt service between the refunding debt and refunded debt was \$0.9 million and the net present value of the savings due to the refunding was \$0.8 million.

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 and the University of Idaho 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 related liabilities were appropriately removed from the financial statements in the year of defeasance.

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

| Issuer | Debt Issue | Amount | Remaining |
|--------------------------------|---------------------|----------|-----------|
| | | Defeased | Liability |
| Idaho State Building Authority | 2003 Series B Bonds | \$4,765 | \$4,765 |
| Boise State University | 2001 Series Bonds | 3,350 | 3,350 |
| | 2002 Series Bonds | 34,710 | 34,710 |
| University of Idaho | 2001 Series Bonds | 38,035 | 1,055 |

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 \$268.3 million in notes payable to the Idaho Housing and Finance Association (IHFA). 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 less than 19 percent of the revenues. The total principal and interest payments remaining on the notes is \$366.9 million, payable through 2028. For the current year principal and interest payments and total pledged revenues were \$42.4 million and \$223.7 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by IHFA 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 notes payable.

The State's colleges and universities purchased land and financed various construction projects through the issuance of notes payable. Two of the notes are secured by student fees and other revenue. Lewis-Clark State College issued \$5.6 million in notes payable between 2003 and 2009. Annual principal and interest payments on the notes are expected to require less than 71.1 percent of the revenues. The total principal and interest remaining on the notes is \$5.5 million, payable through 2014. For the current year principal and interest payments and total pledged revenues were \$0.2 million and \$0.3 million, respectively.

The Department of Labor issued a \$27.0 million note payable to the federal government to cover the deficit in the Unemployment Trust Fund. The fund's unemployment insurance receipts for the year fell short of the amount needed to pay the current year unemployment benefits. The State anticipates requesting another loan to cover future deficits in the fund.

The Idaho Water Resource Board issued an \$8.4 million note payable to purchase water rights in a prior year. The water rights were owned by the Bell Rapids Mutual Irrigation Company and the purchase was authorized by the Legislature to address statewide water issues driven by drought, water supply, and basic demands of economic development.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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

| Primary Government | | | | | | | | |
|---|-----------------|-----------|-----------------|----------|------------------|----------|-----------|-----------|
| Governmental Activities | | | | | | | | |
| Fiscal Year | Nonmajor | | | | | | | |
| Ending | Transportation | | Special Revenue | | Internal Service | | Total | |
| June 30 | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2010 | \$8,176 | \$19,061 | \$70 | \$95 | \$134 | \$228 | \$8,380 | \$19,384 |
| 2011 | 20,713 | 22,666 | 78 | 87 | 127 | 176 | 20,918 | 22,929 |
| 2012 | 9,044 | 14,207 | 82 | 83 | 146 | 168 | 9,272 | 14,458 |
| 2013 | 7,120 | 13,897 | 87 | 78 | 166 | 160 | 7,373 | 14,135 |
| 2014 | 13,810 | 13,512 | 91 | 74 | 187 | 151 | 14,088 | 13,737 |
| 2015 - 2019 | 77,388 | 55,656 | 538 | 287 | 1,315 | 571 | 79,241 | 56,514 |
| 2020 - 2024 | 63,627 | 12,434 | 704 | 121 | 1,393 | 146 | 65,724 | 12,701 |
| 2025 - 2029 | 15,167 | 380 | | | | | 15,167 | 380 |
| Total | \$215,045 | \$151,813 | \$1,650 | \$825 | \$3,468 | \$1,600 | \$220,163 | \$154,238 |
| Interest Rate | 2.60% to 5.25% | | 5.52% | | 5.34% | | | |
| Business-Type Activities | | | | | | | | |
| Fiscal Year | College and | | Unemployment | | Loan | | Total | |
| Ending | University | | Compensation | | | | | |
| June 30 | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2010 | \$5,424 | \$843 | | | \$1,675 | | \$7,099 | \$843 |
| 2011 | 8,155 | 596 | \$26,973 | | | | 35,128 | 596 |
| 2012 | 1,602 | 370 | | | | | 1,602 | 370 |
| 2013 | 1,492 | 296 | | | | | 1,492 | 296 |
| 2014 | 1,568 | 221 | | | | | 1,568 | 221 |
| 2015 - 2019 | 3,309 | 234 | | | | | 3,309 | 234 |
| Total | \$21,550 | \$2,560 | \$26,973 | \$0 | \$1,675 | \$0 | \$50,198 | \$2,560 |
| Interest Rate | *2.64% to 8.50% | | 0.00% | | 0.00% | | | |
| * Notes payable for BSU include interest rates of the 30 day LIBOR plus 2.35% and 49% of lender's prime rate. | | | | | | | | |

* Notes payable for BSU include interest rates of the 30 day LIBOR plus 2.35% and 49% of lender's prime rate.

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 2009 but not reported at year end in the amount of \$82.8 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 \$1.1 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 2008 amended remediation cost estimate was \$134.6 million, which was measured using the expected cash flow technique. The State's share was \$13.5 million. The State has expended \$13.0 million toward the required match leaving a liability of \$0.5 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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

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 \$355.0 million; Idaho's match is 10 percent or \$31.0 million, which was measured using the expected cash flow technique. The State has expended \$2.5 million toward the required match, leaving a liability of \$28.5 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 \$7.4 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 \$5.0 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, 2008 As Restated | Increases | Decreases | Balances at June 30, 2009 | Amounts Due Within One Year |
|-------------------------------------|--|------------------|--------------------|------------------------------|-----------------------------------|
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| Revenue Bonds | \$303,070 | | (\$23,705) | \$279,365 | \$23,272 |
| Premiums/Discounts/Other | 3,089 | | (1,131) | 1,958 | |
| Notes Payable | 3,543 | \$1,650 | (75) | 5,118 | 204 |
| Notes Payable to Component Unit | 94,643 | 150,991 | (30,589) | 215,045 | 8,176 |
| Total Bonds and Notes Payable | 404,345 | 152,641 | (55,500) | 501,486 | 31,652 |
| Capital Leases | 11,997 | 1,018 | (1,540) | 11,475 | 1,185 |
| Compensated Absences | 56,599 | 54,041 | (55,756) | 54,884 | 53,549 |
| Policy Claim Liabilities | 20,164 | (1,935) | 1,524 | 19,753 | 9,675 |
| Claims and Judgments | 139,887 | 2,504 | (29,456) | 112,935 | 83,983 |
| Net Pension Obligation | 2,375 | 336 | | 2,711 | |
| Net OPEB Obligation | 20,018 | | (223) | 19,795 | |
| Arbitrage Rebate Liability | 1,890 | | (1,710) | 180 | |
| Total Governmental Activity | \$657,275 | \$208,605 | (\$142,661) | \$723,219 | \$180,044 |
| Business-Type Activities: | | | | | |
| Revenue Bonds | \$442,530 | \$42,595 | (\$36,080) | \$449,045 | \$14,405 |
| Premiums/Discounts | 486 | 102 | (223) | 365 | (143) |
| Notes Payable | 20,163 | 33,340 | (3,305) | 50,198 | 7,099 |
| Premiums/Discounts | (8) | 5 | | (3) | |
| Total Bonds and Notes Payable | 463,171 | 76,042 | (39,608) | 499,605 | 21,361 |
| Capital Leases | 1,139 | | (512) | 627 | 430 |
| Capital Leases to Component Unit | 2,917 | | (265) | 2,652 | 275 |
| Compensated Absences | 20,067 | 20,656 | (19,909) | 20,814 | 20,814 |
| Net OPEB Obligation | 7,858 | 1,359 | (7) | 9,210 | |
| Arbitrage Rebate Liability | 445 | 83 | | 528 | |
| Total Business-Type Activity | \$495,597 | \$98,140 | (\$60,301) | \$533,436 | \$42,880 |

Business-Type Activities Premiums/Discounts were restated due to BSU change in accounting principal.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

| Long-Term Liabilities | Balances at July 1, 2008 As Restated | Increases | Decreases | Balances at June 30, 2009 | Amounts Due Within One Year |
|--------------------------------------|---|------------------|--------------------|--------------------------------------|--|
| Component Units | | | | | |
| Revenue Bonds | \$2,141,240 | \$407,818 | (\$163,305) | \$2,385,753 | \$74,220 |
| Premiums/Discounts | 13,308 | 9,437 | (636) | 22,109 | |
| Total Bonds Payable | 2,154,548 | 417,255 | (163,941) | 2,407,862 | 74,220 |
| Policy Claim Liabilities | 10,975 | 14,104 | (12,694) | 12,385 | 6,844 |
| Total Component Unit Activity | \$2,165,523 | \$431,359 | (\$176,635) | \$2,420,247 | \$81,064 |

Internal service funds predominantly serve the governmental funds. Accordingly, \$0.7 million of compensated absences, \$19.8 million of policy claim liabilities, and \$1.0 million of capital leases 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 29.6 percent has been paid by the General Fund, 67.3 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, nonmajor special revenue funds, and the Loan Fund.

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. Six series of Water Resource Bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of \$78.6 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. Twenty-two series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of \$94.9 million.

NOTE 13. EQUITY

A. Restatement of Beginning Fund Balances and Net Assets

During fiscal year 2009, additional information became available that required the restatement of the beginning fund balances or net assets for the following funds:

The General Fund beginning fund balance decreased by \$11.2 million because of an overstatement of revenues and an understatement of expenditures due to the estimate for unclaimed property liabilities. Nonmajor governmental funds beginning fund balances increased by \$27.0 million because of an understatement of

revenue. The Loan Fund beginning fund balance decreased by \$1.0 million due to an overstatement of revenue related to the transfer of water rights.

Component Unit beginning net assets increased by \$5.8 million due to the inclusion of new component units. Beginning net assets decreased by \$36.4 million due to Boise State University Foundation's decision to follow financial reporting standards established by the Financial Accounting Standards Board.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

The government-wide Statement of Activities beginning net assets balance includes the above adjustments. In addition to the above adjustments, the beginning net assets of governmental activities on the government-wide Statement of Activities were adjusted by the following amounts:

- A net decrease of \$32.7 million due to an understatement of expenditures for incurred but not reported Medicaid claims and an understatement of revenues for the related receivable from the federal government
- An increase of \$18.6 million due to an overstatement of expenditures related to a note payable to a component unit

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 mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

The government-wide Statement of Net Assets reported restricted net assets of \$1.6 billion for governmental activities, \$640.7 million for business-type activities, and \$364.1 million for component units. These amounts include \$312.4 million of net assets restricted by enabling legislation for governmental activities and \$330.4 million of net assets restricted by enabling legislation for business-type activities.

C. Designated Governmental Fund Balances

Designated fund balances are included in the Unreserved Fund Balances reported on the Governmental Fund Balance Sheet. Designations represent management's tentative self-imposed decisions about the future use of unreserved fund balances. Designated fund balances include the following:

- General Fund: \$22.2 million for repair, remodel, and restoration of the State Capitol Building
- Transportation fund: \$69.8 million for trustee and benefit payments, highway projects, and matching federal dollars on state transportation projects
- Nonmajor governmental funds: \$19.7 million for air and water quality programs and environmental remediation projects, and \$5.2 million for parks and recreation capital projects

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. No net appreciation on investments of the donor-restricted endowments was available for the Land Board or the EFIB to authorize expenditures for the Land Endowments fund. 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.

In fiscal year 2008 the Department of Parks and Recreation received a \$1.0 million donor-restricted

endowment for the preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. 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. In the first two years after the donation no less than \$30,000 is to be distributed to the Board. 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, no net appreciation was available for expenditure.

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

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. During the fiscal year the Foundation received new contributions of \$2.8 million. The amount permanently restricted by donors was \$58.8 million which is included in net assets restricted for permanent trust-nonexpendable. The amount temporarily restricted by donors was \$0.6 million which is included in net assets restricted for permanent trust-expendable. The endowments did not have any net appreciation during the fiscal year for expenditure. 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. During the fiscal year the Foundation did not receive any new contributions. The amount permanently restricted by donors was \$0.7 million which is included in net assets restricted for permanent trust-nonexpendable. 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. During the fiscal year the Foundation received new contributions of \$3.9 million. The amount permanently restricted by donors was \$26.3 million which is included in net assets restricted for permanent trust-nonexpendable. The amount temporarily restricted by donors was \$7.0 million which is included in net assets restricted for permanent trust-expendable. The endowments did not have any net appreciation during the fiscal year for expenditure. 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. During the fiscal year the Foundation received \$0.5 million in new contributions. The amount permanently restricted by donors was \$0.2 million which is included in net assets restricted for permanent trust-nonexpendable. The endowments did not have any net appreciation during the fiscal year for expenditure. 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 Foundation received \$6.4 million in new contributions during the fiscal year. The amount permanently restricted by donors was \$82.2 million which is included in net assets restricted for permanent trust-nonexpendable. The endowments did not have any net appreciation during the fiscal year for expenditure. 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 the fiscal year 2009, the spending rate was set at 4 percent of the three-year rolling average of the endowments' 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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS**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 \$31.0 million during fiscal year 2009. 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, 2009, the principal amount of qualified bonds outstanding to school districts was \$617.6 million, and the interest amount outstanding was \$221.6 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, 2009, the Idaho Bond Bank Authority had a principal amount of qualified bonds outstanding to municipalities of \$176.7 million and the interest amount outstanding was \$109.0 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 \$13.9 million of questioned costs at June 30, 2008. These costs will be contested with the federal agency involved. Management estimates the liability to be less than the questioned amounts. Audits for the fiscal year ended June 30, 2009 are in process.

The Idaho Transportation Department (ITD) faces a potential liability of \$3.1 million for unpaid contractual claims. A probable cost of \$1.1 million has been recognized as a liability with a remaining contingent liability of \$2.0 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 \$505.3 million in outstanding commitments for investments to private equity partnerships.

The ITD has a total of \$253.6 million in outstanding commitments for infrastructure and \$2.2 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 \$539.6 million in principal and \$278.3 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 \$268.3 million against the total; of that amount, \$53.3 million has been repaid, resulting in a \$215.0 million liability being recorded. Details can be found in Note 12.

The Department of Administration has a total of \$147.5 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The colleges and universities estimate costs of \$99.1 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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009**

a financing source for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of \$68.5 million. Most of these loan commitments will be funded from accumulated repayments and investment revenue which are perpetually appropriated for this purpose. The Drinking Water Loan fund had \$37.2 million of loan commitments that are funded with approximately 80 percent federal funds and 20 percent state matching dollars. DEQ also has committed to various contracts addressing pollution remediation, best management practice implementation, and other environmental projects totaling \$6.8 million.

The Department of Correction has a contract with Corrections Corporation of America to operate a 1,514-plus bed prison. The estimated cost for fiscal year 2010 is \$26.3 million. The Department has a second contract with Corrections Corporation of America which will expire in August 2009. The estimated cost for fiscal year 2010 is \$0.3 million. The Department has a contract until June 30, 2010 with Correctional Medical Services, Inc. to provide medical services for inmates. The estimated cost for fiscal year 2010 is approximately \$22.0 million. The Department also has a contract with the Ada County Sheriff's Office to house an average of 50 inmates in a work release program. The fiscal year 2010 estimated cost is \$0.8 million.

The Department of Parks and Recreation has a total of \$10.9 million in outstanding commitments for capital asset-related construction projects underway at year-end.

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 2010 is \$9.5 million.

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 \$5.5 million.

The Dairy Products Commission annually commits to participate in a national advertising pool administered by Dairy Management, Inc. By contractual agreement, the Commission's 2009 advertising pool commitment is \$4.2 million.

The State Lottery contracted with INTRALOT, Inc. through February 18, 2014, to pay 1.98 percent of total net sales and a \$4,306 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 \$70.1 million of single-family mortgages.

NOTE 16. SUBSEQUENT EVENTS

Subsequent to June 30, 2009, the following events occurred:

Primary Government

On July 1, 2009, 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 2010 fiscal year. The notes mature on June 30, 2010.

Component Units

On July 8, 2009, the Idaho Housing and Finance Association issued single-family mortgage bonds Series 2009 A and B in the amount of \$207.1 million. The Series 2009 A and B bonds are being issued to provide money for the issuer to purchase and refund certain outstanding bonds of the Association originally issued to finance the making or purchase of mortgage loans to low income persons for single family, owner-occupied housing within the State and to pay certain costs of issuance of the Series 2009 A and B bonds.

Required Supplementary Information

The interior of the Capitol is decorated with four different types of marble, covering 50,646 square feet. The marble was brought in from across the United States and Italy; red marble from Georgia, green marble from Vermont, gray marble from Alaska, and black marble from Italy.



On the first floor, a tricolored display of gray, black, and red marble form a unique design atop a light gray background. The sundial is symbolic of Idaho's abundance of natural resources.



Before and after comparison of the restoration work done on the top of the columns.



New bronze railing was installed in the transitional stairways from the original Capitol to the new wings.



In the new wings, lighter-colored marble floor tiles and wainscot surfaces are from the same Vermont quarry that was used when the Capitol was first built. The marble is an exact match in character to the century old marble on the first through fourth floors. The darker outlining marble on the floor is from Italy.

*Top three photos taken by Noah Bershatsky
All other photos courtesy of the Idaho Capitol Commission*

State of Idaho**Required Supplementary Information****Budgetary Comparison Schedule****General Fund and Major Special Revenue Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | General | | | |
|--|--------------------|--------------------|---|----------------------------------|
| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| REVENUES | | | | |
| Sales Tax | \$1,196,465 | \$1,196,465 | \$1,196,465 | |
| Individual and Corporate Taxes | 1,652,274 | 1,652,274 | 1,652,274 | |
| Other Taxes | 60,046 | 60,046 | 60,046 | |
| Licenses, Permits, and Fees | 19,774 | 19,774 | 19,774 | |
| Sale of Goods and Services | 62,338 | 62,338 | 62,338 | |
| Grants and Contributions | 5,091 | 5,091 | 5,091 | |
| Investment Income | 35,565 | 35,565 | 35,565 | |
| Tobacco Settlement | 30,965 | 30,965 | 30,965 | |
| Other Income | 7,568 | 7,568 | 7,568 | |
| Total Revenues | \$3,070,086 | \$3,070,086 | 3,070,086 | |
| EXPENDITURES | | | | |
| General Government | \$1,007,339 | \$1,001,156 | 877,693 | \$123,463 |
| Public Safety and Correction | 286,537 | 269,582 | 263,178 | 6,404 |
| Health and Human Services | 32,171 | 32,236 | 31,817 | 419 |
| Education | 1,988,710 | 1,960,621 | 1,924,353 | 36,268 |
| Economic Development | 44,057 | 40,287 | 30,203 | 10,084 |
| Natural Resources | 54,436 | 50,236 | 54,462 | (4,226) |
| Total Expenditures | \$3,413,250 | \$3,354,118 | 3,181,706 | \$172,412 |
| Revenues Over (Under) Expenditures | | | (111,620) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital Lease Acquisitions | | | 22 | |
| Sale of Capital Assets | | | 236 | |
| Transfers In | | | 153,335 | |
| Transfers Out | | | (825,241) | |
| Total Other Financing Sources (Uses) | | | (671,648) | |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | (783,268) | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | (391,781) | |
| Changes Affected by Accrued Expenditures | | | 743,724 | |
| Fund Balances - Beginning of Year, as Restated | | | 1,179,341 | |
| Fund Balances - End of Year | | | \$748,016 | |

| 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 |
| \$5,142 | \$5,142 | \$5,142 | | \$207,768 | \$207,768 | \$207,768 | |
| 5,320 | 5,320 | 5,320 | | 118,510 | 118,510 | 118,510 | |
| 83,887 | 83,887 | 83,887 | | 4,250 | 4,250 | 4,250 | |
| 1,288,181 | 1,288,181 | 1,288,181 | | 237,627 | 237,627 | 237,627 | |
| 401 | 401 | 401 | | 3,826 | 3,826 | 3,826 | |
| 16,024 | 16,024 | 16,024 | | 4,570 | 4,570 | 4,570 | |
| \$1,398,955 | \$1,398,955 | 1,398,955 | | \$576,551 | \$576,551 | 576,551 | |
| \$50 | \$200 | 50 | \$150 | | | | |
| 1,901,583 | 1,946,261 | 1,895,433 | 50,828 | | | | |
| | | | | \$778,242 | \$970,002 | 612,811 | \$357,191 |
| \$1,901,633 | \$1,946,461 | 1,895,483 | \$50,978 | \$778,242 | \$970,002 | 612,811 | \$357,191 |
| | | (496,528) | | | | (36,260) | |
| | | 98 | | | | 10,634 | |
| | | 496,746 | | | | | |
| | | (231) | | | | (15,602) | |
| | | 496,613 | | | | (4,968) | |
| | | 85 | | | | (41,228) | |
| | | 195,966 | | | | 23,107 | |
| | | (216,135) | | | | 6,587 | |
| | | 41,281 | | | | 168,099 | |
| | | \$21,197 | | | | \$156,565 | |

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2009**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – 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. 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 reserved 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,

Required Supplementary Information For the Fiscal Year Ended June 30, 2009

Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the budget and actual schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial reporting purposes, the budget and actual 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 11,944 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 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 (PMS) 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 |

Required Supplementary Information For the Fiscal Year Ended June 30, 2009

Established Condition Level

The ITD has established the condition level that no more than 18 percent of pavement shall be in poor or very poor condition. In fiscal year 2008 the assessed level was maintained at 20 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the Idaho Transportation Department has provided all available funds to meet these goals. Despite this best

effort, funding has not kept up with increasing costs and needs. The Idaho Transportation Department is working with the Governor's Office and the Idaho Legislature to identify the options and appropriate funding for transportation needs in Idaho. In addition, the condition level of state roadways will be reviewed and set at the appropriate level.

Assessed Condition Ratings of State Roadways

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

| | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|-------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| Good | 7,401 | 62% | 7,370 | 62% | 7,318 | 61% | 7,364 | 62% | 7,154 | 60% |
| Fair | 2,203 | 18% | 2,293 | 19% | 2,223 | 19% | 2,244 | 19% | 2,453 | 21% |
| Poor | 1,779 | 15% | 1,810 | 15% | 1,879 | 16% | 1,772 | 15% | 1,735 | 15% |
| Very Poor | 561 | 5% | 457 | 4% | 457 | 4% | 494 | 4% | 510 | 4% |
| Total Lane Miles | 11,944 | 100% | 11,930 | 100% | 11,877 | 100% | 11,874 | 100% | 11,852 | 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*):

| | FY2010 | FY2009 | FY2008 | FY2007 | FY2006 | FY2005 | FY2004 |
|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Estimated | \$144,000 | \$85,000 | \$90,800 | \$88,200 | \$69,200 | \$67,156 | \$65,200 |
| Actual | | 103,720 | 108,624 | 79,301 | 69,502 | 79,310 | 81,058 |

Actual costs exceeded estimated costs in fiscal year 2009 by 22 percent.



PENSION – Schedule of Funding Progress

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

| | (1) | (2) | (3) | (4) | (5) | (6) |
|-----------|-----------|-----------|-----------|-----------|---------|-----------------|
| Actuarial | Actuarial | Actuarial | Unfunded | Funded | Annual | UAAL as a |
| Valuation | Value of | Liability | AAL | Ratios | Covered | Percentage of |
| Date | Assets | (AAL) | (UAAL) | (1) : (2) | Payroll | Covered Payroll |
| | | Entry Age | (2) - (1) | | | (3) : (5) |
| 6/30/07 | \$65,342 | \$69,797 | \$4,455 | 93.6% | \$5,669 | 79 |
| 6/30/08 | \$60,136 | \$72,519 | \$12,383 | 82.9% | \$5,723 | 216 |
| 6/30/09 | \$48,439 | \$75,345 | \$26,906 | 64.3% | \$5,960 | 451 |

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2009**
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 |
| Long-Term Disability Income | 7/1/2006 | \$0 | \$6,378 | \$6,378 | 0.0% | \$764,953 | 0.8 |
| | 7/1/2008 | \$0 | \$5,813 | \$5,813 | 0.0% | \$803,608 | 0.7 |
| 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 |
| 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 |
| 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 |
| University of Idaho | 7/1/2007 | \$4,325 | \$83,011 | \$78,686 | 5.2% | \$120,560 | 65.3 |
| | 7/1/2008 | \$8,333 | \$77,141 | \$68,808 | 10.8% | \$129,435 | 53.2 |

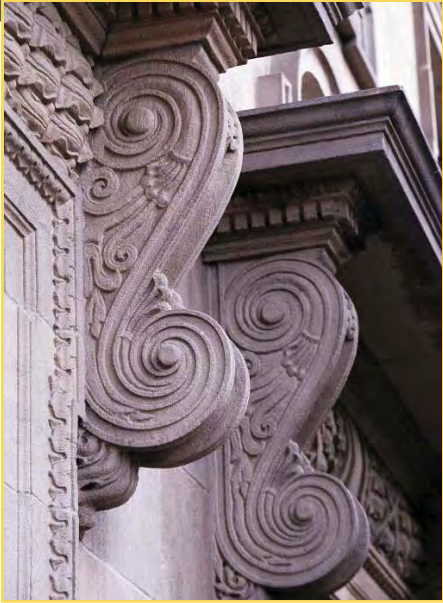
Effective July 1, 2009, legislative changes to the Retiree Healthcare Plan regarding eligibility stipulate that an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State service; the maximum benefit is \$1,860 per retiree per year. Additionally, any retiree who is currently eligible

will remain so until they are eligible for Medicare. Beginning January 1, 2010, coverage will not be available to Medicare-eligible retirees or their Medicare-eligible dependents. These changes have significantly reduced the liability.

Schedule of Employer Contributions (*dollars in thousands*):

| OPEB Plan | Fiscal Year Ended | Annual Required Contribution (ARC) | Actual Contributions | Actual Contributions as Percentage of ARC |
|---------------------|----------------------|---|-------------------------|--|
| Life Insurance | 06/30/08 | \$2,542 | \$487 | 19.16 |
| | 06/30/09 | \$2,673 | \$961 | 35.95 |
| University of Idaho | 06/30/08 | \$7,157 | \$7,234 | 101.08 |
| | 06/30/09 | \$6,362 | \$6,430 | 101.07 |

Combining Financial Statements



Both inside and out, great attention to detail was paid in constructing and restoring the State's Capitol.



Decorative rosettes and ornate cornices are being fabricated in the basement of the Capitol. Every light fixture in the Capitol rotunda will be ensconced by a decorative custom-cast rosette. The process used is similar to those used 200 years ago to create decorative moldings in plaster casts.



Many things were uncovered during the restoration of the Capitol, including several 'autographs' from visitors. These 'autographs' were left on bricks located on the fifth floor which is off limits to the public. Some of these dated back as early as 1919.



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

NONMAJOR SPECIAL REVENUE FUNDS account for specific revenues dedicated to finance specific functions of government.

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. Funding is provided by dedicated user fees, the sale of goods and services, federal grants, and various other sources.

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. Federal grants are also included in other funds of the State.

The Miscellaneous Fund accounts for the financial position and operations associated with general government services where 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 source of funding is provided by the sale of goods and services and bonds issued. The Building Authority is a blended component unit.

CAPITAL PROJECTS FUND accounts for specific revenues designated 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 source of funding is provided by federal highway funds and notes issued.

MAJOR PERMANENT FUND accounts for resources that are legally 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.

*State of Idaho***Combining Balance Sheet****Nonmajor Governmental Funds****June 30, 2009***(dollars in thousands)*

| | Special Revenue | | | |
|--|---|-----------------|------------------|-----------------|
| | Agriculture and Natural Resources | Regulatory | Fish and Game | Federal |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$7,473 | \$1,393 | | |
| Pooled Cash and Investments | 55,084 | 60,124 | \$8,823 | \$18,512 |
| Investments | 10,502 | 423 | 4,730 | 4,677 |
| Securities Lending Collateral | 3,901 | | 6,279 | 2,505 |
| Accounts Receivable, Net | 2,941 | 16 | 146 | 206 |
| Taxes Receivable, Net | 1,408 | | | |
| Interfund Receivables | 1,370 | | 267 | 49 |
| Due from Other Entities | 7,736 | | 6,871 | 30,700 |
| Inventories and Prepaid Items | 2,121 | 163 | 6,656 | 1,258 |
| Loans, Notes, and Pledges Receivable, Net | 10,001 | | 10 | |
| Other Assets | 487 | 5 | 73 | 30 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 9,178 | 382 | 2,760 | 10,110 |
| Investments | 2,164 | | 7,917 | 370 |
| Total Assets | \$114,366 | \$62,506 | \$44,532 | \$68,417 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$8,083 | \$21 | \$1,027 | \$18,638 |
| Payroll and Related Liabilities | 1,971 | 1,139 | 1,830 | 3,401 |
| Interfund Payables | 700 | | | 2,917 |
| Due to Other Entities | 7 | | | |
| Deferred Revenue | 4,407 | 585 | 2,605 | 11,433 |
| Amounts Held in Trust for Others | 3,240 | 13 | 5 | |
| Obligations Under Securities Lending | 3,901 | | 6,279 | 2,505 |
| Other Accrued Liabilities | 666 | 485 | 709 | 527 |
| Total Liabilities | 22,975 | 2,243 | 12,455 | 39,421 |
| Fund Balances | | | | |
| Reserved for: | | | | |
| Bond Retirement | | | | |
| Encumbrances | 5,056 | 58 | 981 | 6,977 |
| Inventories and Prepaid Items | 2,121 | 163 | 6,656 | 1,258 |
| Noncurrent Receivables | 11,371 | | | |
| Other Purposes | 10,961 | 686 | 10,671 | 685 |
| Unreserved, Reported in: | | | | |
| Special Revenue Funds | 61,882 | 59,356 | 13,769 | 20,076 |
| Capital Projects Fund | | | | |
| Total Fund Balances | 91,391 | 60,263 | 32,077 | 28,996 |
| Total Liabilities and Fund Balances | \$114,366 | \$62,506 | \$44,532 | \$68,417 |

| Capital Projects | | | |
|------------------|--------------------|-------------------------------|-----------|
| Miscellaneous | Building Authority | Transportation Infrastructure | Total |
| \$1 | \$2,744 | | \$11,611 |
| 95,480 | | \$146 | 238,169 |
| 15,838 | | | 36,170 |
| 7,864 | | | 20,549 |
| 7,778 | | 21,124 | 32,211 |
| 1,200 | | | 2,608 |
| 311 | | | 1,997 |
| 417 | | | 45,724 |
| 2,004 | | | 12,202 |
| 2,000 | | | 12,011 |
| 531 | 6 | | 1,132 |
| 532 | 55,942 | | 78,904 |
| 876 | | | 11,327 |
| \$134,832 | \$58,692 | \$21,270 | \$504,615 |
| \$1,167 | \$4,265 | \$19,573 | \$52,774 |
| 2,255 | | | 10,596 |
| 29 | | | 3,646 |
| | | | 7 |
| 5,847 | | | 24,877 |
| 8 | | | 3,266 |
| 7,864 | | | 20,549 |
| 369 | 6,668 | 1,552 | 10,976 |
| 17,539 | 10,933 | 21,125 | 126,691 |
| | 8,558 | | 8,558 |
| 983 | | | 14,055 |
| 2,004 | | | 12,202 |
| 2,000 | | | 13,371 |
| 1,409 | 47,385 | | 71,797 |
| 110,897 | (8,184) | | 257,796 |
| | | 145 | 145 |
| 117,293 | 47,759 | 145 | 377,924 |
| \$134,832 | \$58,692 | \$21,270 | \$504,615 |

*State of Idaho***Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Special Revenue | | | |
|---|---|-----------------|------------------|-----------------|
| | Agriculture and Natural Resources | Regulatory | Fish and Game | Federal |
| REVENUES | | | | |
| Sales Tax | \$4,800 | | | |
| Other Taxes | 34,307 | \$65,953 | | |
| Licenses, Permits, and Fees | 33,805 | 46,424 | \$35,671 | |
| Sale of Goods and Services | 3,934 | 1,641 | 454 | \$307 |
| Grants and Contributions | 36,013 | 36 | 36,172 | 400,866 |
| Investment Income | 1,994 | 251 | 1,121 | 535 |
| Other Income | 7,114 | 647 | 654 | 307 |
| Total Revenues | 121,967 | 114,952 | 74,072 | 402,015 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | 2,709 | | 36,628 |
| Public Safety and Correction | | 2,766 | | 7,560 |
| Education | | | | 224,771 |
| Economic Development | 40,628 | 45,110 | 100 | 68,367 |
| Natural Resources | 70,530 | 858 | 66,583 | 5,284 |
| Capital Outlay | 10,106 | 602 | 5,544 | 11,480 |
| Intergovernmental Revenue Sharing | 11,254 | | 15 | 49,569 |
| Debt Service: | | | | |
| Principal Retirement | 60 | | 387 | |
| Interest and Other Charges | 26 | | 454 | 10 |
| Total Expenditures | 132,604 | 52,045 | 73,083 | 403,669 |
| Revenues Over (Under) Expenditures | (10,637) | 62,907 | 989 | (1,654) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and Notes Issued | | | | |
| Sale of Capital Assets | 283 | 83 | 422 | 27 |
| Transfers In | 17,268 | | 8 | 13,667 |
| Transfers Out | (3,694) | (63,492) | (248) | (227) |
| Total Other Financing Sources (Uses) | 13,857 | (63,409) | 182 | 13,467 |
| Net Changes in Fund Balances | 3,220 | (502) | 1,171 | 11,813 |
| Fund Balances - Beginning of Year, as Restated | 88,171 | 60,765 | 30,906 | 17,183 |
| Fund Balances - End of Year | \$91,391 | \$60,263 | \$32,077 | \$28,996 |

| Capital Projects | | | |
|------------------|--------------------|-------------------------------|-----------|
| Miscellaneous | Building Authority | Transportation Infrastructure | Total |
| | | | \$4,800 |
| \$27,941 | | | 128,201 |
| 18,783 | | | 134,683 |
| 30,140 | \$36,226 | | 72,702 |
| 9,877 | 8,258 | | 491,222 |
| 6,647 | (937) | \$20,398 | 30,009 |
| 18,575 | | 3 | 27,300 |
| 111,963 | 43,547 | 20,401 | 888,917 |
| | | | |
| 5,762 | 853 | | 45,952 |
| 45,340 | | | 55,666 |
| 9,493 | | | 234,264 |
| 39,903 | | 9,037 | 203,145 |
| 1,378 | | | 144,633 |
| 2,275 | 58,857 | 162,261 | 251,125 |
| 9,967 | | | 70,805 |
| | | | |
| 585 | 23,705 | | 24,737 |
| 267 | 12,550 | | 13,307 |
| 114,970 | 95,965 | 171,298 | 1,043,634 |
| (3,007) | (52,418) | (150,897) | (154,717) |
| | | | |
| | 1,650 | 150,991 | 152,641 |
| 163 | | | 978 |
| 17,466 | | | 48,409 |
| (2,974) | | | (70,635) |
| 14,655 | 1,650 | 150,991 | 131,393 |
| 11,648 | (50,768) | 94 | (23,324) |
| 105,645 | 98,527 | 51 | 401,248 |
| \$117,293 | \$47,759 | \$145 | \$377,924 |

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2009***(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 | 34,300 | 34,300 | 34,300 | |
| Licenses, Permits, and Fees | 33,987 | 33,987 | 33,987 | |
| Sale of Goods and Services | 3,525 | 3,525 | 3,525 | |
| Grants and Contributions | 34,989 | 34,989 | 34,989 | |
| Investment Income | 1,706 | 1,706 | 1,706 | |
| Other Income | 4,889 | 4,889 | 4,889 | |
| Total Revenues | \$118,196 | \$118,196 | 118,196 | |
| EXPENDITURES | | | | |
| General Government | | | | |
| Public Safety and Correction | | | | |
| Education | | | | |
| Economic Development | \$45,346 | \$46,963 | 40,849 | \$6,114 |
| Natural Resources | 111,587 | 111,908 | 89,916 | 21,992 |
| Total Expenditures | \$156,933 | \$158,871 | 130,765 | \$28,106 |
| Revenues Over (Under) Expenditures | | | (12,569) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and Notes Issued | | | | |
| Sale of Capital Assets | | | 283 | |
| Transfers In | | | 17,268 | |
| Transfers Out | | | (3,694) | |
| Total Other Financing Sources (Uses) | | | 13,857 | |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | 1,288 | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | 3,771 | |
| Changes Affected by Accrued Expenditures | | | (1,839) | |
| Fund Balances - Beginning of Year, as Restated | | | 88,171 | |
| Fund Balances - End of Year | | | \$91,391 | |

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 |
| \$73,530 | \$73,530 | \$73,530 | | | | | |
| 46,368 | 46,368 | 46,368 | | \$35,671 | \$35,671 | \$35,671 | |
| 1,402 | 1,402 | 1,402 | | 454 | 454 | 454 | |
| 35 | 35 | 35 | | 37,957 | 37,957 | 37,957 | |
| 251 | 251 | 251 | | 792 | 792 | 792 | |
| 647 | 647 | 647 | | 612 | 612 | 612 | |
| \$122,233 | \$122,233 | 122,233 | | \$75,486 | \$75,486 | 75,486 | |
| \$2,728 | \$2,728 | 2,728 | | | | | |
| 3,459 | 3,444 | 2,810 | \$634 | | | | |
| 56,022 | 55,876 | 48,784 | 7,092 | \$216 | \$216 | 100 | \$116 |
| 2,249 | 2,244 | 833 | 1,411 | 79,177 | 82,096 | 75,430 | 6,666 |
| \$64,458 | \$64,292 | 55,155 | \$9,137 | \$79,393 | \$82,312 | 75,530 | \$6,782 |
| | | 67,078 | | | | (44) | |
| | | 83 | | | | 422 | |
| | | (63,492) | | | | 8 | |
| | | (63,409) | | | | (248) | |
| | | 3,669 | | | | 182 | |
| | | | | | | 138 | |
| | | (7,281) | | | | (1,414) | |
| | | 3,110 | | | | 2,447 | |
| | | 60,765 | | | | 30,906 | |
| | | \$60,263 | | | | \$32,077 | |

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2009***(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 | \$92 | \$92 | \$92 | |
| Grants and Contributions | 405,885 | 405,885 | 405,885 | |
| Investment Income | 399 | 399 | 399 | |
| Other Income | 305 | 305 | 305 | |
| Total Revenues | \$406,681 | \$406,681 | 406,681 | |
| EXPENDITURES | | | | |
| General Government | \$79,068 | \$88,438 | 62,824 | \$25,614 |
| Public Safety and Correction | 18,277 | 20,251 | 13,922 | 6,329 |
| Education | 270,579 | 272,184 | 237,251 | 34,933 |
| Economic Development | 106,666 | 124,350 | 82,394 | 41,956 |
| Natural Resources | 18,481 | 23,641 | 12,630 | 11,011 |
| Total Expenditures | \$493,071 | \$528,864 | 409,021 | \$119,843 |
| Revenues Over (Under) Expenditures | | | (2,340) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and Notes Issued | | | | |
| Sale of Capital Assets | | | 27 | |
| Transfers In | | | 13,667 | |
| Transfers Out | | | (227) | |
| Total Other Financing Sources (Uses) | | | 13,467 | |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | 11,127 | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | (4,666) | |
| Changes Affected by Accrued Expenditures | | | 5,352 | |
| Fund Balances - Beginning of Year, as Restated | | | 17,183 | |
| Fund Balances - End of Year | | | \$28,996 | |

continued

| Special Revenue | | | | | | | |
|-----------------|--------------|--------------------------------|----------------------------|--------------------|--------------|--------------------------------|----------------------------|
| Miscellaneous | | | | Building Authority | | | |
| Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| \$23,454 | \$23,454 | \$23,454 | | | | | |
| 18,723 | 18,723 | 18,723 | | | | | |
| 23,911 | 23,911 | 23,911 | | \$36,226 | \$36,226 | \$36,226 | |
| 9,489 | 9,489 | 9,489 | | 8,258 | 8,258 | 8,258 | |
| 5,624 | 5,624 | 5,624 | | (937) | (937) | (937) | |
| 18,337 | 18,337 | 18,337 | | | | | |
| \$99,538 | \$99,538 | 99,538 | | \$43,547 | \$43,547 | 43,547 | |
| \$6,297 | \$6,394 | 5,865 | \$529 | \$95,965 | \$95,965 | 95,965 | |
| 63,325 | 63,823 | 53,967 | 9,856 | | | | |
| 9,425 | 14,545 | 10,374 | 4,171 | | | | |
| 50,639 | 50,921 | 46,264 | 4,657 | | | | |
| 3,480 | 3,549 | 1,432 | 2,117 | | | | |
| \$133,166 | \$139,232 | 117,902 | \$21,330 | \$95,965 | \$95,965 | 95,965 | |
| | | (18,364) | | | | (52,418) | |
| | | | | | | 1,650 | |
| | | 163 | | | | | |
| | | 17,466 | | | | | |
| | | (2,974) | | | | | |
| | | 14,655 | | | | 1,650 | |
| | | (3,709) | | | | (50,768) | |
| | | | | | | | |
| | | 12,425 | | | | | |
| | | 2,932 | | | | | |
| | | 105,645 | | | | 98,527 | |
| | | \$117,293 | | | | \$47,759 | |

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Capital Projects | | | |
|--|-------------------------------|------------------|---|----------------------------------|
| | Transportation Infrastructure | | | |
| | 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 | | | | |
| Grants and Contributions | | | | |
| Investment Income | \$20,398 | \$20,398 | \$20,398 | |
| Other Income | 3 | 3 | 3 | |
| Total Revenues | \$20,401 | \$20,401 | 20,401 | |
| EXPENDITURES | | | | |
| General Government | | | | |
| Public Safety and Correction | | | | |
| Education | | | | |
| Economic Development | \$171,300 | \$171,300 | 171,298 | \$2 |
| Natural Resources | | | | |
| Total Expenditures | \$171,300 | \$171,300 | 171,298 | \$2 |
| Revenues Over (Under) Expenditures | | | (150,897) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and Notes Issued | | | 150,991 | |
| Sale of Capital Assets | | | | |
| Transfers In | | | | |
| Transfers Out | | | | |
| Total Other Financing Sources (Uses) | | | 150,991 | |
| Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | 94 | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | | |
| Changes Affected by Accrued Expenditures | | | | |
| Fund Balances - Beginning of Year, as Restated | | | 51 | |
| Fund Balances - End of Year | | | \$145 | |

| Total | | | |
|--------------------|--------------------|---|----------------------------------|
| Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| \$4,800 | \$4,800 | \$4,800 | |
| 131,284 | 131,284 | 131,284 | |
| 134,749 | 134,749 | 134,749 | |
| 65,610 | 65,610 | 65,610 | |
| 496,613 | 496,613 | 496,613 | |
| 28,233 | 28,233 | 28,233 | |
| 24,793 | 24,793 | 24,793 | |
| <u>\$886,082</u> | <u>\$886,082</u> | <u>886,082</u> | |
| \$184,058 | \$193,525 | 167,382 | \$26,143 |
| 85,061 | 87,518 | 70,699 | 16,819 |
| 280,004 | 286,729 | 247,625 | 39,104 |
| 430,189 | 449,626 | 389,689 | 59,937 |
| 214,974 | 223,438 | 180,241 | 43,197 |
| <u>\$1,194,286</u> | <u>\$1,240,836</u> | <u>1,055,636</u> | <u>\$185,200</u> |
| | | (169,554) | |
| | | 152,641 | |
| | | 978 | |
| | | 48,409 | |
| | | (70,635) | |
| | | <u>131,393</u> | |
| | | (38,161) | |
| | | 2,835 | |
| | | 12,002 | |
| | | <u>401,248</u> | |
| | | <u>\$377,924</u> | |

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Major Permanent Fund****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Land Endowments | | | |
|--|----------------------------|-------------------------|---|---|
| | Original Budget | Final Budget | Actual Amounts Budgetary Basis | Variance with Final Budget |
| REVENUES | | | | |
| Licenses, Permits, and Fees | \$1 | \$1 | \$1 | |
| Sale of Goods and Services | 60,414 | 60,414 | 60,414 | |
| Investment Income | (198,767) | (198,767) | (198,767) | |
| Total Revenues | (\$138,352) | (\$138,352) | (138,352) | |
| EXPENDITURES | | | | |
| Natural Resources | \$28,578 | \$28,518 | 24,963 | \$3,555 |
| Total Expenditures | \$28,578 | \$28,518 | 24,963 | \$3,555 |
| Revenues Over (Under) Expenditures | | | (163,315) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | | | 1 | |
| Transfers In | | | 2,164 | |
| Transfers Out | | | (42,413) | |
| Total Other Financing Sources (Uses) | | | (40,248) | |
| Revenues and Other Financing Sources Over (Under) | | | (203,563) | |
| Expenditures and Other Financing Uses | | | | |
| Reconciling Items | | | | |
| Changes Affected by Accrued Revenues | | | 2 | |
| Changes Affected by Accrued Expenditures | | | (1,905) | |
| Fund Balances - Beginning of Year | | | 1,129,050 | |
| Fund Balances - End of Year | | | \$923,584 | |

NONMAJOR ENTERPRISE FUNDS account for the operation of state agencies 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 was 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 Liquor Dispensary provides control over the distribution, sale, and consumption of alcoholic beverages. Per Idaho Code, Section 23-404, after deducting administrative and operating costs for the Liquor Dispensary, distributions are made to cities, counties, the General Fund, and various other funds of the State.

The Correctional Industries provides 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.

*State of Idaho***Combining Statement of Net Assets****Nonmajor Enterprise Funds****June 30, 2009***(dollars in thousands)*

| | State Lottery | Liquor Dispensary | Correctional Industries | Total |
|---|--------------------------|------------------------------|------------------------------------|-----------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$2,551 | | | \$2,551 |
| Pooled Cash and Investments | | \$15,486 | \$3,735 | 19,221 |
| Accounts Receivable, Net | 1,586 | 58 | 700 | 2,344 |
| Interfund Receivables | | | 248 | 248 |
| Inventories and Prepaid Items | 440 | 12,085 | 1,616 | 14,141 |
| Total Current Assets | 4,577 | 27,629 | 6,299 | 38,505 |
| Noncurrent Assets | | | | |
| Restricted Cash and Cash Equivalents | 34,375 | | | 34,375 |
| Capital Assets, Net | 521 | 5,213 | 2,280 | 8,014 |
| Total Noncurrent Assets | 34,896 | 5,213 | 2,280 | 42,389 |
| Total Assets | \$39,473 | \$32,842 | \$8,579 | \$80,894 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$1,461 | \$4,747 | \$118 | \$6,326 |
| Payroll and Related Liabilities | 104 | 388 | 189 | 681 |
| Interfund Payables | | 835 | | 835 |
| Due to Other Entities | | 4,669 | | 4,669 |
| Unearned Revenue | | | 9 | 9 |
| Other Accrued Liabilities | 2,579 | | 4 | 2,583 |
| Capital Leases Payable | 48 | | | 48 |
| Compensated Absences Payable | 127 | 523 | 87 | 737 |
| Total Current Liabilities | 4,319 | 11,162 | 407 | 15,888 |
| Noncurrent Liabilities | | | | |
| Capital Leases Payable | 83 | | | 83 |
| Other Long-Term Obligations | 60 | 197 | 35 | 292 |
| Total Noncurrent Liabilities | 143 | 197 | 35 | 375 |
| Total Liabilities | 4,462 | 11,359 | 442 | 16,263 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 390 | 5,213 | 2,280 | 7,883 |
| Restricted for: | | | | |
| Other Purposes | 34,621 | | | 34,621 |
| Unrestricted | | 16,270 | 5,857 | 22,127 |
| Total Net Assets | 35,011 | 21,483 | 8,137 | 64,631 |
| Total Liabilities and Net Assets | \$39,473 | \$32,842 | \$8,579 | \$80,894 |

*State of Idaho***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets****Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | State Lottery | Liquor Dispensary | Correctional Industries | Total |
|---|--------------------------|------------------------------|------------------------------------|-----------------|
| OPERATING REVENUES | | | | |
| Sale of Goods and Services | \$140,264 | \$132,506 | \$8,876 | \$281,646 |
| Other Income | 39 | 24 | | 63 |
| Total Operating Revenues | 140,303 | 132,530 | 8,876 | 281,709 |
| OPERATING EXPENSES | | | | |
| Personnel Costs | 2,485 | 10,119 | 2,306 | 14,910 |
| Services and Supplies | 17,698 | 75,795 | 5,483 | 98,976 |
| Benefits, Awards, and Premiums | 84,997 | | | 84,997 |
| Depreciation | 209 | 285 | 333 | 827 |
| Other Expenses | 388 | 3,620 | 201 | 4,209 |
| Total Operating Expenses | 105,777 | 89,819 | 8,323 | 203,919 |
| Operating Income (Loss) | 34,526 | 42,711 | 553 | 77,790 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment Income | 13 | 469 | 93 | 575 |
| Interest Expense | (3) | | | (3) |
| Intergovernmental Distributions | | (27,366) | | (27,366) |
| Other Nonoperating Revenues (Expenses) | | | 2 | 2 |
| Total Nonoperating Revenues (Expenses) | 10 | (26,897) | 95 | (26,792) |
| Income (Loss) Before Transfers | 34,536 | 15,814 | 648 | 50,998 |
| Transfers Out | (34,750) | (14,944) | (408) | (50,102) |
| Change in Net Assets | (214) | 870 | 240 | 896 |
| Total Net Assets - Beginning of Year | 35,225 | 20,613 | 7,897 | 63,735 |
| Total Net Assets - End of Year | \$35,011 | \$21,483 | \$8,137 | \$64,631 |

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | State Lottery | Liquor Dispensary | Correctional Industries | Total |
|--|------------------|----------------------|----------------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers | \$140,171 | \$132,537 | \$8,865 | \$281,573 |
| Payments to Suppliers | (17,688) | (79,229) | (5,889) | (102,806) |
| Payments to Employees | (2,474) | (10,098) | (2,208) | (14,780) |
| Payments for Interfund Services | | (2,529) | (97) | (2,626) |
| Payments for Benefits, Awards, and Claims | (85,459) | | | (85,459) |
| Net Cash Provided (Used) by Operating Activities | 34,550 | 40,681 | 671 | 75,902 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intergovernmental Distributions | | (26,891) | | (26,891) |
| Transfers Out | (34,750) | (14,944) | (408) | (50,102) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (34,750) | (41,835) | (408) | (76,993) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Payment of Bonds and Notes | (51) | | | (51) |
| Acquisition and Construction of Capital Assets | (20) | (405) | (434) | (859) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (71) | (405) | (434) | (910) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipt of Interest and Dividends | 13 | 469 | 93 | 575 |
| Net Cash Provided (Used) by Investing Activities | 13 | 469 | 93 | 575 |
| Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash | (258) | (1,090) | (78) | (1,426) |
| Beginning Cash, Cash Equivalents, and Pooled Cash | 37,184 | 16,576 | 3,813 | 57,573 |
| Ending Cash, Cash Equivalents, and Pooled Cash | \$36,926 | \$15,486 | \$3,735 | \$56,147 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | \$34,526 | \$42,711 | \$553 | \$77,790 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 209 | 285 | 333 | 827 |
| Net Changes in Assets and Liabilities: | | | | |
| Accounts Receivable/Interfund Receivables | (132) | 7 | (104) | (229) |
| Inventories and Prepaid Items | | (784) | 167 | (617) |
| Other Current Assets | 456 | | | 456 |
| Accounts Payable/Interfund Payables | (714) | (1,559) | (288) | (2,561) |
| Unearned Revenue | | | (6) | (6) |
| Compensated Absences | | 17 | 1 | 18 |
| Other Accrued Liabilities | 205 | 4 | 15 | 224 |
| Net Cash Provided (Used) by Operating Activities | \$34,550 | \$40,681 | \$671 | \$75,902 |

INTERNAL SERVICE FUNDS account for the operation of state agencies which provide goods or services to other 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.

*State of Idaho***Combining Statement of Net Assets****Internal Service Funds****June 30, 2009***(dollars in thousands)*

| | Group Insurance | Risk Management | General Services | Data Processing Services | Total |
|---|----------------------------|----------------------------|-----------------------------|---|------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Pooled Cash and Investments | \$39,139 | \$8,585 | \$8,097 | \$1,918 | \$57,739 |
| Securities Lending Collateral | 12,453 | 7,207 | | | 19,660 |
| Accounts Receivable, Net | | | 50 | | 50 |
| Interfund Receivables | 13 | | 49 | 436 | 498 |
| Inventories and Prepaid Items | | 76 | 1,591 | 1,191 | 2,858 |
| Other Current Assets | 145 | 85 | 1 | | 231 |
| Total Current Assets | 51,750 | 15,953 | 9,788 | 3,545 | 81,036 |
| Noncurrent Assets | | | | | |
| Restricted Cash and Cash Equivalents | 40,305 | | | | 40,305 |
| Investments | 25,081 | 14,515 | | | 39,596 |
| Loans, Notes, and Pledges Receivable, Net | 72 | | | | 72 |
| Capital Assets, Net | 8 | 10 | 19,128 | 888 | 20,034 |
| Total Noncurrent Assets | 65,466 | 14,525 | 19,128 | 888 | 100,007 |
| Total Assets | \$117,216 | \$30,478 | \$28,916 | \$4,433 | \$181,043 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | | | \$600 | | \$600 |
| Payroll and Related Liabilities | \$11 | \$21 | 299 | \$168 | 499 |
| Unearned Revenue | 12,633 | | 221 | 264 | 13,118 |
| Obligations Under Securities Lending | 12,453 | 7,207 | | | 19,660 |
| Other Accrued Liabilities | 3 | 2 | 172 | | 177 |
| Capital Leases Payable | | | 151 | 144 | 295 |
| Compensated Absences Payable | 15 | 17 | 424 | 256 | 712 |
| Bonds and Notes Payable | | | 134 | | 134 |
| Policy Claim Liabilities | 3,928 | 5,747 | | | 9,675 |
| Total Current Liabilities | 29,043 | 12,994 | 2,001 | 832 | 44,870 |
| Noncurrent Liabilities | | | | | |
| Capital Leases Payable | | | 478 | 178 | 656 |
| Bonds and Notes Payable | | | 3,334 | | 3,334 |
| Policy Claim Liabilities | | 10,078 | | | 10,078 |
| Other Long-Term Obligations | 5 | 8 | 114 | 54 | 181 |
| Total Noncurrent Liabilities | 5 | 10,086 | 3,926 | 232 | 14,249 |
| Total Liabilities | 29,048 | 23,080 | 5,927 | 1,064 | 59,119 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 8 | 10 | 15,031 | 566 | 15,615 |
| Restricted for: | | | | | |
| Claims and Judgments | 83,659 | | | | 83,659 |
| Unrestricted | 4,501 | 7,388 | 7,958 | 2,803 | 22,650 |
| Total Net Assets | 88,168 | 7,398 | 22,989 | 3,369 | 121,924 |
| Total Liabilities and Net Assets | \$117,216 | \$30,478 | \$28,916 | \$4,433 | \$181,043 |

State of Idaho**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets****Internal Service Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Group Insurance | Risk Management | General Services | Data Processing Services | Total |
|---|----------------------------|----------------------------|-----------------------------|---|------------------|
| OPERATING REVENUES | | | | | |
| Licenses, Permits, and Fees | \$4 | | | | \$4 |
| Sale of Goods and Services | 212,848 | \$10,015 | \$20,438 | \$7,401 | 250,702 |
| Grants and Contributions | 741 | | 6 | | 747 |
| Other Income | | | 53 | | 53 |
| Total Operating Revenues | 213,593 | 10,015 | 20,497 | 7,401 | 251,506 |
| OPERATING EXPENSES | | | | | |
| Personnel Costs | 242 | 451 | 7,129 | 3,989 | 11,811 |
| Services and Supplies | 405 | 3,267 | 11,363 | 3,022 | 18,057 |
| Benefits, Awards, and Premiums | 204,420 | 2,509 | | | 206,929 |
| Depreciation | 2 | 2 | 1,899 | 306 | 2,209 |
| Other Expenses | 113 | 250 | 1,427 | 34 | 1,824 |
| Total Operating Expenses | 205,182 | 6,479 | 21,818 | 7,351 | 240,830 |
| Operating Income (Loss) | 8,411 | 3,536 | (1,321) | 50 | 10,676 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment Income | 3,642 | 1,084 | 205 | 51 | 4,982 |
| Interest Expense | (52) | (29) | (208) | (18) | (307) |
| Gain (Loss) on Sale of Capital Assets | | | (20) | 34 | 14 |
| Total Nonoperating Revenues (Expenses) | 3,590 | 1,055 | (23) | 67 | 4,689 |
| Income (Loss) Before Transfers | 12,001 | 4,591 | (1,344) | 117 | 15,365 |
| Transfers In | | | 1,830 | | 1,830 |
| Transfers Out | | | (209) | | (209) |
| Change in Net Assets | 12,001 | 4,591 | 277 | 117 | 16,986 |
| Total Net Assets - Beginning of Year | 76,167 | 2,807 | 22,712 | 3,252 | 104,938 |
| Total Net Assets - End of Year | \$88,168 | \$7,398 | \$22,989 | \$3,369 | \$121,924 |

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | Group Insurance | Risk Management |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts for Interfund Services | \$212,842 | \$10,058 |
| Receipts from Grants and Contributions | 741 | |
| Payments to Suppliers | (375) | (2,899) |
| Payments to Employees | (258) | (428) |
| Payments for Interfund Services | (143) | (259) |
| Payments for Benefits, Awards, and Claims | (203,548) | (3,792) |
| Net Cash Provided (Used) by Operating Activities | 9,259 | 2,680 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers In | | |
| Transfers Out | | |
| Interest Paid | | |
| Net Cash Provided (Used) by Noncapital Financing Activities | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Payment of Bonds and Notes | | |
| Capital Lease Payments | | |
| Proceeds from Disposition of Capital Assets | | |
| Acquisition and Construction of Capital Assets | (3) | (5) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (3) | (5) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Receipt of Interest and Dividends | 3,218 | 838 |
| Purchase of Investments | (1,105) | (576) |
| Redemption of Investments | 979 | |
| Other Investing Activities | (70) | (39) |
| Net Cash Provided (Used) by Investing Activities | 3,022 | 223 |
| Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash | 12,278 | 2,898 |
| Beginning Cash, Cash Equivalents and Pooled Cash | 67,166 | 5,687 |
| Ending Cash, Cash Equivalents, and Pooled Cash | \$79,444 | \$8,585 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | \$8,411 | \$3,536 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 2 | 2 |
| Net Changes in Assets and Liabilities: | | |
| Accounts Receivable/Interfund Receivables | (13) | 44 |
| Inventories and Prepaid Items | | 359 |
| Other Current Assets | 1 | (1) |
| Accounts Payable/Interfund Payables | | |
| Unearned Revenue | 2 | |
| Compensated Absences | | 2 |
| Policy Claim Liabilities | 872 | (1,283) |
| Other Accrued Liabilities | (16) | 21 |
| Net Cash Provided (Used) by Operating Activities | \$9,259 | \$2,680 |

Noncash Transactions (dollars in thousands):

Investments increased in fair value by \$475 for Group Insurance and \$271 for Risk Management. Capital assets were acquired by capital lease in the amount of \$669 by General Services and \$327 by Data Processing Services. General Services disposed of capital assets at a loss of \$20.

| General Services | Data Processing Services | Total |
|-----------------------------|---|--------------|
| \$20,840 | \$7,740 | \$251,480 |
| 6 | | 747 |
| (11,233) | (2,919) | (17,426) |
| (7,119) | (3,994) | (11,799) |
| (2,440) | (71) | (2,913) |
| | | (207,340) |
| 54 | 756 | 12,749 |
| 1,830 | | 1,830 |
| (209) | | (209) |
| (197) | | (197) |
| 1,424 | | 1,424 |
| (71) | | (71) |
| (107) | (136) | (243) |
| | 34 | 34 |
| (1,358) | (242) | (1,608) |
| (1,536) | (344) | (1,888) |
| 205 | 51 | 4,312 |
| | | (1,681) |
| | | 979 |
| | | (109) |
| 205 | 51 | 3,501 |
| 147 | 463 | 15,786 |
| 7,950 | 1,455 | 82,258 |
| \$8,097 | \$1,918 | \$98,044 |
| (\$1,321) | \$50 | \$10,676 |
| 1,899 | 306 | 2,209 |
| 152 | 162 | 345 |
| (168) | 14 | 205 |
| (713) | 52 | (661) |
| 197 | 177 | 376 |
| 5 | (7) | |
| | | (411) |
| 3 | 2 | 10 |
| \$54 | \$756 | \$12,749 |



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, 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 survivors of eligible members or beneficiaries.

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

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 are trust funds that 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 is an investment trust fund that accounts for the investments managed by the State Treasurer's Office for Local Government Investment Pool participants.

The Diversified Bond Fund is an investment trust fund that accounts for the investments managed by the State Treasurer's Office for Diversified Bond Fund participants.

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, 2009
(dollars in thousands)

| | PERSI Base Plan | Firefighters' Retirement | Judges' Retirement | Defined Contribution 414(k) |
|------------------------------------|----------------------------|-------------------------------------|-------------------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$482 | \$12 | \$203 | |
| Pooled Cash and Investments | 2,323 | 61 | 457 | |
| Investments: | | | | |
| Pooled Short Term | 352,651 | 9,218 | | |
| Fixed Income Investments | 2,090,711 | 54,650 | 14,445 | |
| Marketable Securities | 4,815,923 | 125,885 | 33,625 | |
| Mutual Funds and Private Equities | 601,727 | 15,729 | | \$50,452 |
| Mortgages and Real Estate | 893,881 | 23,365 | | |
| Receivables: | | | | |
| Investments Sold | 931,946 | 24,242 | | |
| Contributions | 4,955 | 62 | 47 | |
| Interest and Dividends | 35,443 | 922 | 12 | 200 |
| Interfund Receivables | | | | |
| Other Receivables | | | 145 | |
| Other Assets | 39,753 | | | |
| Capital Assets, Net | 2,450 | | | |
| Total Assets | 9,772,245 | 254,146 | 48,934 | 50,652 |
| LIABILITIES | | | | |
| Accounts Payable | | | 30 | |
| Interfund Payables | 1,626 | | | |
| Investments Purchased | 1,099,292 | 28,595 | | |
| Other Accrued Liabilities | 8,315 | 211 | | |
| Total Liabilities | 1,109,233 | 28,806 | 30 | |
| NET ASSETS | | | | |
| Held in Trust for: | | | | |
| Employee Pension Benefits | 8,663,012 | 225,340 | 48,904 | 50,652 |
| Postemployment Healthcare Benefits | | | | |
| Total Net Assets | \$8,663,012 | \$225,340 | \$48,904 | \$50,652 |

| Defined Contribution 401(k) | Sick Leave Insurance Reserve-State | Sick Leave Insurance Reserve-Schools | Total |
|-----------------------------------|--|--|-------------|
| \$13 | | | \$710 |
| | \$59 | \$75 | 2,975 |
| 656 | | | 362,525 |
| | 20,120 | 33,144 | 2,213,070 |
| | 49,877 | 83,154 | 5,108,464 |
| 235,711 | | | 903,619 |
| | | | 917,246 |
| | | | 956,188 |
| 312 | | | 5,376 |
| 748 | | | 37,325 |
| | 465 | 1,161 | 1,626 |
| | | | 145 |
| | 349 | 796 | 40,898 |
| | | | 2,450 |
| 237,440 | 70,870 | 118,330 | 10,552,617 |
| | | | 30 |
| | | | 1,626 |
| | | | 1,127,887 |
| | 8 | 13 | 8,547 |
| | 8 | 13 | 1,138,090 |
| 237,440 | | | 9,225,348 |
| | 70,862 | 118,317 | 189,179 |
| \$237,440 | \$70,862 | \$118,317 | \$9,414,527 |

Combining Statement of Changes in Fiduciary Net Assets

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | PERSI Base Plan | Firefighters' Retirement | Judges' Retirement | Defined Contribution 414(k) |
|--|----------------------------|-------------------------------------|-------------------------------|--|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Member | \$180,063 | \$19 | \$326 | |
| Employer | 284,609 | 13,434 | 383 | |
| Transfers In from Other Plans | | | | |
| Total Contributions | 464,672 | 13,453 | 709 | |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | (1,920,771) | (49,963) | (11,135) | (\$11,881) |
| Interest, Dividends, and Other | 261,769 | 6,809 | 1,504 | 1,552 |
| Securities Lending Income | | | 183 | |
| Less Investment Expense: | | | | |
| Investment Activity Expense | (39,869) | (1,037) | (98) | (186) |
| Securities Lending Interest Expense | | | (38) | |
| Net Investment Income | (1,698,871) | (44,191) | (9,584) | (10,515) |
| Miscellaneous Income | 84 | | 1,664 | |
| Total Additions | (1,234,115) | (30,738) | (7,211) | (10,515) |
| DEDUCTIONS | | | | |
| Benefits and Refunds Paid to Plan Members | 517,975 | 17,945 | 4,158 | 1,815 |
| Transfers Out to Other Plans | | | | 1,057 |
| Administrative Expense | 6,233 | | 36 | |
| Total Deductions | 524,208 | 17,945 | 4,194 | 2,872 |
| Change in Net Assets Held in Trust for: | | | | |
| Employee Pension Benefits | (1,758,323) | (48,683) | (11,405) | (13,387) |
| Employee Postemployment Healthcare Benefits | | | | |
| Net Assets - Beginning of Year | 10,421,335 | 274,023 | 60,309 | 64,039 |
| Net Assets - End of Year | \$8,663,012 | \$225,340 | \$48,904 | \$50,652 |

| Defined Contribution 401(k) | Sick Leave Insurance Reserve-State | Sick Leave Insurance Reserve-Schools | Total |
|-----------------------------------|--|--|-------------|
| \$35,680 | | | \$216,088 |
| 153 | \$5,889 | \$13,669 | 318,137 |
| 6,058 | | | 6,058 |
| 41,891 | 5,889 | 13,669 | 540,283 |
| (45,523) | (13,182) | (21,809) | (2,074,264) |
| 6,224 | 3,240 | 5,360 | 286,458 |
| | | | 183 |
| (80) | (34) | (56) | (41,360) |
| | | | (38) |
| (39,379) | (9,976) | (16,505) | (1,829,021) |
| | 3 | 6 | 1,757 |
| 2,512 | (4,084) | (2,830) | (1,286,981) |
| 4,952 | 4,328 | 10,012 | 561,185 |
| 7,069 | | | 8,126 |
| | 36 | 59 | 6,364 |
| 12,021 | 4,364 | 10,071 | 575,675 |
| (9,509) | | | (1,841,307) |
| | (8,448) | (12,901) | (21,349) |
| 246,949 | 79,310 | 131,218 | 11,277,183 |
| \$237,440 | \$70,862 | \$118,317 | \$9,414,527 |

*State of Idaho***Combining Statement of Fiduciary Net Assets****Investment Trust Funds****June 30, 2009***(dollars in thousands)*

| | Local Government Investment Pool | Diversified Bond Fund | Total |
|---------------------------------------|---|----------------------------------|--------------------|
| ASSETS | | | |
| Investments: | | | |
| Pooled Short Term | \$495,003 | \$16,454 | \$511,457 |
| Fixed Income Investments | 989,856 | 28,330 | 1,018,186 |
| Mortgages and Real Estate | | 55,719 | 55,719 |
| Securities Lending Collateral | 912,754 | 49,903 | 962,657 |
| Receivables: | | | |
| Interest and Dividends | 1,351 | 588 | 1,939 |
| Total Assets | 2,398,964 | 150,994 | 2,549,958 |
| LIABILITIES | | | |
| Accounts Payable | 72 | 1 | 73 |
| Obligations Under Securities Lending | 912,754 | 49,903 | 962,657 |
| Other Accrued Liabilities | 848 | 311 | 1,159 |
| Total Liabilities | 913,674 | 50,215 | 963,889 |
| NET ASSETS | | | |
| Held in Trust for: | | | |
| External Investment Pool Participants | 1,485,290 | 100,779 | 1,586,069 |
| Total Net Assets | \$1,485,290 | \$100,779 | \$1,586,069 |

Combining Statement of Changes in Fiduciary Net Assets**Investment Trust Funds****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | Local Government Investment Pool | Diversified Bond Fund | Total |
|--|---|----------------------------------|--------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Participant Deposits | \$3,359,411 | \$26,756 | \$3,386,167 |
| Total Contributions | 3,359,411 | 26,756 | 3,386,167 |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | 8,689 | 1,462 | 10,151 |
| Interest, Dividends, and Other | 20,667 | 4,050 | 24,717 |
| Securities Lending Income | 8,362 | 286 | 8,648 |
| Less Investment Expense: | | | |
| Investment Activity Expense | (752) | (172) | (924) |
| Securities Lending Interest Expense | (7,051) | (260) | (7,311) |
| Net Investment Income | 29,915 | 5,366 | 35,281 |
| Miscellaneous Income | | 183 | 183 |
| Total Additions | 3,389,326 | 32,305 | 3,421,631 |
| DEDUCTIONS | | | |
| Earnings Distribution | 28,648 | 3,426 | 32,074 |
| Participant Withdrawals | 3,419,001 | 7,359 | 3,426,360 |
| Total Deductions | 3,447,649 | 10,785 | 3,458,434 |
| Change in Net Assets Held in Trust for: | | | |
| External Investment Pool Participants | (58,323) | 21,520 | (36,803) |
| Net Assets - Beginning of Year | 1,543,613 | 79,259 | 1,622,872 |
| Net Assets - End of Year | \$1,485,290 | \$100,779 | \$1,586,069 |

*State of Idaho***Combining Statement of Assets and Liabilities****Agency Funds****June 30, 2009***(dollars in thousands)*

| | Custodial | Payroll | Total |
|----------------------------------|------------------|----------------|------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$5,418 | | \$5,418 |
| Pooled Cash and Investments | 23,753 | \$1,805 | 25,558 |
| Investments: | | | |
| Fixed Income Investments | 233,815 | | 233,815 |
| Receivables: | | | |
| Interest and Dividends | 3 | | 3 |
| Total Assets | \$262,989 | \$1,805 | \$264,794 |
| LIABILITIES | | | |
| Payroll and Related Liabilities | | \$1,805 | \$1,805 |
| Due to Other Entities | \$597 | | 597 |
| Amounts Held in Trust for Others | 261,238 | | 261,238 |
| Other Accrued Liabilities | 1,154 | | 1,154 |
| Total Liabilities | \$262,989 | \$1,805 | \$264,794 |

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2009

(dollars in thousands)

| | Balance July 1, 2008 | Additions | Deductions | Balance June 30, 2009 |
|--------------------------------------|---------------------------------|--------------------|--------------------|----------------------------------|
| CUSTODIAL | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$6,733 | \$5,418 | \$6,733 | \$5,418 |
| Pooled Cash and Investments | 25,838 | 585,811 | 587,896 | 23,753 |
| Fixed Income Investments | 222,842 | 233,815 | 222,842 | 233,815 |
| Other Investments | 5,715 | 36 | 5,751 | |
| Securities Lending Collateral | 2,452 | | 2,452 | |
| Interest and Dividends | 45 | 4 | 46 | 3 |
| Total Assets | \$263,625 | \$825,084 | \$825,720 | \$262,989 |
| Liabilities | | | | |
| Due to Other Entities | \$734 | \$7,185 | \$7,322 | \$597 |
| Amounts Held in Trust for Others | 255,638 | 337,781 | 332,181 | 261,238 |
| Obligations Under Securities Lending | 2,452 | | 2,452 | |
| Other Accrued Liabilities | 4,801 | 38,039 | 41,686 | 1,154 |
| Total Liabilities | \$263,625 | \$383,005 | \$383,641 | \$262,989 |
| PAYROLL | | | | |
| Assets | | | | |
| Pooled Cash and Investments | \$4,009 | \$1,241,871 | \$1,244,075 | \$1,805 |
| Total Assets | \$4,009 | \$1,241,871 | \$1,244,075 | \$1,805 |
| Liabilities | | | | |
| Payroll and Related Liabilities | \$4,009 | \$1,832,582 | \$1,834,786 | \$1,805 |
| Total Liabilities | \$4,009 | \$1,832,582 | \$1,834,786 | \$1,805 |
| TOTAL - ALL AGENCY FUNDS | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$6,733 | \$5,418 | \$6,733 | \$5,418 |
| Pooled Cash and Investments | 29,847 | 1,827,682 | 1,831,971 | 25,558 |
| Fixed Income Investments | 222,842 | 233,815 | 222,842 | 233,815 |
| Other Investments | 5,715 | 36 | 5,751 | |
| Securities Lending Collateral | 2,452 | | 2,452 | |
| Interest and Dividends | 45 | 4 | 46 | 3 |
| Total Assets | \$267,634 | \$2,066,955 | \$2,069,795 | \$264,794 |
| Liabilities | | | | |
| Payroll and Related Liabilities | \$4,009 | \$1,832,582 | \$1,834,786 | \$1,805 |
| Due to Other Entities | 734 | 7,185 | 7,322 | 597 |
| Amounts Held in Trust for Others | 255,638 | 337,781 | 332,181 | 261,238 |
| Obligations Under Securities Lending | 2,452 | | 2,452 | |
| Other Accrued Liabilities | 4,801 | 38,039 | 41,686 | 1,154 |
| Total Liabilities | \$267,634 | \$2,215,587 | \$2,218,427 | \$264,794 |

Statistical Section

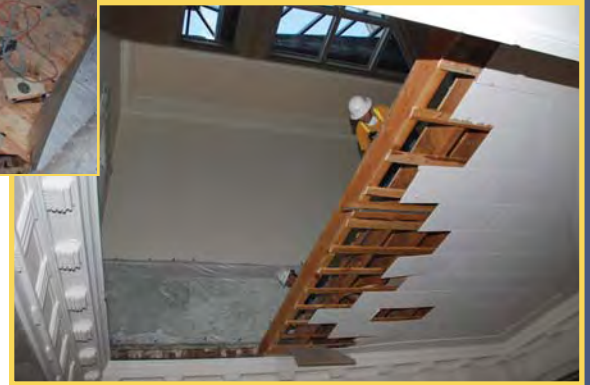
Part of the restoration project is to restore the Capitol to its original design. Over the years, seating areas on the fourth floor were added to provide additional space for visitors. The restoration removed these seating areas and sunlight will once again stream down through the lower floors.



Construction workers remove sections of the fourth floor that had been added to create additional space.



Looking up at the fourth floor being removed.



Looking up from the third floor after the section of the fourth floor was removed.



Staircase on the third floor after the fourth floor was removed.

STATISTICAL SECTION INDEX

Financial Trends – These schedules assist the reader in understanding the State’s financial performance and well being over time.

| | |
|--|-----|
| Schedule 1 – Net Assets by Component | 138 |
| Schedule 2 – Changes in Net Assets | 140 |
| Schedule 3 – Fund Balances – Governmental Funds | 142 |
| Schedule 4 – Changes in Fund Balances – Governmental Funds | 144 |

Revenue Capacity Information – These schedules assist the reader in evaluating the State’s capacity to raise revenue to cover expenditures.

| | |
|--|-----|
| Schedule 5 – Revenue Base | 146 |
| Schedule 6 – Revenue Rates | 148 |
| Schedule 7 – Revenue Payers by Industry/Category | 150 |

Debt Capacity Information – These schedules assist the reader in evaluating the State’s outstanding debt, the capacity to repay that debt, and the ability to issue additional debt in the future.

| | |
|--|-----|
| Schedule 8 – Ratios of Outstanding Debt | 152 |
| Schedule 9 – Other Long-Term Liabilities | 153 |
| Schedule 10 – Pledged Revenue Coverage | 154 |

Demographic and Economic Information – These schedules provide the reader with trend information on the size and economic health of the State.

| | |
|---|-----|
| Schedule 11 – Demographic and Economic Indicators | 156 |
| Schedule 12 – Principal Employers | 158 |
| Schedule 13 – Education Enrollment | 158 |

Operating Information – These schedules assist the reader in evaluating the size and productivity of the state government.

| | |
|--|-----|
| Schedule 14 – State Employees by Function | 159 |
| Schedule 15 – Operating Indicators by Function | 160 |
| Schedule 16 – Capital Asset Statistics by Function | 162 |

Miscellaneous Statistics – This information may provide the reader with more insight into the State’s financial and demographic status.

| | |
|--|-----|
| Schedule 17 – Assets, Liabilities, and Fund Balances – General Fund Accounts | 164 |
| Schedule 18 – Revenues, Expenditures, and Changes in Fund Balances – General Fund Accounts | 166 |
| Schedule 19 – Miscellaneous Statistics | 168 |

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 2002-2009

(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 ¹ | \$3,502,470 | \$3,620,644 | \$3,759,651 | \$3,982,692 | \$4,183,431 | \$4,406,128 |
| Restricted ² | 995,176 | 1,032,920 | 1,219,012 | 1,244,362 | 1,343,426 | 1,762,245 |
| Unrestricted ³ | 333,330 | 220,604 | 342,847 | 571,337 | 849,405 | 955,513 |
| Total Governmental Activities Net Assets | \$4,830,976 | \$4,874,168 | \$5,321,510 | \$5,798,391 | \$6,376,262 | \$7,123,886 |
| Business-Type Activities | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$392,358 | \$418,240 | \$411,159 | \$447,206 | \$467,275 | \$513,584 |
| Restricted ⁴ | 602,218 | 653,739 | 637,531 | 619,352 | 720,721 | 813,880 |
| Unrestricted ⁵ | 109,473 | 33,872 | 84,174 | 146,942 | 163,636 | 189,577 |
| Total Business-Type Activities Net Assets | \$1,104,049 | \$1,105,851 | \$1,132,864 | \$1,213,500 | \$1,351,632 | \$1,517,041 |
| Primary Government | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$3,894,828 | \$4,038,884 | \$4,170,810 | \$4,429,898 | \$4,650,706 | \$4,919,712 |
| Restricted | 1,597,394 | 1,686,659 | 1,856,543 | 1,863,714 | 2,064,147 | 2,576,125 |
| Unrestricted | 442,803 | 254,476 | 427,021 | 718,279 | 1,013,041 | 1,145,090 |
| Total Primary Government Net Assets | \$5,935,025 | \$5,980,019 | \$6,454,374 | \$7,011,891 | \$7,727,894 | \$8,640,927 |

NOTE: The State implemented GASB Statement No. 34 in fiscal year 2002; the relevant government-wide schedules are effective beginning in fiscal year 2002.

¹From fiscal years 2005 to 2009 the governmental activities' investments in capital assets increased primarily due to increases recorded by the Idaho Transportation Department for land and infrastructure by the Idaho State Building Authority for buildings.

²In 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 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 Endowment fund investment income, receipts from timber sales and land leases, and increased operating grants for health care assistance and infrastructure. In fiscal year 2006 restricted net assets increased mainly due to Endowment fund investment income and receipts from timber sales and land leases. In fiscal year 2004 restricted net assets increased primarily due to an increase in Endowment fund investment income.

³In fiscal year 2009 the governmental activities' unrestricted net assets decreased mainly due to a decrease in individual and sales tax revenues. In fiscal year 2008 the governmental activities' unrestricted net assets increased due to an increase in sales tax revenue and an increase in unrestricted investment earnings. In fiscal year 2007 the governmental activities' unrestricted net assets increased due to an increase in individual income taxes and an increase in sales tax. 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 2004 and 2005 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.

⁴In fiscal year 2009 business-type activities' restricted net assets decreased mainly due to increased unemployment compensation benefits resulting from the economic downturn. In fiscal year 2008 business-type activities' restricted net assets increased mainly due to increases in grant revenues for colleges and universities and the Loan fund. 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.

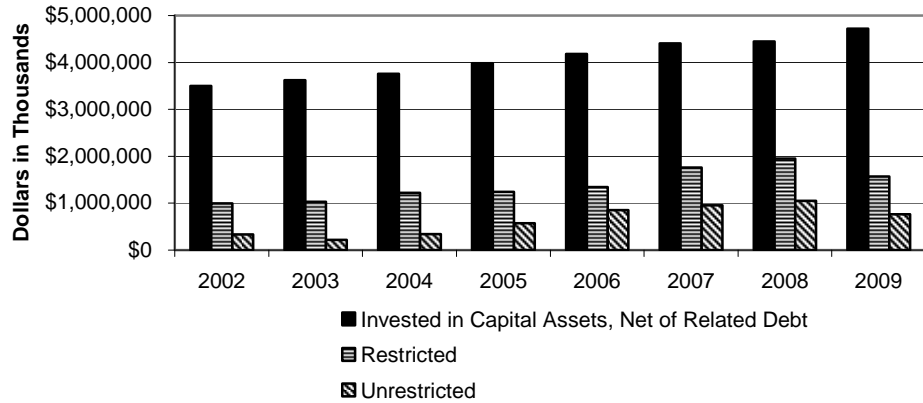
⁵In fiscal year 2007 business-type activities' unrestricted net assets increased due to an increase in capital contributions and student tuition and fees for the colleges and universities. In fiscal year 2005 unrestricted net assets increased primarily due to increased student tuition and fees for the 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 |
|-----------------------|--------------------|
| \$4,450,353 | \$4,721,700 |
| 1,950,190 | 1,566,748 |
| 1,052,145 | 762,203 |
| \$7,452,688 | \$7,050,651 |

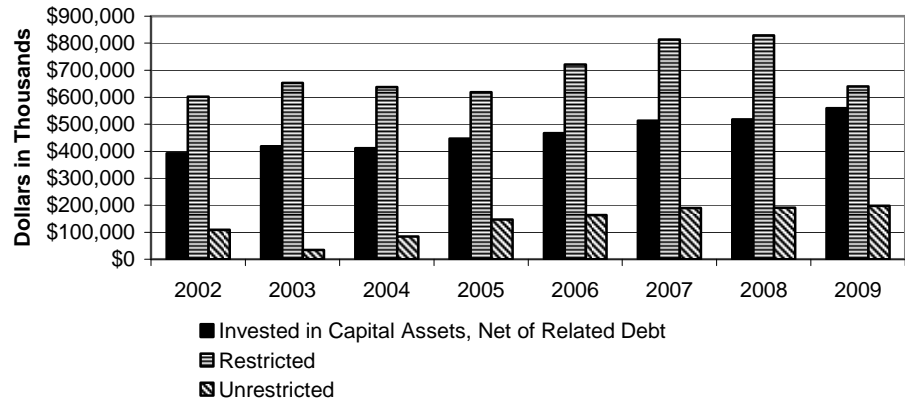
| | |
|--------------------|--------------------|
| \$517,949 | \$560,232 |
| 829,375 | 640,725 |
| 190,656 | 198,573 |
| \$1,537,980 | \$1,399,530 |

| | |
|--------------------|--------------------|
| \$4,968,302 | \$5,281,932 |
| 2,779,565 | 2,207,473 |
| 1,242,801 | 960,776 |
| \$8,990,668 | \$8,450,181 |

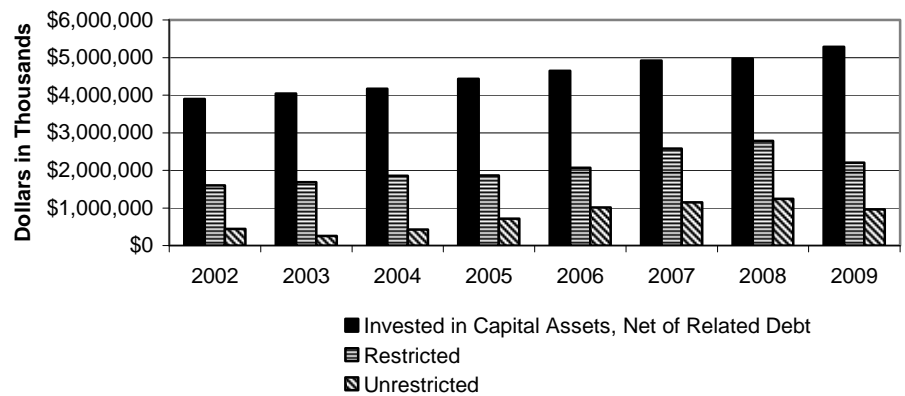
**Governmental Activities Net Assets by Component
Fiscal Years 2002-2009**



**Business-Type Activities Net Assets by Component
Fiscal Years 2002-2009**



**Primary Government Net Assets by Component
Fiscal Years 2002-2009**



Schedule 2 - Changes in Net Assets

Fiscal Years 2002-2009

(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 | \$339,024 | \$305,709 | \$349,990 | \$393,172 | \$420,772 | \$403,506 |
| Public Safety and Correction | 239,336 | 238,050 | 241,550 | 229,158 | 266,036 | 285,669 |
| Health and Human Services ¹ | 1,242,566 | 1,347,997 | 1,507,865 | 1,600,692 | 1,676,706 | 1,750,187 |
| Education ² | 1,244,030 | 1,252,020 | 1,287,879 | 1,331,795 | 1,385,448 | 1,704,447 |
| Economic Development | 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 | 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 | 85,886 | 102,874 | 103,702 | 118,346 | 117,865 | 135,765 |
| Operating Grants and Contributions ³ | 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 ⁴ | 789,110 | 860,526 | 1,039,746 | 1,135,210 | 1,061,861 | 1,296,040 |
| Individual and Corporate Taxes ⁵ | 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 ⁶ | 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 |
| Liquor Dispensary | 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 ⁶ | 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 | 174,575 | 198,007 | 222,013 | 228,049 | 229,902 | 227,620 |
| Capital Grants and Contributions ⁷ | 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 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 |

¹From fiscal years 2002 to 2009 health and human services' expenses have increased due to rising Medicaid and income assistance payments.

²From fiscal years 2007 to 2009 education expenses increased due to an increased public school distribution for facilities improvements, salaries, and operating expenses.

³From fiscal years 2002 to 2009 operating grants and contributions increased benefiting health, transportation, education, and natural resources.

⁴In fiscal year 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. From fiscal years 2003 to 2005 sales tax revenues increased due to a temporary sales tax increase and increased consumer spending. The state sales tax increased from 5 to 6 percent on May 1, 2003, and reverted to 5 percent on July 1, 2005.

⁵In fiscal year 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 individual and corporate income taxes increased due to increased levels of employment and personal income.

⁶In fiscal years 2009 and 2008 unemployment compensation expenses increased due to higher unemployment claims. In fiscal year 2008 unemployment compensation revenues decreased due to a decrease in assessments. In fiscal year 2007 revenues increased due to increased assessments and investment income. In fiscal year 2006 expenses decreased due to fewer unemployment claims related to low unemployment.

⁷In fiscal year 2007 capital grants and contributions revenues increased due to an increase in capital contributions for the colleges and universities.

| 2008 (as restated) | 2009 |
|-----------------------|------------------|
| \$463,125 | \$450,875 |
| 324,843 | 326,125 |
| 1,818,932 | 2,115,148 |
| 1,796,160 | 1,850,258 |
| 756,677 | 743,811 |
| 243,925 | 241,108 |
| 45,530 | 46,767 |
| <u>5,449,192</u> | <u>5,774,092</u> |

| | |
|--------------------|--------------------|
| 119,443 | 93,376 |
| 258,576 | 256,184 |
| 150,752 | 133,138 |
| 128,367 | 131,608 |
| 1,955,236 | 2,034,795 |
| 906 | 8,892 |
| <u>2,613,280</u> | <u>2,657,993</u> |
| <u>(2,835,912)</u> | <u>(3,116,099)</u> |

| | |
|-----------|-----------|
| 1,334,032 | 1,177,106 |
| 1,599,881 | 1,320,968 |
| 228,786 | 214,113 |
| 185,874 | 186,489 |
| 28,631 | 31,094 |

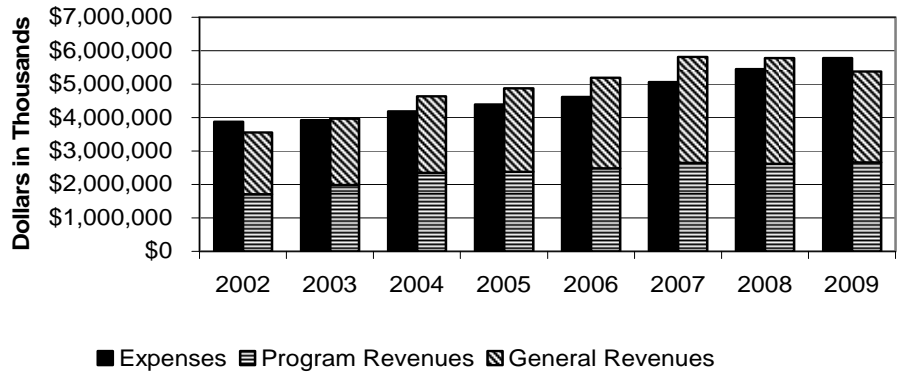
| | |
|-------------------------|---------------------------|
| 51,537 | 36,139 |
| <u>(264,027)</u> | <u>(251,847)</u> |
| <u>3,164,714</u> | <u>2,714,062</u> |
| <u>\$328,802</u> | <u>(\$402,037)</u> |

| | |
|------------------|------------------|
| \$875,586 | \$896,993 |
| 171,918 | 338,600 |
| 2,267 | 5,910 |
| 102,065 | 105,780 |
| 112,476 | 117,185 |
| 7,574 | 8,323 |
| <u>1,271,886</u> | <u>1,472,791</u> |

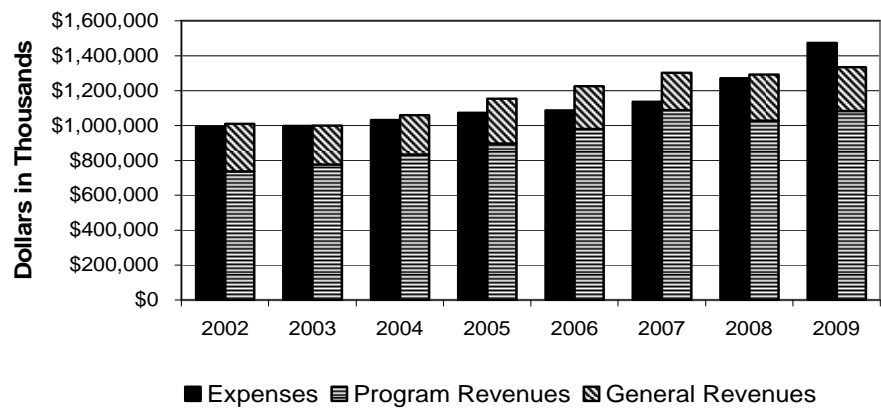
| | |
|------------------|------------------|
| 337,699 | 339,989 |
| 126,575 | 130,879 |
| 137,664 | 140,316 |
| 152,428 | 156,483 |
| 244,954 | 293,673 |
| 29,478 | 21,154 |
| <u>1,028,798</u> | <u>1,082,494</u> |
| <u>(243,088)</u> | <u>(390,297)</u> |

| | |
|-------------------------|---------------------------|
| 264,027 | 251,847 |
| <u>264,027</u> | <u>251,847</u> |
| <u>\$20,939</u> | <u>(\$138,450)</u> |
| <u>\$349,741</u> | <u>(\$540,487)</u> |

Expenses and Revenues - Governmental Activities
Fiscal Years 2002-2009



Expenses and Revenues - Business-Type Activities
Fiscal Years 2002-2009



Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2000-2009

(modified accrual basis of accounting, dollars in thousands)

| | 2000 | 2001 | 2002 (as restated) | 2003 (as restated) | 2004 (as restated) | 2005 (as restated) | 2006 (as restated) |
|---|------------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | |
| Reserved ¹ | \$30,235 | \$55,064 | \$40,311 | \$16,248 | \$33,012 | \$28,703 | \$30,404 |
| Unreserved ² | 444,791 | 519,321 | 277,578 | 158,844 | 290,874 | 497,605 | 744,413 |
| Total General Fund³ | 475,026 | 574,385 | 317,889 | 175,092 | 323,886 | 526,308 | 774,817 |
| All Other Governmental Funds | | | | | | | |
| Reserved ⁴ | 87,863 | 70,819 | 722,033 | 784,150 | 893,308 | 911,390 | 985,836 |
| Unreserved, Reported in: | | | | | | | |
| Special Revenue Funds ⁵ | 245,723 | 250,225 | 255,214 | 248,629 | 273,142 | 271,410 | 261,256 |
| Capital Projects | | | | | | | |
| Permanent Funds ⁶ | | | 15,886 | 11,495 | 28,421 | 53,992 | 94,651 |
| Total All Other Governmental Funds | 333,586 | 321,044 | 993,133 | 1,044,274 | 1,194,871 | 1,236,792 | 1,341,743 |
| Total Fund Balances - Governmental Funds | \$808,612 | \$895,429 | \$1,311,022 | \$1,219,366 | \$1,518,757 | \$1,763,100 | \$2,116,560 |

Note: GASB Statement No. 34 was implemented in fiscal year 2002. This standard required the reclassification of certain funds; prior years have not been restated.

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

²In fiscal year 2009 the General Fund unreserved fund balance decreased due to decreased revenue from individual and corporate income tax, sales tax revenue, and investment income. In fiscal year 2008 the increase is mainly attributable to increased sales tax revenue, sales of goods and services, and investment income. In fiscal year 2007 the increase is mainly attributable to increased sales tax and individual income tax revenues. In fiscal year 2006 the increase is 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.

³In fiscal years 2002, 2003, and 2009 Idaho's economy suffered during a national recession, as reflected in the decreased General Fund balances.

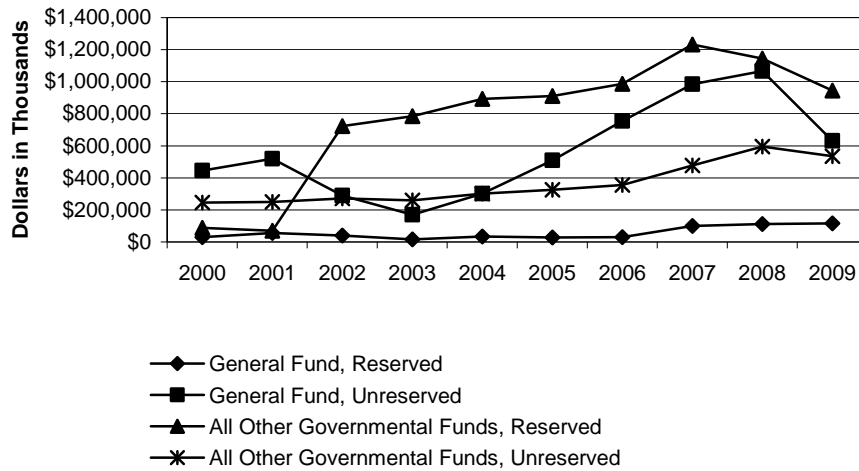
⁴In fiscal years 2009 and 2008 the other governmental funds reserved fund balance decrease is mainly due to a decrease in the fair market value of Endowment fund investments. In fiscal year 2007 the increase is mainly due to increased Endowment fund investment income and bond issuance by the Idaho State Building Authority. The increases in fiscal year 2006 were largely due to an increase in the fair value of Endowment fund investments.

⁵In 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.

⁶In 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 Endowment fund. In fiscal years 2007 and 2006 the increase in the unreserved permanent funds balance was due primarily to expendable Endowment fund investment income and receipts from timber sales and land leases. In fiscal year 2002 the Public School and Pooled Endowment funds were reclassified from non-expendable trust funds to permanent funds.

| 2007 (as restated) | 2008 (as restated) | 2009 |
|-----------------------|-----------------------|--------------------|
| \$98,908 | \$112,341 | \$116,619 |
| 985,312 | 1,067,000 | 631,397 |
| 1,084,220 | 1,179,341 | 748,016 |
| 1,231,429 | 1,144,757 | 943,847 |
| 314,840 | 400,535 | 378,929 |
| 25 | 51 | 145 |
| 163,125 | 194,335 | 156,349 |
| 1,709,419 | 1,739,678 | 1,479,270 |
| \$2,793,639 | \$2,919,019 | \$2,227,286 |

**Fund Balances - Governmental Funds
Fiscal Years 2000-2009**



Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2000-2009

(modified accrual basis of accounting, dollars in thousands)

| | 2000 | 2001 | 2002 (as restated) | 2003 (as restated) | 2004 (as restated) | 2005 (as restated) | 2006 (as restated) |
|---|------------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | | |
| Sales Tax ¹ | \$761,628 | \$778,162 | \$778,028 | \$864,509 | \$1,040,448 | \$1,137,138 | \$1,060,612 |
| Individual and Corporate Taxes ² | 1,285,262 | 1,171,467 | 889,746 | 904,204 | 997,454 | 1,176,903 | 1,436,168 |
| Other Taxes | 406,781 | 412,171 | 362,546 | 387,820 | 397,950 | 406,620 | 406,336 |
| Licenses, Permits, and Fees | 179,089 | 214,509 | 212,733 | 230,599 | 240,323 | 244,165 | 256,900 |
| Sale of Goods and Services | 107,480 | 112,987 | 173,220 | 181,049 | 252,291 | 231,728 | 235,410 |
| Grants and Contributions ³ | 1,100,570 | 1,264,609 | 1,330,474 | 1,447,574 | 1,719,520 | 1,757,713 | 1,806,749 |
| Investment Income ⁴ | 102,169 | 96,525 | (52,315) | 49,681 | 135,718 | 104,557 | 144,559 |
| Tobacco Settlement | | 22,441 | 26,602 | 23,772 | 22,848 | 23,151 | 21,253 |
| Other Income | 85,503 | 34,799 | 46,641 | 79,033 | 47,658 | 48,047 | 47,606 |
| Total Revenues | 4,028,482 | 4,107,670 | 3,767,675 | 4,168,241 | 4,854,210 | 5,130,022 | 5,415,593 |
| Expenditures | | | | | | | |
| General Government | 418,639 | 253,747 | 127,440 | 104,109 | 122,876 | 143,584 | 147,445 |
| Public Safety and Correction | 204,137 | 233,793 | 218,142 | 212,878 | 219,417 | 233,598 | 253,504 |
| Health and Human Services ⁵ | 911,642 | 1,078,943 | 1,206,910 | 1,315,668 | 1,468,736 | 1,561,765 | 1,641,421 |
| Education ⁶ | 1,169,920 | 1,226,922 | 1,219,332 | 1,240,835 | 1,279,486 | 1,324,069 | 1,379,775 |
| Economic Development | 421,421 | 436,532 | 326,868 | 347,280 | 307,312 | 346,256 | 358,814 |
| Natural Resources | 125,977 | 135,682 | 162,199 | 147,630 | 163,769 | 178,401 | 188,784 |
| Capital Outlay ⁷ | 350,656 | 401,518 | 353,389 | 401,279 | 436,133 | 433,096 | 423,582 |
| Intergovernmental Revenue Sharing | 235,804 | 259,360 | 342,501 | 315,444 | 385,698 | 393,195 | 425,414 |
| Debt Service: | | | | | | | |
| Principal | | | 4,850 | 6,915 | 8,061 | 10,880 | 10,751 |
| Interest | | | 11,587 | 12,511 | 8,069 | 17,671 | 20,736 |
| Total Expenditures | 3,838,196 | 4,026,497 | 3,973,218 | 4,104,549 | 4,399,557 | 4,642,515 | 4,850,226 |
| Revenues Over (Under) Expenditures | 190,286 | 81,173 | (205,543) | 63,692 | 454,653 | 487,507 | 565,367 |
| Other Financing Sources (Uses) | | | | | | | |
| Bonds and Notes Issued | | 5,856 | 16,440 | 64,145 | 64,795 | 26 | 10,790 |
| Premium/(Discount) on Bonds Issued | | | (144) | (763) | (864) | | (23) |
| Capital Lease Acquisitions | 130 | 669 | 8 | | | 3,757 | 5,697 |
| Payment to Refunded Bond Escrow Agent | | | | | | | |
| Sale of Capital Assets | | | | | 6,909 | 8,037 | 17,193 |
| Transfers In | 404,084 | 484,088 | 547,785 | 525,453 | 553,181 | 594,877 | 640,776 |
| Transfers Out | (378,217) | (458,235) | (776,385) | (744,183) | (779,283) | (849,861) | (886,340) |
| Total Other Financing Sources (Uses) | 25,997 | 32,378 | (212,296) | (155,348) | (155,262) | (243,164) | (211,907) |
| Net Changes in Fund Balances | \$216,283 | \$113,551 | (\$417,839) | (\$91,656) | \$299,391 | \$244,343 | \$353,460 |

Debt Service as a Percentage of Noncapital Expenditures

<1 <1 <1 <1 <1

Note: GASB Statement No. 34 was implemented in fiscal year 2002. This standard required the reclassification of certain funds; prior years have not been restated.

¹In fiscal year 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.

²In fiscal year 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. In fiscal years 2002 and 2001 individual and corporate income taxes decreased due to a structural reduction in the state tax base and the national recession.

³Grants and contributions have steadily increased due to federal grants; mainly benefiting health, transportation, and education.

⁴In fiscal year 2009 investment income decreased due to the decrease in fair market value of the Endowment fund. In fiscal year 2008 investment income decreased largely due to a decrease in fair value of investments, mainly relating to the endowment fund. In fiscal years 2007 and 2006 investment income increased largely due to an increase in fair value of investments to the 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 Endowment fund.

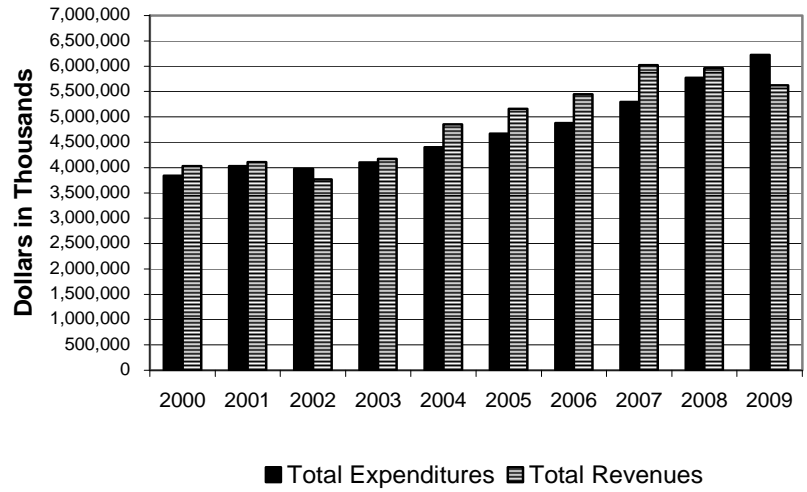
⁵Health and human services' expenditures have steadily risen due to increasing Medicaid and income assistance payments.

⁶From fiscal years 2007 to 2009 education expenses increased due to an increased public school distribution for facilities improvements, salaries, and operating expenses.

⁷In fiscal years 2009 and 2008 capital outlay expense increased mainly due to transportation infrastructure and state building expenses.

| 2007 (as restated) | 2008 (as restated) | 2009 |
|-----------------------|-----------------------|--------------------|
| \$1,300,416 | \$1,333,018 | \$1,174,802 |
| 1,598,702 | 1,587,694 | 1,325,996 |
| 417,763 | 414,671 | 398,639 |
| 273,223 | 279,156 | 277,354 |
| 235,750 | 231,885 | 232,526 |
| 1,880,049 | 1,962,931 | 2,251,714 |
| 225,717 | 63,406 | (130,488) |
| 23,712 | 28,504 | 30,965 |
| 65,538 | 61,530 | 61,943 |
| 6,020,870 | 5,962,795 | 5,623,451 |
| 151,358 | 177,312 | 186,119 |
| 269,874 | 300,106 | 305,141 |
| 1,701,863 | 1,775,609 | 2,096,507 |
| 1,683,254 | 1,777,690 | 1,843,401 |
| 368,439 | 390,424 | 406,694 |
| 186,179 | 217,214 | 212,398 |
| 452,755 | 545,059 | 634,187 |
| 441,421 | 452,089 | 436,866 |
| 12,403 | 92,377 | 55,645 |
| 25,576 | 45,365 | 49,368 |
| 5,293,122 | 5,773,245 | 6,226,326 |
| 727,748 | 189,550 | (602,875) |
| 155,463 | 187,603 | 152,641 |
| 6,533 | 1,039 | 22 |
| (4,765) | | |
| 7,066 | 11,590 | 11,947 |
| 713,275 | 731,774 | 700,654 |
| (928,241) | (996,176) | (954,122) |
| (50,669) | (64,170) | (88,858) |
| \$677,079 | \$125,380 | (\$691,733) |
| <1 | 2.5 | 1.8 |

Revenues and Expenditures - Governmental Funds
Fiscal Years 2000-2009



Schedule 5 - Revenue Base

Fiscal/Calendar Years 2000-2009 (dollars in thousands)

| Taxable Sales by Industry | Fiscal Year | | | | | | |
|---|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Commercial Farms | \$6,224 | \$5,449 | \$8,020 | \$7,674 | \$7,265 | \$8,687 | \$10,093 |
| Agricultural/Forestry, Fishing, and Other | 61,284 | 58,662 | 70,264 | 73,489 | 75,997 | 85,183 | 99,736 |
| Mining | 32,947 | 32,138 | 35,884 | 39,280 | 47,589 | 53,612 | 67,655 |
| Construction | 281,400 | 273,933 | 327,244 | 322,652 | 315,977 | 410,645 | 484,901 |
| Manufacturing | 969,768 | 994,325 | 1,063,164 | 1,150,728 | 1,012,159 | 1,026,589 | 998,714 |
| Transportation and Public Utilities | 202,097 | 224,342 | 247,881 | 176,603 | 226,260 | 253,306 | 250,375 |
| Wholesale Trade | 929,375 | 874,526 | 948,927 | 1,004,481 | 1,063,094 | 1,246,743 | 1,481,922 |
| Retail Trade | 10,165,734 | 9,567,159 | 11,020,633 | 11,386,198 | 11,968,267 | 12,769,055 | 14,083,361 |
| Finance, Insurance, and Real Estate | 191,574 | 171,804 | 133,105 | 123,765 | 116,476 | 117,091 | 153,983 |
| Services | 1,664,407 | 1,615,100 | 1,873,229 | 1,858,090 | 1,855,726 | 1,884,819 | 2,105,191 |
| State and Local Government | 407,500 | 394,094 | 1,720,162 | 523,861 | 620,550 | 671,249 | 690,509 |
| Total Taxable Sales | \$14,912,310 | \$14,211,532 | \$17,448,513 | \$16,666,821 | \$17,309,360 | \$18,526,979 | \$20,426,440 |
| Direct Sales Tax Rate | 5.0% | 5.0% | 5.0% | 5.0% | 6.0% | 6.0% | 5.0% |
| Personal Income by Industry ¹ | Calendar Year | | | | | | |
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Farm Earnings | \$866,537 | \$1,042,680 | \$953,330 | \$747,673 | \$1,013,175 | \$886,720 | \$689,440 |
| Agricultural/Forestry, Fishing, and Other | 356,736 | 383,005 | 365,290 | 370,170 | 376,425 | 405,035 | 419,670 |
| Mining | 136,607 | 115,930 | 109,675 | 121,693 | 140,332 | 156,413 | 189,354 |
| Construction/Utilities | 1,952,596 | 2,269,257 | 2,169,344 | 2,172,429 | 2,398,065 | 2,722,988 | 3,163,431 |
| Manufacturing | 3,989,283 | 3,453,229 | 3,389,391 | 3,450,110 | 3,636,190 | 3,798,138 | 4,242,763 |
| Transportation | 741,826 | 773,647 | 772,835 | 782,228 | 873,844 | 930,817 | 987,024 |
| Wholesale Trade | 1,061,767 | 1,120,456 | 1,111,561 | 1,142,258 | 1,224,888 | 1,380,903 | 1,519,735 |
| Retail Trade | 1,974,673 | 2,037,054 | 2,111,947 | 2,195,532 | 2,300,519 | 2,566,158 | 2,818,799 |
| Finance, Insurance, and Real Estate | 1,368,867 | 1,383,119 | 1,416,562 | 1,527,446 | 1,615,832 | 1,785,336 | 2,000,887 |
| Services | 6,840,158 | 7,495,498 | 7,950,164 | 8,203,449 | 9,010,761 | 9,654,252 | 10,673,769 |
| Federal, Civilian | 817,882 | 841,421 | 885,609 | 932,310 | 1,020,835 | 1,043,507 | 1,096,910 |
| Military | 309,966 | 329,684 | 402,061 | 461,639 | 512,325 | 539,326 | 543,711 |
| State and Local Government | 3,036,475 | 3,238,626 | 3,446,783 | 3,567,797 | 3,784,593 | 3,963,284 | 4,138,714 |
| Other ² | 7,836,409 | 8,570,391 | 8,764,012 | 9,141,258 | 10,171,397 | 11,012,000 | 11,898,456 |
| Total Personal Income | \$31,289,782 | \$33,053,997 | \$33,848,564 | \$34,815,992 | \$38,079,181 | \$40,844,877 | \$44,382,663 |
| Total Direct Personal Income Tax Rate | 8.0% | 7.6% | 7.6% | 7.6% | 7.6% | 7.7% | 7.7% |
| Corporate Income by Category ³ | Calendar Year | | | | | | |
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Corporations | (\$51,141) | (\$1,677,005) | (\$1,889,357) | (\$233,472) | \$62,838 | \$54,837 | \$6,080 |
| Sub-S Corporations | 50,385 | 39,893 | 28,494 | 39,253 | 74,857 | 126,174 | 87,233 |
| Partnerships | (52,021) | (241,506) | (159,037) | (22,093) | (16,627) | (2,182) | (1,257) |
| Fiduciary | 52,321 | (10,005) | (26,256) | (120,714) | 23,806 | 57,112 | 42,999 |
| Total Corporate Income | (\$456) | (\$1,888,623) | (\$2,046,156) | (\$337,026) | \$144,874 | \$235,941 | \$135,055 |
| Direct Corporate Income Tax Rate | 8.0% | 7.6% | 7.6% | 7.6% | 7.6% | 7.6% | 7.6% |
| Vehicle Fuel Sales by Category ³ (in thousands of gallons) | Fiscal Year | | | | | | |
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Diesel | | | 228,171 | 230,162 | 239,784 | 241,079 | 258,715 |
| Gasoline | | | 612,947 | 617,800 | 629,499 | 625,453 | 636,565 |
| Propane | | | 147 | 135 | 138 | 98 | 77 |
| Natural Gas ⁴ | | | 12 | 15 | 12 | 16 | 13 |
| Aviation | | | 3,021 | 2,778 | 2,926 | 2,512 | 2,512 |
| Jet | | | 30,081 | 29,401 | 26,921 | 28,250 | 31,038 |
| Total Fuel Sales | | | 874,379 | 880,291 | 899,280 | 897,408 | 928,920 |
| Total Direct Fuel Tax Rate (per gallon of fuel) | | | \$0.242 | \$0.243 | \$0.243 | \$0.243 | \$0.243 |

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho Division of Financial Management.

¹The U.S. Bureau of Economic Analysis switched from SIC to NAICS system in calendar year 2001. Personal income data for calendar years 2008 and 2009 are estimates.

²Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

³Corporate income data is currently not available for calendar years 2008 and 2009; vehicle fuel sales data is not available for fiscal years 2000 and 2001.

⁴The natural gas distributors reported no vehicle fuel sales for fiscal years 2007 through 2009.

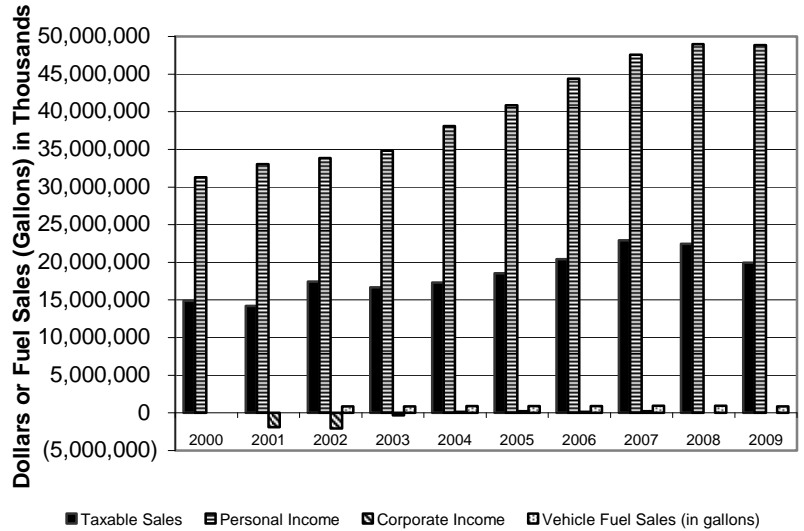
| 2007 | 2008 | 2009 |
|---------------------|---------------------|---------------------|
| \$11,416 | \$11,679 | \$10,055 |
| 124,479 | 127,115 | 111,833 |
| 72,407 | 74,440 | 54,148 |
| 572,823 | 583,884 | 486,661 |
| 1,403,805 | 1,050,425 | 813,738 |
| 347,677 | 390,536 | 361,449 |
| 1,766,289 | 1,870,820 | 1,679,196 |
| 15,364,551 | 14,963,180 | 13,418,803 |
| 149,466 | 155,363 | 143,607 |
| 2,330,698 | 2,409,065 | 2,161,247 |
| 782,729 | 817,606 | 703,459 |
| \$22,926,340 | \$22,454,113 | \$19,944,196 |
| 6.0% | 6.0% | 6.0% |

| 2007 | 2008 | 2009 |
|---------------------|---------------------|---------------------|
| \$1,141,747 | \$958,101 | \$1,030,000 |
| 420,943 | 402,744 | 353,000 |
| 227,201 | 249,126 | 187,000 |
| 3,303,082 | 2,861,886 | 2,583,000 |
| 4,334,034 | 4,227,481 | 3,647,000 |
| 1,031,156 | 1,047,563 | 1,660,000 |
| 1,656,190 | 1,676,552 | 2,801,000 |
| 2,863,554 | 2,847,298 | 1,104,000 |
| 2,040,247 | 2,047,143 | 1,865,000 |
| 11,229,744 | 11,691,660 | 12,014,000 |
| 1,127,126 | 1,189,370 | 1,187,000 |
| 575,562 | 621,346 | 666,000 |
| 4,306,077 | 4,554,086 | 4,817,000 |
| 13,326,117 | 14,590,316 | 14,936,000 |
| \$47,582,780 | \$48,964,672 | \$48,850,000 |
| 7.7% | NA | NA |

| 2007 | 2008 | 2009 |
|------------------|-----------|-----------|
| \$146,513 | NA | NA |
| 72,520 | NA | NA |
| (82,978) | NA | NA |
| 70,944 | NA | NA |
| \$206,999 | NA | NA |
| 7.6% | 7.6% | 7.6% |

| 2007 | 2008 | 2009 |
|----------------|----------------|----------------|
| 284,009 | 282,616 | 237,206 |
| 647,363 | 636,125 | 584,872 |
| 62 | 53 | 107 |
| 2,598 | 2,461 | 1,864 |
| 33,591 | 36,217 | 29,697 |
| 967,623 | 957,472 | 853,746 |
| \$0.242 | \$0.242 | \$0.243 |

Idaho Revenue Base
Fiscal/Calendar Years 2000-2009



Schedule 6 - Revenue Rates
Fiscal/Calendar Years 2000-2009

Personal Income Tax Rates¹

| | Calendar Year | | | | | | |
|---|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2000 ² | 2001 ² | 2002 | 2003 | 2004 | 2005 | 2006 |
| Tax Rates on the Portion of Taxable Income in Ranges | | | | | | | |
| Tax Rate | 1.9% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% | 1.6% |
| Income Levels (S, MFS) ³ | \$0-1,022 | \$0-1,056 | \$0-1,087 | \$0-1,104 | \$0-1,129 | \$0-1,159 | \$0-1,197 |
| Income Levels (MFJ, HoH, QW) ³ | \$0-2,044 | \$0-2,112 | \$0-2,174 | \$0-2,208 | \$0-2,258 | \$0-2,318 | \$0-2,395 |
| Tax Rate | 3.9% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% | 3.6% |
| Income Levels (S, MFS) | \$1,023-2,044 | \$1,057-2,113 | \$1,088-2,173 | \$1,105-2,207 | \$1,130-2,258 | \$1,160-2,318 | \$1,198-2,395 |
| Income Levels (MFJ, HoH, QW) | \$2,045-4,088 | \$2,113-4,226 | \$2,175-4,346 | \$2,209-4,414 | \$2,259-4,516 | \$2,319-4,636 | \$2,396-4,791 |
| Tax Rate | 4.4% | 4.1% | 4.1% | 4.1% | 4.1% | 4.1% | 4.1% |
| Income Levels (S, MFS) | \$2,045-3,066 | \$2,114-3,169 | \$2,174-3,260 | \$2,208-3,311 | \$2,259-3,387 | \$2,319-3,477 | \$2,396-3,593 |
| Income Levels (MFJ, HoH, QW) | \$4,089-6,132 | \$4,227-6,338 | \$4,347-6,520 | \$4,415-6,622 | \$4,517-6,774 | \$4,636-6,953 | \$4,792-7,187 |
| Tax Rate | 5.4% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% | 5.1% |
| Income Levels (S, MFS) | \$3,067-4,088 | \$3,170-4,226 | \$3,261-4,346 | \$3,312-4,415 | \$3,388-4,515 | \$3,478-4,636 | \$3,594-4,792 |
| Income Levels (MFJ, HoH, QW) | \$6,133-8,176 | \$6,339-8,452 | \$6,521-8,692 | \$6,623-8,830 | \$6,775-9,030 | \$6,954-9,271 | \$7,188-9,585 |
| Tax Rate | 6.4% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% | 6.1% |
| Income Levels (S, MFS) | \$4,089-5,110 | \$4,227-5,282 | \$4,347-5,433 | \$4,416-5,518 | \$4,516-5,644 | \$4,637-5,794 | \$4,793-5,990 |
| Income Levels (MFJ, HoH, QW) | \$8,177-10,220 | \$8,453-10,564 | \$8,693-10,866 | \$8,831-11,036 | \$9,031-11,288 | \$9,272-11,589 | \$9,586-11,981 |
| Tax Rate | 7.4% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% | 7.1% |
| Income Levels (S, MFS) | \$5,111-7,666 | \$5,283-7,923 | \$5,434-8,149 | \$5,519-8,278 | \$5,645-8,466 | \$5,795-8,692 | \$5,991-8,995 |
| Income Levels (MFJ, HoH, QW) | \$10,221-15,332 | \$10,565-15,846 | \$10,867-16,298 | \$11,037-16,556 | \$11,289-16,932 | \$11,590-17,383 | \$11,982-17,971 |
| Tax Rate | 7.7% | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% | 7.4% |
| Income Levels (S, MFS) | \$7,677-20,442 | \$7,924-21,129 | \$8,150-21,730 | \$8,279-22,074 | \$8,467-22,577 | \$8,693-23,178 | \$8,996-23,962 |
| Income Levels (MFJ, HoH, QW) | \$15,333-40,884 | \$15,847-42,258 | \$16,299-43,460 | \$16,557-44,148 | \$16,933-45,154 | \$17,384-46,356 | \$17,972-47,925 |
| Tax Rate | 8.1% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% | 7.8% |
| Income Levels (S, MFS) | \$20,443 + | \$21,130 + | \$21,731 + | \$22,075 + | \$22,578 + | \$23,179 + | \$23,963 + |
| Income Levels (MFJ, HoH, QW) | \$40,885 + | \$42,259 + | \$43,461 + | \$44,149 + | \$45,155 + | \$46,357 + | \$47,926 + |
| Total Direct Rate⁴ | 8.0% | 7.6% | 7.6% | 7.6% | 7.6% | 7.7% | 7.7% |

Vehicle Fuel Tax Rates per Gallon

| | Fiscal Year | | | | | | |
|---|-------------|---------|---------|---------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Diesel | \$0.250 | \$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 | 0.250 |
| Propane | 0.181 | 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 | 0.197 |
| Aviation | 0.055 | 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 | 0.045 |
| Total Direct Rate⁵ <i>(per gallon of fuel)</i> | NA | NA | \$0.242 | \$0.243 | \$0.243 | \$0.243 | \$0.243 |

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.

¹Idaho's personal income tax brackets are adjusted each year for inflation.

²The Legislature passed structural reductions in the state income tax base effective for calendar years 2000 and 2001.

³Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of House, QW = Qualifying Widow(er).

⁴Personal Income data is currently not available for calendar years 2008 and 2009.

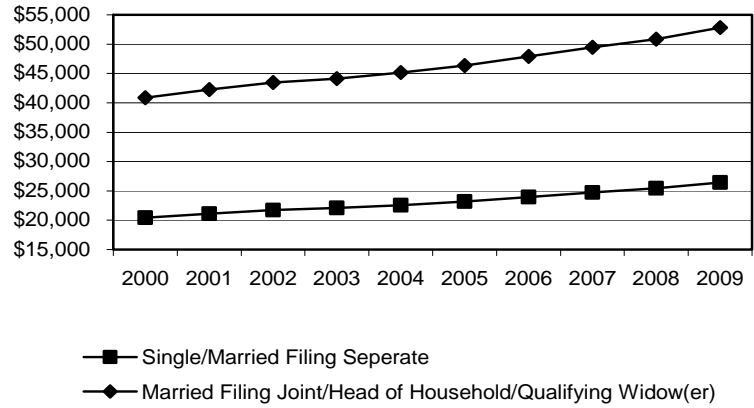
⁵Vehicle fuel sales data is not available for fiscal years 2000 and 2001.

| 2007 | 2008 | 2009 |
|---|---|---|
| 1.6% \$0-1,236 \$0-2,474 | 1.6% \$0-1,272 \$0-2,544 | 1.6% \$0-1,321 \$0-2,642 |
| 3.6% \$1,237-2,473 \$2,475-4,948 | 3.6% \$1,273-2,544 \$2,545-5,088 | 3.6% \$1,322-2,642 \$2,643-5,284 |
| 4.1% \$2,474-3,709 \$4,949-7,420 | 4.1% \$2,545-3,816 \$5,089-7,632 | 4.1% \$2,643-3,963 \$5,285-7,926 |
| 5.1% \$3,710-4,946 \$7,421-9,894 | 5.1% \$3,817-5,088 \$7,633-10,176 | 5.1% \$3,964-5,284 \$7,927-10,568 |
| 6.1% \$4,947-6,183 \$9,895-12,368 | 6.1% \$5,089-6,360 \$10,177-12,720 | 6.1% \$5,285-6,604 \$10,569-13,208 |
| 7.1% \$6,184-9,275 \$12,369-18,552 | 7.1% \$6,361-9,540 \$12,721-19,080 | 7.1% \$6,605-9,907 \$13,209-19,814 |
| 7.4% \$9,276-24,735 \$18,553-49,472 | 7.4% \$9,541-25,441 \$19,081-50,882 | 7.4% \$9,908-26,418 \$19,815-52,836 |
| 7.8% \$24,736 + \$49,473 + | 7.8% \$25,442 + \$50,883 + | 7.8% \$26,419 + \$52,837 + |

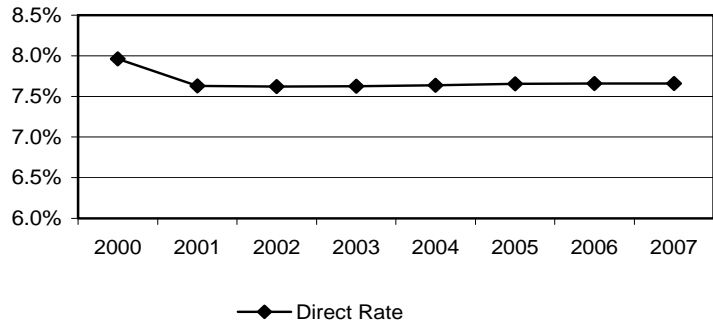
7.7% NA NA

| 2007 | 2008 | 2009 |
|---------|---------|---------|
| \$0.250 | \$0.250 | \$0.250 |
| 0.250 | 0.250 | 0.250 |
| 0.181 | 0.181 | 0.181 |
| 0.197 | 0.197 | 0.197 |
| 0.055 | 0.070 | 0.070 |
| 0.045 | 0.060 | 0.060 |
| \$0.242 | \$0.242 | \$0.243 |

Personal Taxable Income Level for Top Rate Payers
Calendar Years 2000-2009



Personal Income Tax Direct Rate
Calendar Years 2000-2007



Schedule 7 - Revenue Payers by Industry/Category
Historical Comparison and Most Current Fiscal/Calendar Year
(dollars in thousands)

| Sales Tax | | | | | As of June 30, 1999 | | | | As of June 30, 2008 | | | |
|-------------------------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|--------------------|---------------------|---------------------|---------------------|------------------|---------------------|
| | Number of Filers | Percent of Total | Tax Liability | Percent of Total | Number of Filers | Percent of Total | Tax Liability | Percent of Total | Number of Filers | Percent of Total | Tax Liability | Percent of Total |
| Farm Earnings | 303 | 0.5 | \$257 | 0.0 | 413 | 0.7 | \$644 | 0.1 | | | | |
| Agricultural | 819 | 1.4 | 2,554 | 0.4 | 1,051 | 1.7 | 7,089 | 0.5 | | | | |
| Mining | 128 | 0.2 | 1,452 | 0.2 | 163 | 0.3 | 4,096 | 0.3 | | | | |
| Construction | 3,148 | 5.5 | 11,749 | 1.7 | 4,442 | 7.2 | 32,137 | 2.4 | | | | |
| Manufacturing | 4,193 | 7.4 | 43,800 | 6.3 | 4,970 | 8.1 | 58,814 | 4.5 | | | | |
| Transportation & Utilities | 861 | 1.5 | 7,608 | 1.1 | 1,234 | 2.0 | 22,387 | 1.7 | | | | |
| Wholesale trade | 1,968 | 3.4 | 41,796 | 6.0 | 3,190 | 5.2 | 110,830 | 8.4 | | | | |
| Retail trade | 26,871 | 47.0 | 481,441 | 69.3 | 24,969 | 40.6 | 890,760 | 67.6 | | | | |
| Finance, Insurance, and Real Estate | 593 | 1.0 | 8,103 | 1.2 | 787 | 1.3 | 9,081 | 0.7 | | | | |
| Services | 17,981 | 31.5 | 76,950 | 11.1 | 19,581 | 31.8 | 140,660 | 10.7 | | | | |
| Government | 339 | 0.6 | 19,047 | 2.7 | 683 | 1.1 | 40,868 | 3.1 | | | | |
| Total | 57,204 | 100.0 | \$694,757 | 100.0 | 61,483 | 100.0 | \$1,317,366 | 100.0 | | | | |

| Personal Income | | | | | As of December 31, 1998 | | | | As of December 31, 2007 | | | |
|-------------------------|---------------------|---------------------|------------------|---------------------|-------------------------|---------------------|--------------------|---------------------|-------------------------|---------------------|------------------|---------------------|
| Income Level | Number of Filers | Percent of Total | Tax Liability | Percent of Total | 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 | 490,981 | 90.5 | \$372,230 | 45.9 | 595,652 | 85.2 | \$423,821 | 28.4 | | | | |
| \$50,000 - \$100,000 | 39,066 | 7.2 | 188,139 | 23.2 | 72,070 | 10.3 | 343,071 | 23.0 | | | | |
| \$100,000 - \$250,000 | 9,654 | 1.8 | 104,346 | 12.9 | 23,721 | 3.4 | 257,204 | 17.2 | | | | |
| \$250,000 - \$1,000,000 | 2,489 | 0.4 | 79,462 | 9.8 | 6,289 | 0.9 | 215,583 | 14.4 | | | | |
| \$1,000,000 and higher | 350 | 0.1 | 66,862 | 8.2 | 1,035 | 0.2 | 254,436 | 17.0 | | | | |
| Total | 542,540 | 100.0 | \$811,039 | 100.0 | 698,767 | 100.0 | \$1,494,115 | 100.0 | | | | |

| Corporate Income | | | | | As of Tax Year 1998 | | | | As of Tax Year 2007 | | | |
|-------------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|------------------|---------------------|
| | Number of Filers | Percent of Total | Tax Liability | Percent of Total | Number of Filers | Percent of Total | Tax Liability | Percent of Total | Number of Filers | Percent of Total | Tax Liability | Percent of Total |
| Corporations | 15,605 | 28.9 | \$96,281 | 92.0 | 13,669 | 17.3 | \$146,513 | 70.8 | | | | |
| Sub-S Corporations | 16,010 | 29.7 | 3,983 | 3.8 | 29,086 | 36.8 | 72,520 | 35.0 | | | | |
| Partnerships | 14,434 | 26.7 | 903 | 0.9 | 26,899 | 34.1 | (82,978) | (40.1) | | | | |
| Fiduciary | 7,934 | 14.7 | 3,488 | 3.3 | 9,315 | 11.8 | 70,944 | 34.3 | | | | |
| Total | 53,983 | 100.0 | \$104,655 | 100.0 | 78,969 | 100.0 | \$206,999 | 100.0 | | | | |

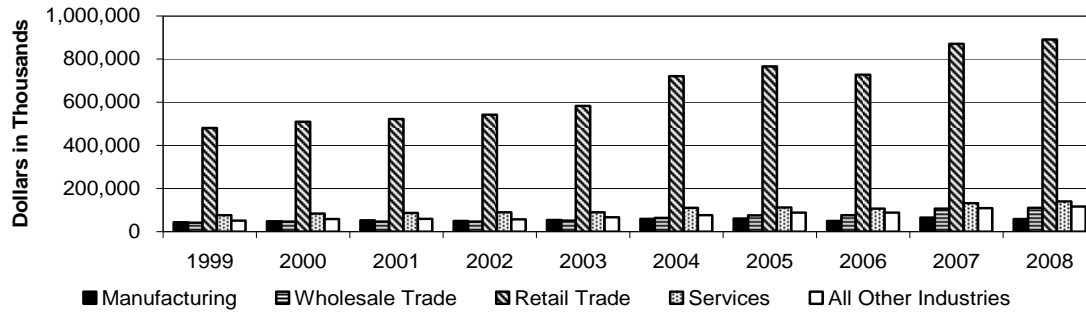
| Vehicle Fuel Tax | | | | | As of June 30, 2002 | | | | As of June 30, 2009 | | | |
|-------------------------|----------------------------------|---------------------|------------------|---------------------|----------------------------------|---------------------|------------------|---------------------|----------------------------------|---------------------|------------------|---------------------|
| | Number of Filers ¹ | Percent of Total | Tax Liability | Percent of Total | 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 | 109 | 42.9 | \$59,301 | 28.6 | | | | |
| Gasoline | 138 | 41.5 | 153,105 | 72.3 | 101 | 39.8 | 146,218 | 70.5 | | | | |
| Propane | 26 | 7.8 | 50 | 0.0 | 23 | 9.0 | 36 | 0.0 | | | | |
| Natural Gas | 2 | 0.6 | 9 | 0.0 | | 0.0 | 10 | 0.0 | | | | |
| Aviation | 14 | 4.2 | 166 | 0.1 | 7 | 2.8 | 125 | 0.1 | | | | |
| Jet | 20 | 6.0 | 1,352 | 0.7 | 14 | 5.5 | 1,696 | 0.8 | | | | |
| Total | 333 | 100.0 | \$211,695 | 100.0 | 254 | 100.0 | \$207,386 | 100.0 | | | | |

Source: Idaho State Tax Commission.

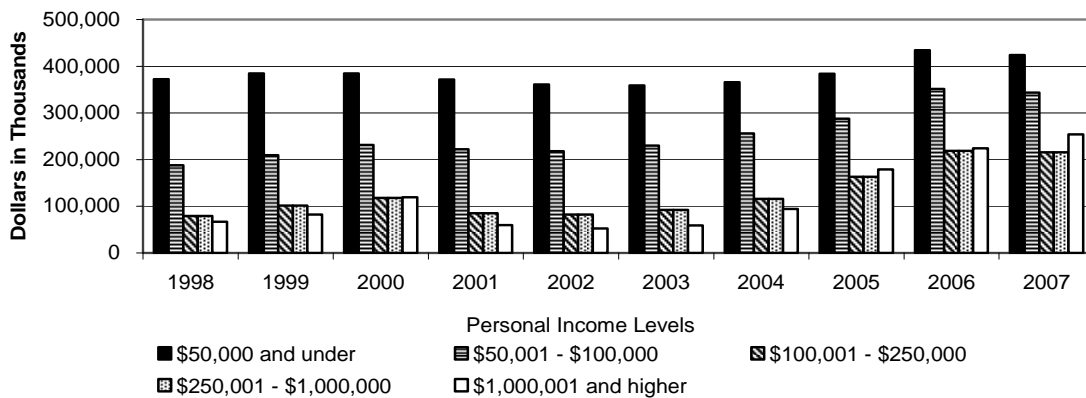
Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2007. Data prior to fiscal year 2002 for fuel tax is not available.

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.

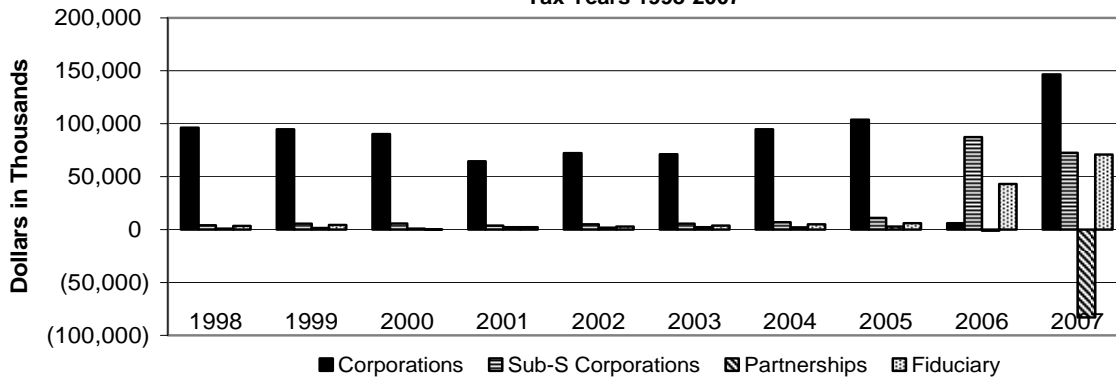
Sales Tax Liabilities by Industry
Fiscal Years 1999-2008



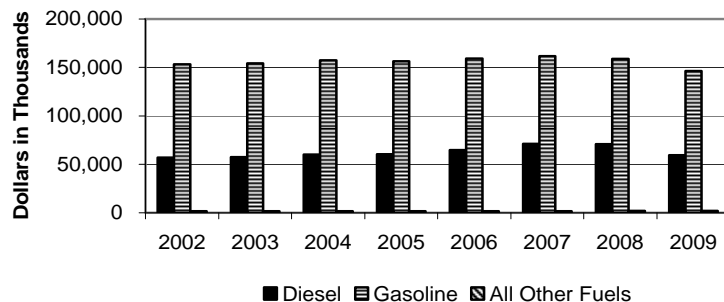
Personal Income Tax Liabilities by Income Level
Calendar Years 1998-2007



Corporate Tax Liabilities
Tax Years 1998-2007



Vehicle Fuel Tax Liabilities
Fiscal Years 2002-2009



Schedule 8 - Ratios of Outstanding Debt

Fiscal Years 2000-2009

(dollars in thousands, except per capita amount)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 (as restated) | 2007 | 2008 (as restated) | 2009 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|------------------|-----------------------|--------------------|
| Governmental Activities | | | | | | | | | | |
| Revenue Bonds ¹ | \$97,635 | \$97,300 | \$105,802 | \$153,624 | \$211,031 | \$203,067 | \$205,203 | \$324,657 | \$306,159 | \$281,323 |
| Capital Leases ² | 3,469 | 4,417 | 4,121 | 3,977 | 5,915 | 9,428 | 13,929 | 12,209 | 11,997 | 11,475 |
| Notes Payable ³ | | | | | 3,167 | 1,189 | 3,776 | 3,679 | 3,543 | 5,118 |
| Notes Payable to Component Unit ⁴ | | | | | | | | 25,947 | 94,643 | 215,045 |
| Total Governmental Activities | \$101,104 | \$101,717 | \$109,923 | \$157,601 | \$220,113 | \$213,684 | \$222,908 | \$366,492 | \$416,342 | \$512,961 |
| Business-Type Activities | | | | | | | | | | |
| Revenue Bonds ⁵ | \$195,222 | \$193,352 | \$262,314 | \$262,517 | \$318,138 | \$329,835 | \$319,308 | \$402,181 | \$443,016 | \$449,410 |
| Capital Leases | 8,759 | 10,473 | 11,078 | 6,464 | 5,928 | 1,450 | 1,709 | 1,369 | 1,139 | 627 |
| Capital Leases to Component Unit ⁶ | | | | | | 3,657 | 3,422 | 3,172 | 2,917 | 2,652 |
| Notes Payable ⁷ | 8,152 | 7,747 | 12,594 | 12,392 | 11,841 | 17,104 | 16,284 | 16,802 | 20,155 | 50,195 |
| Total Business-Type Activities | \$212,133 | \$211,572 | \$285,986 | \$281,373 | \$335,907 | \$352,046 | \$340,723 | \$423,524 | \$467,227 | \$502,884 |
| Total Primary Government | \$313,237 | \$313,289 | \$395,909 | \$438,974 | \$556,020 | \$565,730 | \$563,631 | \$790,016 | \$883,569 | \$1,015,845 |
| Debt as a Percentage of Personal Income⁸ | 1.1% | 1.0% | 1.2% | 1.3% | 1.6% | 1.5% | 1.4% | 1.8% | 1.9% | 2.1% |
| Amount of Debt Per Capita⁸ | \$245.5 | \$241.2 | \$299.8 | \$327.1 | \$407.2 | \$406.7 | \$395.9 | \$540.6 | \$590.6 | \$660.5 |

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 the long-term liabilities note to the financial statements.

¹From fiscal years 2002 to 2004 and 2006 to 2008, the Idaho State Building Authority issued revenue bonds for state building projects.

²In fiscal year 2006 the increase in capital leases is mainly attributable to new leases for buildings and operating equipment at the Judicial Department and the Department of Fish and Game. The increase in fiscal year 2005 is mainly attributable to new leases for buildings at the Department of Fish and Game.

³In fiscal year 2009 the increase in notes payable is due to a new note payable entered into by the Idaho State Building Authority for recreational improvements to Lava Hot Springs.

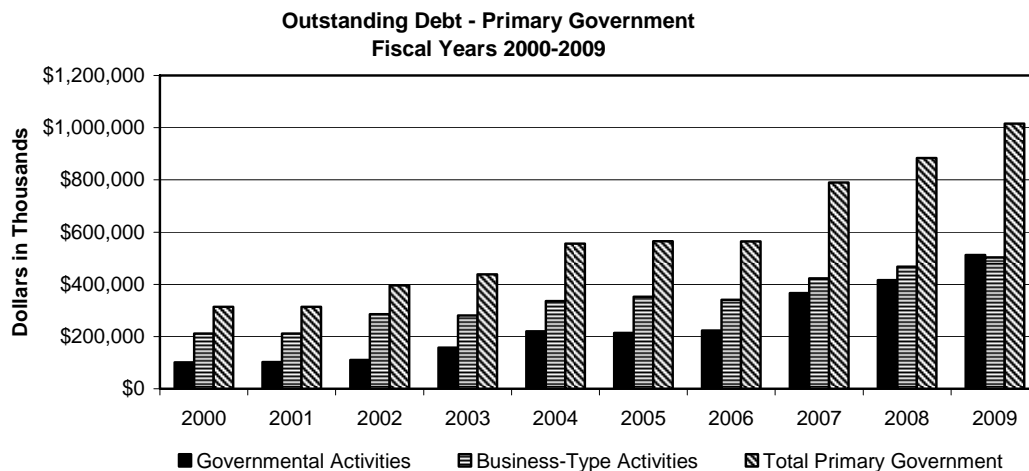
⁴From fiscal years 2007 to 2009 the Idaho Transportation Department issued notes payable to Idaho Housing and Finance Association for road and infrastructure improvements.

⁵In fiscal years 2002, 2004, and from 2007 to 2009 the colleges and universities issued revenue bonds for various projects. In fiscal year 2006 the decrease in revenue bonds was due mainly to the retirement of debt by the colleges and universities.

⁶Prior to fiscal year 2005 capital leases to component units were not reported separately.

⁷In fiscal year 2009 the increase in notes payable is mainly attributable to unemployment compensation loans received from the federal government.

⁸These ratios are calculated using personal income and population for the prior calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2002-2009

(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 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------|
| Governmental Activities | | | | | | | | |
| Compensated Absences | \$52,235 | \$51,713 | \$52,806 | \$54,664 | \$56,245 | \$56,629 | \$56,599 | \$54,884 |
| Policy Claim Liabilities | 40,645 | 39,429 | 35,174 | 37,263 | 36,002 | 17,867 | 20,164 | 19,753 |
| Claims and Judgments ¹ | 49,845 | 43,468 | 44,129 | 36,990 | 34,486 | 32,924 | 139,887 | 112,935 |
| Net Pension Obligation | 19 | 124 | 375 | 621 | 1,071 | 1,714 | 2,375 | 2,711 |
| Net OPEB Obligation ² | | | | | | | 20,018 | 19,795 |
| Arbitrage Liability ³ | | | | | | 901 | 1,890 | 180 |
| Total Governmental Activities | \$142,744 | \$134,734 | \$132,484 | \$129,538 | \$127,804 | \$110,035 | \$240,933 | \$210,258 |
| Business-Type Activities | | | | | | | | |
| Compensated Absences | \$21,432 | \$20,210 | \$19,507 | \$16,814 | \$16,986 | \$18,381 | \$20,067 | \$20,814 |
| Claims and Judgments ⁴ | 1,726 | | | | | | | |
| Grand Prize Annuities Payable ⁴ | 74,747 | | | | | | | |
| Net OPEB Obligation ² | | | | | | | 7,858 | 9,210 |
| Arbitrage Liability ⁵ | | | | | | | 445 | 528 |
| Total Business-Type Activities | \$97,905 | \$20,210 | \$19,507 | \$16,814 | \$16,986 | \$18,381 | \$28,370 | \$30,552 |
| Total Primary Government | \$240,649 | \$154,944 | \$151,991 | \$146,352 | \$144,790 | \$128,416 | \$269,303 | \$240,810 |

Note: Details regarding the liabilities listed above can be found in the long-term liabilities note to the financial statements.

¹In 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.

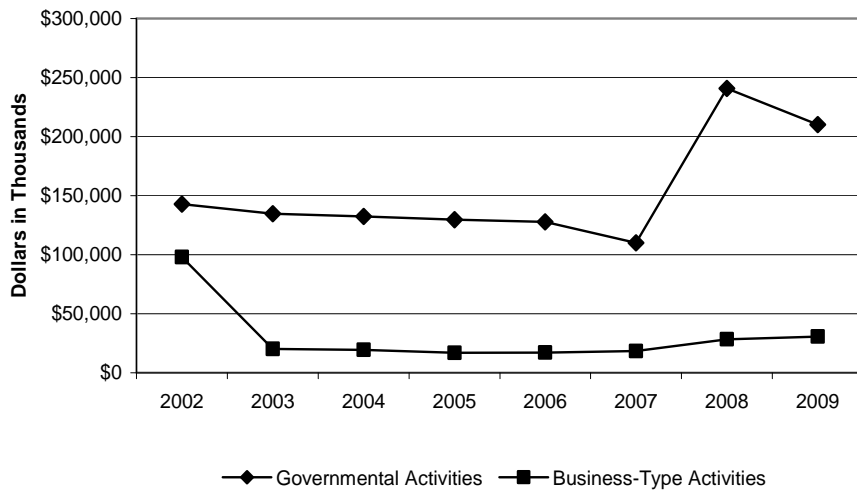
²Net OPEB obligation was not required to be reported prior to fiscal year 2008.

³In fiscal years 2007 to 2009 the Idaho State Building Authority recorded an arbitrage liability.

⁴In 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.

⁵In fiscal years 2009 and 2008 the colleges and universities recorded an arbitrage liability.

Other Long-Term Liabilities - Primary Government
Fiscal Years 2002-2009



Schedule 10 - Pledged Revenue Coverage
Fiscal Years 2000-2009
(dollars in thousands)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|--------------|--------------|-----------------|-----------------|------------------|------------------|------------------|
| Revenue Bonds - Colleges and Universities¹ | | | | | | | |
| Revenue: | | | | | | | |
| Student Fees Pledged | | | \$36,855 | \$36,578 | \$120,060 | \$131,669 | \$138,670 |
| Sale of Goods and Services Pledged | | | 29,343 | 31,288 | 63,650 | 66,414 | 66,000 |
| Other Income Pledged ² | | | | | | | 7,178 |
| Less: Operating Expenses | | | NA | NA | (43,052) | (50,720) | (51,842) |
| Net Available Revenue | | | <u>\$66,198</u> | <u>\$67,866</u> | <u>\$140,658</u> | <u>\$147,363</u> | <u>\$160,006</u> |
| Debt Service: ³ | | | | | | | |
| Principal | | | \$6,195 | \$6,130 | \$14,850 | \$8,940 | \$10,725 |
| Interest | | | 11,059 | 13,558 | 14,056 | 15,220 | 15,217 |
| Coverage | | | 3.8 | 3.4 | 4.9 | 6.1 | 6.2 |
| Revenue Bonds - Idaho Water Resources Board⁴ | | | | | | | |
| Revenue: | | | | | | | |
| Sale of Goods and Services | | \$934 | \$727 | \$863 | \$905 | \$926 | \$876 |
| Interest Earned on Bond Proceeds | \$163 | 10 | | | | | |
| Less: Operating Expenses | (3) | (144) | (235) | (112) | (233) | (191) | (101) |
| Net Available Revenue | <u>\$160</u> | <u>\$800</u> | <u>\$492</u> | <u>\$751</u> | <u>\$672</u> | <u>\$735</u> | <u>\$775</u> |
| Debt Service: | | | | | | | |
| Principal | | \$10 | \$25 | \$40 | \$60 | \$80 | \$100 |
| Interest | \$371 | 371 | 371 | 369 | 366 | 363 | 357 |
| Coverage | 0.4 | 2.1 | 1.2 | 1.8 | 1.6 | 1.7 | 1.7 |
| Notes Payable - Idaho Transportation Department⁵ | | | | | | | |
| Revenue: | | | | | | | |
| Federal Highway Grants ⁶ | | | | | | | |
| State Funds | | | | | | | |
| Available Revenue | | | | | | | |
| Debt Service: | | | | | | | |
| Principal | | | | | | | |
| Interest | | | | | | | |
| Coverage | | | | | | | |
| Notes Payable - Colleges & Universities⁷ | | | | | | | |
| Revenue: | | | | | | | |
| Student Fees Pledged | | | | | | \$157 | \$147 |
| Available Revenue | | | | | | <u>\$157</u> | <u>\$147</u> |
| Debt Service: | | | | | | | |
| Principal | | | | | | \$94 | \$98 |
| Interest | | | | | | 45 | 41 |
| Coverage | | | | | | 1.1 | 1.1 |

Note: Details regarding the State's outstanding bonds can be found in the long-term liabilities note to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

¹GASB Statement Nos. 34 and 35 were implemented in fiscal year 2002 requiring the initial reporting of pledged revenue. Pledged revenue increased in fiscal year 2004 due to a change in how the colleges and universities define pledged revenue. The colleges and universities are in the process of consolidating all outstanding bonds into a single bond system. The bond covenant was amended to require that fees and charges be established in amounts sufficient to produce pledged revenues each year equal to 120 percent of the debt service for such fiscal year on all bonds outstanding.

²In fiscal year 2008 other pledged income increased mainly due to revenues pledged as collateral for all outstanding bond issuances by the University of Idaho.

³The University of Idaho refunded two series 1994 issues in fiscal year 2003; Idaho State University issued new bonds in the amount of \$35.9 million in fiscal year 2004; Boise State University and the University of Idaho partially refunded nine issues in fiscal year 2005; Boise State University issued new bonds in the amount of \$96.4 million and partially refunded three issues in fiscal year 2007; and Boise State University refunded three bond issues in fiscal year 2009, accounting for the changes in debt service.

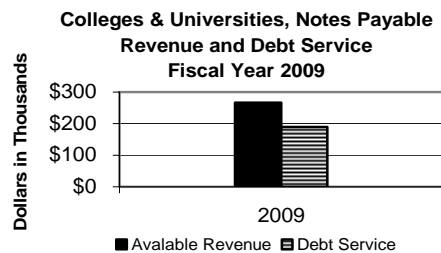
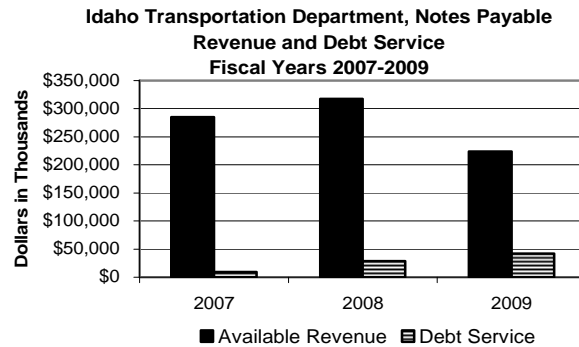
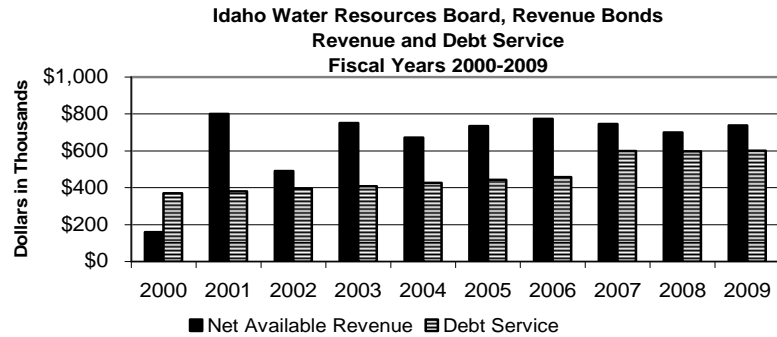
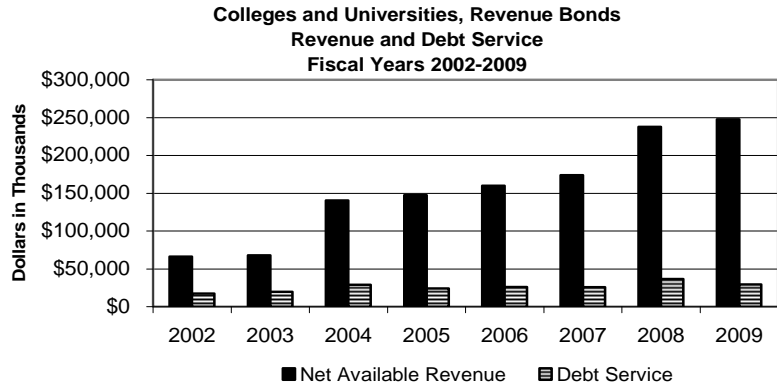
⁴In fiscal year 1999 the Idaho Water Resources Board issued bonds to fund the Dworshak Project, a dam and power-generation station. The bond proceeds were invested until needed to pay construction costs, resulting in interest earned. Upon completion of the Dworshak Project in fiscal year 2001, hydro-electric power has been sold to service the bond payments. In fiscal year 2006 the Board issued Series 2006 Refunding Bonds, defeasing the 1999 Series, and thus accounting for the increase in debt service for fiscal year 2007.

⁵From fiscal years 2007 to 2009 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance improvements to various roads and related infrastructure within the State.

⁶In 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.

⁷In fiscal year 2009 Lewis-Clark State College issued a note payable in the amount of \$4.5 million. In fiscal year 2004 Lewis-Clark State College issued a note payable in the amount of \$1.1 million; the first payment was due in fiscal year 2005.

| 2007 | 2008 | 2009 |
|------------------|------------------|------------------|
| \$144,471 | \$179,630 | \$197,711 |
| 71,770 | 85,348 | 84,327 |
| 9,867 | 31,174 | 25,337 |
| (52,020) | (58,259) | (59,487) |
| <u>\$174,088</u> | <u>\$237,893</u> | <u>\$247,888</u> |
| \$11,890 | \$15,610 | \$9,755 |
| 13,728 | 20,793 | 19,473 |
| 6.8 | 6.5 | 8.5 |
| \$908 | \$816 | \$886 |
| (162) | (117) | (149) |
| <u>\$746</u> | <u>\$699</u> | <u>\$737</u> |
| \$290 | \$305 | \$325 |
| 310 | 294 | 277 |
| 1.2 | 1.2 | 1.2 |
| \$282,848 | \$313,917 | \$221,084 |
| 2,227 | 3,470 | 2,656 |
| <u>\$285,075</u> | <u>\$317,387</u> | <u>\$223,740</u> |
| \$2,426 | \$20,240 | \$30,589 |
| 6,766 | 8,245 | 11,787 |
| 31.0 | 11.1 | 5.3 |
| \$148 | \$148 | \$266 |
| <u>\$148</u> | <u>\$148</u> | <u>\$266</u> |
| \$102 | \$106 | \$127 |
| 37 | 33 | 63 |
| 1.1 | 1.1 | 1.4 |



Schedule 11 - Demographic and Economic Indicators
Calendar Years 2000-2009

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Population | | | | | | | |
| Idaho (<i>in thousands</i>) | 1,299 | 1,321 | 1,342 | 1,366 | 1,391 | 1,424 | 1,461 |
| Change | 1.8% | 1.7% | 1.6% | 1.8% | 1.9% | 2.4% | 2.6% |
| National (<i>in thousands</i>) | 282,808 | 285,734 | 288,560 | 291,301 | 293,990 | 296,719 | 299,566 |
| Change | 1.1% | 1.0% | 1.0% | 0.9% | 0.9% | 0.9% | 1.0% |
| Total Personal Income¹ | | | | | | | |
| Idaho (<i>in billions</i>) | \$31 | \$33 | \$34 | \$35 | \$38 | \$41 | \$44 |
| Change | 7.6% | 5.6% | 2.4% | 2.9% | 9.4% | 7.3% | 8.7% |
| National (<i>in billions</i>) | \$8,559 | \$8,883 | \$9,060 | \$9,378 | \$9,937 | \$10,486 | \$11,268 |
| Change | 8.2% | 3.8% | 2.0% | 3.5% | 6.0% | 5.5% | 7.5% |
| Per Capita Personal Income² | | | | | | | |
| Idaho | \$24,086 | \$25,028 | \$25,222 | \$25,497 | \$27,375 | \$28,687 | \$30,370 |
| Change | 5.7% | 3.9% | 0.8% | 1.1% | 7.4% | 4.8% | 5.9% |
| National | \$30,266 | \$31,089 | \$31,398 | \$32,194 | \$33,801 | \$35,339 | \$37,615 |
| Change | 8.5% | 2.7% | 1.0% | 2.5% | 5.0% | 4.6% | 6.4% |
| Median Age - Idaho | 33.2 | 33.4 | 33.5 | 33.7 | 33.9 | 34.1 | 34.2 |
| Educational Attainment | | | | | | | |
| 8th Grade or Less | 7.4% | 4.7% | 4.7% | 5.2% | 5.2% | 4.5% | 4.3% |
| Some High School, No Diploma | 12.9% | 9.1% | 9.1% | 10.1% | 10.1% | 7.6% | 8.4% |
| High School Diploma | 30.4% | 31.5% | 31.5% | 28.5% | 28.5% | 29.7% | 28.3% |
| Some College, No Degree | 24.2% | 25.7% | 25.7% | 27.3% | 27.3% | 26.1% | 27.0% |
| Associate, Bachelor or Graduate Degree | 25.1% | 29.0% | 29.0% | 28.9% | 28.9% | 32.1% | 32.0% |
| Resident Civilian Labor Force and Employment in Idaho | | | | | | | |
| Civilian Labor Force | 662,957 | 677,855 | 683,184 | 688,999 | 703,851 | 725,216 | 741,708 |
| Employed | 632,451 | 644,816 | 646,142 | 652,627 | 670,746 | 697,192 | 718,268 |
| Unemployed | 30,506 | 33,039 | 37,042 | 36,372 | 33,105 | 28,024 | 23,440 |
| Unemployment Rate | 4.6% | 4.9% | 5.4% | 5.3% | 4.7% | 3.9% | 3.2% |
| Nonfarm Wage and Salary Workers Employed in Idaho | | | | | | | |
| Goods Producing Industries | | | | | | | |
| Mining | 2,347 | 1,973 | 1,759 | 1,785 | 1,932 | 2,161 | 2,374 |
| Logging and Wood Products | 11,567 | 9,849 | 9,553 | 9,046 | 9,295 | 9,619 | 10,036 |
| Construction | 36,505 | 37,861 | 36,469 | 36,740 | 39,844 | 45,146 | 52,084 |
| Manufacturing-Durable Goods | 35,840 | 35,250 | 32,767 | 30,903 | 31,253 | 32,492 | 34,575 |
| Manufacturing-Nondurable Goods | 25,625 | 25,294 | 24,484 | 23,913 | 23,132 | 22,930 | 23,238 |
| Total Goods Producing Industries | 111,884 | 110,227 | 105,032 | 102,387 | 105,456 | 112,348 | 122,307 |
| Non-Goods Producing Industries | | | | | | | |
| Trade | 100,169 | 98,088 | 97,344 | 97,122 | 99,134 | 103,682 | 107,473 |
| Service | 238,281 | 249,577 | 253,630 | 260,020 | 269,020 | 280,752 | 292,731 |
| State and Local Government | 94,745 | 96,862 | 98,488 | 99,396 | 101,144 | 101,862 | 103,521 |
| Federal Government | 13,502 | 13,280 | 13,552 | 13,625 | 13,314 | 13,081 | 12,876 |
| Total Non-Goods Producing Industries | 446,697 | 457,807 | 463,014 | 470,163 | 482,612 | 499,377 | 516,601 |
| Total Nonfarm Wage and Salary Employment | 558,581 | 568,034 | 568,046 | 572,550 | 588,068 | 611,725 | 638,908 |

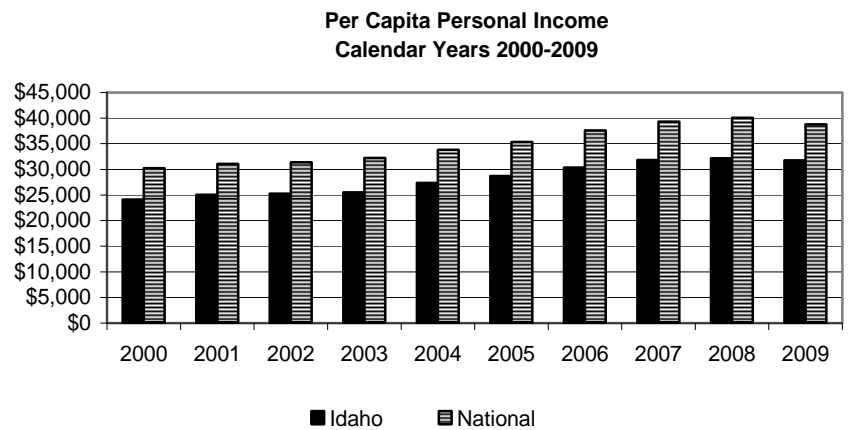
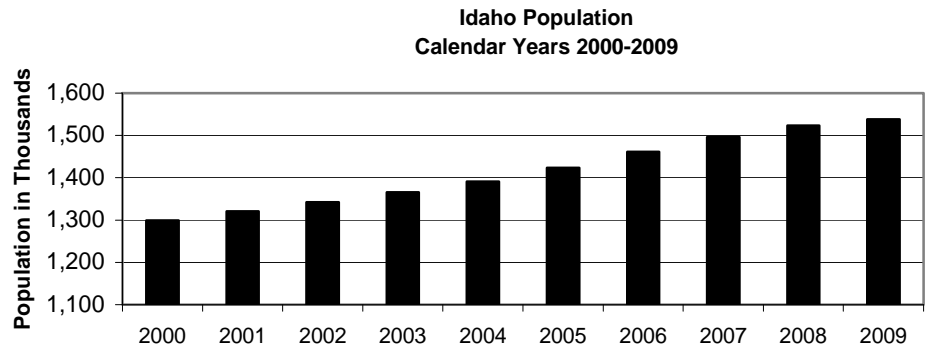
Sources: Idaho Division of Financial Management, Idaho Department of Labor, U.S. Bureau of Economic Analysis, and U.S. Bureau of Labor Statistics.

Note: Amounts for calendar years 2008 and 2009 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and Labor Statistics.

¹Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

²Per capita personal income is calculated by dividing total personal income by population.

| 2007 | 2008 | 2009 |
|----------------|----------------|----------------|
| 1,496 | 1,523 | 1,538 |
| 2.4% | 1.8% | 1.0% |
| 302,410 | 305,365 | 308,356 |
| 0.9% | 1.0% | 1.0% |
| \$48 | \$49 | \$49 |
| 7.1% | 2.4% | -0.2% |
| \$11,894 | \$12,239 | \$11,962 |
| 5.6% | 2.9% | -2.3% |
| \$31,807 | \$32,148 | \$31,760 |
| 4.7% | 1.1% | -1.2% |
| \$39,331 | \$40,079 | \$38,794 |
| 4.6% | 1.9% | -3.2% |
| 34.3 | 34.4 | 34.5 |
| 4.5% | 4.5% | 3.9% |
| 8.7% | 8.2% | 7.8% |
| 29.7% | 30.1% | 29.9% |
| 25.8% | 25.4% | 25.4% |
| 31.3% | 31.8% | 33.0% |
| 748,710 | 754,878 | 753,193 |
| 726,091 | 718,097 | 686,159 |
| 22,619 | 36,781 | 67,034 |
| 3.0% | 4.9% | 8.9% |
| 2,668 | 2,761 | 2,068 |
| 9,581 | 8,083 | 6,075 |
| 52,631 | 45,349 | 36,117 |
| 34,621 | 31,894 | 26,407 |
| 23,865 | 24,588 | 23,870 |
| 123,366 | 112,675 | 94,537 |
| 111,659 | 110,471 | 103,994 |
| 304,485 | 306,902 | 298,496 |
| 103,967 | 106,176 | 107,616 |
| 12,816 | 13,205 | 13,077 |
| 532,927 | 536,754 | 523,183 |
| 656,293 | 649,429 | 617,720 |



Schedule 12 - Principal Employers
Current Year and Nine Years Ago

| | As of June 30, 2000 | | | As of June 30, 2009 | | |
|---|---------------------|------|-----------------------------------|---------------------|------|-----------------------------------|
| | Number of Employees | Rank | Percent of Total State Employment | Number of Employees | Rank | Percent of Total State Employment |
| Major Idaho Employers | | | | | | |
| State of Idaho ¹ | 17,000-17,500 | 1 | 2.7 | 18,500-19,000 | 1 | 2.7 |
| Federal Government | 13,000-13,500 | 2 | 2.1 | 13,000-13,500 | 2 | 1.9 |
| Micron Technology, Inc. | 13,000-14,000 | 3 | 2.1 | 7,500-8,000 | 3 | 1.1 |
| Wal-Mart Associates, Inc. | 4,500-5,000 | 9 | 0.8 | 7,000-7,500 | 4 | 1.1 |
| St Luke's Regional Medical Center | 4,500-5,000 | 10 | 0.8 | 5,500-6,000 | 5 | 0.8 |
| Meridian Joint School District #2 | | | | 4,500-5,000 | 6 | 0.7 |
| Albertsons, Inc. | 9,000-9,500 | 5 | 1.5 | 4,000-4,500 | 7 | 0.6 |
| Independent School District of Boise City | 5,500-6,000 | 8 | 0.9 | 3,500-4,000 | 8 | 0.5 |
| Battelle Energy Alliance LLC | 9,000-9,500 | 4 | 1.5 | 3,500-4,000 | 9 | 0.5 |
| Brigham Young University-Idaho | | | | 3,500-4,000 | 10 | 0.5 |
| J.R. Simplot Co. | 6,500-7,000 | 6 | 1.1 | 3,000-3,500 | 11 | 0.5 |
| St Alphonsus Regional Medical Center | | | | 3,000-3,500 | 12 | 0.5 |
| Hewlett-Packard Co. | 5,500-6,000 | 7 | 0.9 | | | |
| Total | 90,250 | | 14.4 | 79,500 | | 11.4 |

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. Lockheed Idaho operated the Idaho National Laboratory (formerly Idaho National Engineering and Environmental Laboratory) for the Department of Energy until October 1, 1999, when Battelle Energy Alliance LLC (formerly known as Bechtel BWXT Idaho) took over as the contractor.

¹ Number of state employees includes only full-time personnel.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 1999/00-2008/09

| | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Elementary | 131,348 | 131,835 | 132,406 | 133,501 | 135,216 | 137,579 | 141,898 | 146,224 | 150,068 | 151,865 |
| Secondary | 113,878 | 113,174 | 114,009 | 115,014 | 116,821 | 118,425 | 120,009 | 121,309 | 121,990 | 123,210 |
| Total All Grades | 245,226 | 245,009 | 246,415 | 248,515 | 252,037 | 256,004 | 261,907 | 267,533 | 272,058 | 275,075 |

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount (Calendar Years 2000-2009)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Boise State University | 16,482 | 17,176 | 17,688 | 18,431 | 18,418 | 18,650 | 18,880 | 19,542 | 19,670 | 18,936 |
| Idaho State University | 13,037 | 13,663 | 13,352 | 13,625 | 13,803 | 13,977 | 12,679 | 13,362 | 12,644 | 13,493 |
| University of Idaho | 11,635 | 12,067 | 12,423 | 12,894 | 12,824 | 12,476 | 11,739 | 11,636 | 11,791 | 11,957 |
| Lewis-Clark State College | 2,696 | 2,952 | 2,967 | 3,228 | 3,145 | 3,222 | 3,211 | 3,269 | 3,334 | 3,521 |
| Eastern Idaho Technical College | 595 | 598 | 702 | 860 | 788 | 753 | 758 | 762 | 768 | 870 |
| Total Colleges and Universities | 44,445 | 46,456 | 47,132 | 49,038 | 48,978 | 49,078 | 47,267 | 48,571 | 48,207 | 48,777 |

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 2000-2009

Full-Time Employees

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| Tax Commission | 408 | 400 | 389 | 370 | 391 | 383 | 387 | 389 | 392 | 393 |
| Department of Administration | 153 | 158 | 167 | 162 | 153 | 157 | 153 | 164 | 138 | 142 |
| All Other | 1,000 | 1,050 | 1,075 | 1,054 | 1,025 | 1,069 | 1,069 | 1,093 | 1,144 | 1,161 |
| Public Safety and Correction | | | | | | | | | | |
| Department of Correction | 1,291 | 1,302 | 1,381 | 1,345 | 1,365 | 1,407 | 1,454 | 1,516 | 1,560 | 1,586 |
| Idaho State Police | 440 | 451 | 469 | 451 | 454 | 455 | 462 | 467 | 469 | 485 |
| Department of Juvenile Corrections | 265 | 267 | 320 | 320 | 327 | 328 | 333 | 342 | 350 | 396 |
| All Other | 350 | 351 | 348 | 344 | 321 | 333 | 333 | 339 | 336 | 349 |
| Health and Human Services | | | | | | | | | | |
| Department of Health and Welfare ¹ | 3,289 | 2,806 | 2,814 | 2,658 | 2,657 | 2,687 | 2,764 | 2,885 | 2,917 | 2,922 |
| Education | | | | | | | | | | |
| Colleges and Universities | 5,368 | 5,658 | 5,973 | 5,857 | 5,723 | 5,776 | 5,878 | 6,004 | 6,063 | 6,124 |
| All Other | 508 | 511 | 524 | 499 | 517 | 538 | 540 | 480 | 456 | 468 |
| Economic Development | | | | | | | | | | |
| Idaho Transportation Department | 1,763 | 1,760 | 1,774 | 1,773 | 1,786 | 1,774 | 1,745 | 1,717 | 1,726 | 1,758 |
| Department of Commerce and Labor ² | | | | | 584 | 580 | 553 | 496 | | |
| Department of Labor ² | 450 | 453 | 464 | 472 | | | | | 440 | 436 |
| Department of Agriculture | 340 | 320 | 309 | 296 | 305 | 281 | 302 | 307 | 301 | 293 |
| All Other | 504 | 723 | 774 | 785 | 712 | 819 | 840 | 840 | 933 | 932 |
| Natural Resources | | | | | | | | | | |
| Department of Environmental Quality ¹ | | 331 | 351 | 350 | 353 | 352 | 345 | 352 | 356 | 365 |
| Department of Fish and Game | 469 | 468 | 481 | 494 | 504 | 497 | 500 | 506 | 502 | 513 |
| Department of Lands | 218 | 214 | 206 | 218 | 221 | 231 | 225 | 234 | 244 | 242 |
| Department of Parks and Recreation | 133 | 139 | 136 | 141 | 137 | 147 | 146 | 141 | 146 | 155 |
| All Other | 183 | 192 | 191 | 186 | 160 | 182 | 182 | 181 | 193 | 195 |
| State Total | 17,132 | 17,554 | 18,146 | 17,775 | 17,695 | 17,996 | 18,211 | 18,453 | 18,666 | 18,915 |

Part-Time and Temporary Employees³

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 354 | 359 | 357 | 364 | 346 | 356 | 363 | 361 | 405 | 334 |
| Public Safety and Correction | 203 | 207 | 183 | 188 | 187 | 186 | 207 | 195 | 223 | 192 |
| Health and Human Services ¹ | 979 | 660 | 710 | 614 | 671 | 589 | 654 | 591 | 620 | 400 |
| Education | 2,909 | 2,815 | 2,724 | 2,960 | 2,766 | 2,779 | 2,638 | 2,740 | 3,347 | 2,880 |
| Economic Development | 739 | 924 | 947 | 886 | 970 | 984 | 936 | 900 | 896 | 907 |
| Natural Resources ¹ | 464 | 517 | 549 | 529 | 548 | 591 | 590 | 608 | 686 | 603 |
| State Total | 5,648 | 5,482 | 5,470 | 5,541 | 5,488 | 5,485 | 5,388 | 5,395 | 6,177 | 5,316 |

Source: Office of the Idaho State Controller.

¹In fiscal year 2001 legislative action created the Department of Environmental Quality; it was previously part of the Department of Health and Welfare.

²In fiscal year 2004 legislative action combined the Department of Commerce with the Department of Labor. In fiscal year 2008 legislative action separated the Department of Commerce from the Department of Labor.

³Part-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 2000-2009

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------|---------|---------|---------|---------|---------|---------|
| General Government | | | | | | | |
| Tax Commission | | | | | | | |
| Number of Returns Filed (<i>in thousands</i>) | 1,900 | 1,909 | 1,886 | 1,981 | 2,046 | 2,117 | 2,204 |
| Number of Returns Filed Electronically | 98,085 | 130,855 | 156,400 | 212,486 | 258,295 | 310,089 | 344,664 |
| Department of Administration | | | | | | | |
| Construction Projects Administered | 291 | 276 | 250 | 200 | 143 | 186 | 424 |
| Employees Covered by Benefit Plans | 18,589 | 18,841 | 19,115 | 19,250 | 18,076 | 18,495 | 18,829 |
| Public Safety and Correction | | | | | | | |
| Department of Correction¹ | | | | | | | |
| Incarcerated Offenders | 5,002 | 5,452 | 5,802 | 5,825 | 6,312 | 6,526 | 6,976 |
| Supervised Offenders | 7,356 | 7,945 | 8,473 | 9,346 | 9,955 | 10,926 | 11,825 |
| Idaho State Police | | | | | | | |
| Drug Related Arrests ² | 886 | 845 | 733 | 821 | 967 | 779 | 598 |
| DUI Arrests ² | 1,835 | 1,764 | 1,640 | 1,723 | 1,708 | 1,461 | 817 |
| All Other Arrests ² | 1,055 | 1,015 | 896 | 960 | 1,098 | 849 | 724 |
| Department of Juvenile Corrections | | | | | | | |
| Number of Juveniles in the System | 843 | 848 | 804 | 726 | 676 | 709 | 725 |
| Rate of Recombitment to DJC Custody ³ | NA | 10.0% | 6.0% | 8.2% | 11.4% | 15.2% | 11.0% |
| Health and Human Services | | | | | | | |
| Department of Health and Welfare¹ | | | | | | | |
| Medicaid Enrollees ⁴ | 101,809 | 129,484 | 147,726 | 158,672 | 169,511 | 178,694 | 178,858 |
| Percent of Population | 8.1% | 10.0% | 11.2% | 11.8% | 12.4% | 12.8% | 12.5% |
| Food Stamp Recipients | 58,246 | 59,601 | 71,478 | 84,066 | 92,963 | 94,956 | 91,032 |
| Percent of Population | 4.7% | 4.6% | 5.4% | 6.3% | 6.8% | 6.8% | 6.4% |
| Education | | | | | | | |
| Colleges and Universities¹ | | | | | | | |
| Enrollment | 44,445 | 46,456 | 47,132 | 49,038 | 48,978 | 49,078 | 47,267 |
| Number of Certificates and Degrees Awarded ⁵ | 6,875 | 7,138 | 7,085 | 7,935 | 8,193 | 8,546 | 8,262 |
| Economic Development | | | | | | | |
| Idaho Transportation Department | | | | | | | |
| Percent of Pavement Which is Deficient ¹ | 18% | 18% | 15% | 16% | 19% | 19% | 19% |
| Vehicles Weighed (<i>in thousands</i>) | 2,150 | 2,460 | 2,490 | 2,340 | 2,630 | 2,760 | 3,090 |
| Department of Labor | | | | | | | |
| Individuals Registered for Employment (<i>in thousands</i>) | 160 | 166 | 174 | 192 | 191 | 206 | 184 |
| Job Openings Received | 86,837 | 79,443 | 69,677 | 56,802 | 68,533 | 83,951 | 101,502 |
| Department of Agriculture | | | | | | | |
| Conduct Disease Tests on Animals (<i>in thousands</i>) | 322 | 331 | 277 | 381 | 423 | 254 | 119 |
| Inspections of Dairy and Egg Farms | 4,285 | 4,279 | 4,391 | 4,464 | 4,251 | 5,683 | 6,022 |
| Natural Resources | | | | | | | |
| Department of Fish and Game | | | | | | | |
| Citations and Warnings Issued | 6,087 | 5,071 | 5,094 | 5,359 | 5,744 | 4,681 | 4,790 |
| Hatchery Fish Raised (<i>in thousands</i>) ² | 40,698 | 32,735 | 32,348 | 27,859 | 38,099 | 41,740 | 40,649 |
| Hunting and Fishing Licenses Sold (<i>in thousands</i>) ² | 571 | 552 | 542 | 532 | 527 | 540 | 521 |
| Department of Environmental Quality⁶ | | | | | | | |
| Air Quality Sites Monitored | 55 | 64 | 67 | 70 | 64 | 37 | 42 |
| Water Sites Monitored ⁷ | 267 | 510 | 500 | 436 | 442 | 673 | 658 |
| Department of Lands¹ | | | | | | | |
| Forest Products Harvested (<i>in million board feet</i>) | 270 | 223 | 200 | 170 | 254 | 188 | 206 |
| Fires Responded to on IDL Land | 310 | 410 | 319 | 362 | 292 | 228 | 445 |
| Department of Parks and Recreation | | | | | | | |
| Park Visitation (<i>in thousands</i>) ^{1, 2, 8} | 2,637 | 2,415 | 2,582 | 2,489 | 2,358 | 2,648 | 2,738 |
| Recreational Registrations (<i>in thousands</i>) ⁸ | 184 | 192 | 188 | 216 | 233 | 237 | 256 |

Sources: Idaho Division of Financial Management; Idaho State Police; Idaho State Tax Commission; and the Idaho Departments of Administration, Health and Welfare, Correction, Fish and Game, Environmental Quality, Lands, and Parks and Recreation.

Note: Operating indicators for fiscal years 2008 and 2009 are estimates, unless otherwise noted, below.

¹Operating indicators for 2008 are actual amounts, not estimates.

²Operating indicators are reported on a calendar year basis.

³In fiscal year 2001 the Department of Juvenile Corrections instituted new performance measures.

⁴In fiscal year 2007 the Department of Health and Welfare changed the way Medicaid enrollees were calculated.

⁵Number of certificates and degrees awarded includes Eastern Idaho Technical College beginning in fiscal year 2003.

⁶In fiscal year 2001 legislative action created the Department of Environmental Quality; it was previously part of the Department of Health and Welfare.

⁷In fiscal year 2009 the Department of Environmental Quality suspended surface water monitoring activities due to the fiscal year 2009 budget cuts.

⁸Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

| 2007 | 2008 | 2009 |
|------|------|------|
|------|------|------|

| | | |
|---------|---------|---------|
| 2,180 | 2,292 | 2,220 |
| 385,581 | 436,016 | 457,022 |

| | | |
|--------|--------|--------|
| 538 | 529 | 443 |
| 19,045 | 19,319 | 19,507 |

| | | |
|--------|--------|--------|
| 7,357 | 7,338 | 7,283 |
| 12,581 | 13,361 | 13,756 |

| | | |
|-------|-------|-------|
| 989 | 850 | 895 |
| 1,744 | 1,654 | 1,977 |
| 811 | 1,278 | 1,281 |

| | | |
|-------|-------|-------|
| 710 | 744 | 659 |
| 11.6% | 11.7% | 18.4% |

| | | |
|---------|---------|---------|
| 184,508 | 184,465 | 191,989 |
| 12.6% | 12.3% | 12.6% |
| 86,946 | 95,433 | 124,826 |
| 5.9% | 6.4% | 8.2% |

| | | |
|--------|--------|--------|
| 48,571 | 48,207 | 48,777 |
| 8,619 | 8,378 | 8,635 |

| | | |
|-------|-------|-------|
| 20% | 19% | 20% |
| 2,800 | 2,700 | 2,400 |

| | | |
|--------|--------|--------|
| 175 | 223 | 284 |
| 96,239 | 77,012 | 46,967 |

| | | |
|-------|-------|-------|
| 208 | 303 | 368 |
| 4,374 | 3,933 | 4,130 |

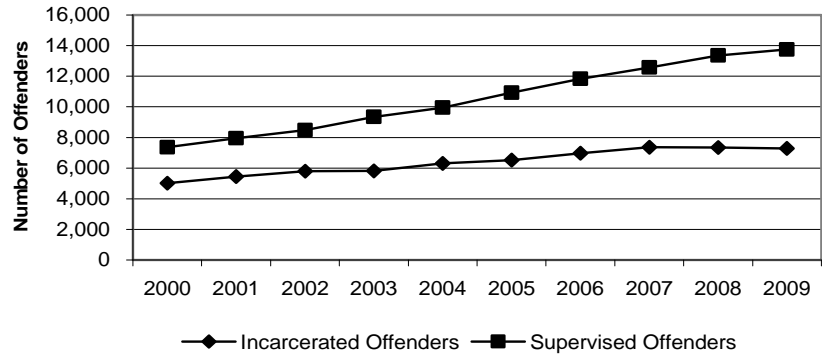
| | | |
|--------|--------|--------|
| 6,140 | 5,411 | 5,435 |
| 35,502 | 29,573 | 22,676 |
| 573 | 537 | 571 |

| | | |
|-----|-----|----|
| 35 | 31 | 42 |
| 506 | 610 | 0 |

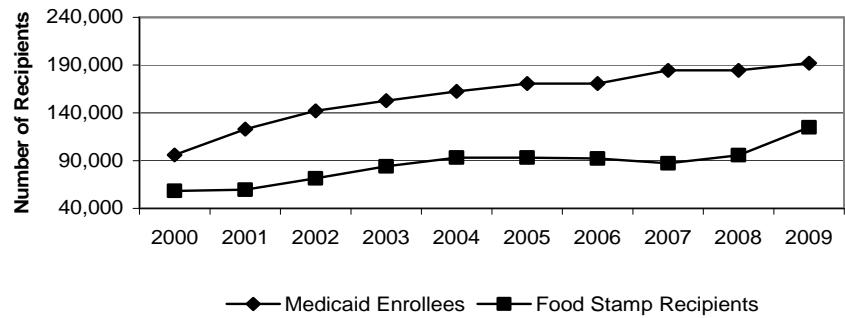
| | | |
|-----|-----|-----|
| 215 | 225 | 229 |
| 349 | 247 | NA |

| | | |
|-------|-------|----|
| 4,248 | 4,203 | NA |
| 273 | 274 | NA |

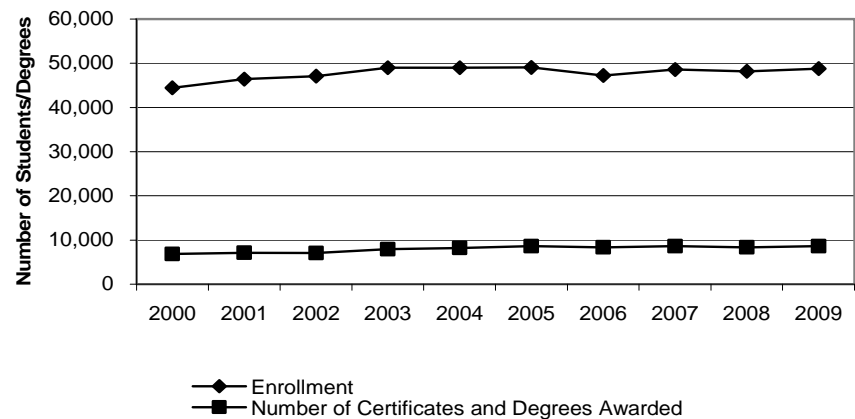
Department of Correction - Adult Offenders
Fiscal Years 2000-2009



Department of Health and Welfare
Medicaid Enrollees and Food Stamp Recipients
Fiscal Years 2000-2009



Colleges and Universities - Enrollment and
Degrees Awarded
Fiscal Years 2000-2009



Schedule 16 - Capital Asset Statistics by Function

Fiscal Years 2000-2009

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>General Government</u> | | | | | | | | | | |
| Department of Administration | | | | | | | | | | |
| Buildings <i>(square footage in thousands)</i> | 647 | 661 | 661 | 661 | 661 | 733 | 741 | 741 | 728 | 728 |
| <u>Public Safety and Correction</u> | | | | | | | | | | |
| Department of Correction | | | | | | | | | | |
| Buildings | 78 | 78 | 80 | 81 | 82 | 84 | 84 | 87 | 88 | 89 |
| Vehicles | 204 | 257 | 285 | 301 | 330 | 334 | 339 | 353 | 392 | 342 |
| Idaho State Police | | | | | | | | | | |
| Vehicles | 199 | 280 | 360 | 403 | 454 | 425 | 422 | 441 | 431 | 443 |
| Machinery and Equipment | 530 | 626 | 699 | 720 | 807 | 812 | 783 | 846 | 867 | 928 |
| Department of Juvenile Corrections | | | | | | | | | | |
| Buildings <i>(square footage in thousands)</i> | 199 | 199 | 252 | 252 | 252 | 252 | 252 | 252 | 250 | 250 |
| Vehicles | 29 | 32 | 39 | 41 | 46 | 53 | 53 | 52 | 54 | 53 |
| <u>Health and Human Services</u> | | | | | | | | | | |
| Department of Health and Welfare | | | | | | | | | | |
| Buildings <i>(square footage in thousands)</i> | 893 | 951 | 951 | 928 | 928 | 928 | 928 | 914 | 914 | 978 |
| Vehicles | 618 | 589 | 588 | 582 | 518 | 490 | 517 | 539 | 518 | 520 |
| <u>Education</u> | | | | | | | | | | |
| Colleges and Universities | | | | | | | | | | |
| Buildings <i>(square footage in thousands)</i> | 10,496 | 10,868 | 11,396 | 11,358 | 11,743 | 11,919 | 12,265 | 12,539 | 12,890 | 13,556 |
| <u>Economic Development</u> | | | | | | | | | | |
| Idaho Transportation Department | | | | | | | | | | |
| Highway Lane Miles ¹ | 11,756 | 11,779 | 11,831 | 11,819 | 11,852 | 11,874 | 11,874 | 11,877 | 11,930 | 11,944 |
| Vehicles | 98 | 95 | 95 | 109 | 112 | 97 | 96 | 96 | 96 | 96 |
| Heavy Equipment | 522 | 530 | 530 | 551 | 545 | 552 | 585 | 585 | 589 | 589 |
| Department of Agriculture | | | | | | | | | | |
| Scientific and Laboratory Equipment | 122 | 125 | 136 | 142 | 145 | 147 | 156 | 162 | 165 | 176 |
| Vehicles | 90 | 108 | 134 | 140 | 158 | 166 | 191 | 209 | 201 | 195 |
| <u>Natural Resources</u> | | | | | | | | | | |
| Department of Fish and Game | | | | | | | | | | |
| Hatcheries | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 22 | 22 |
| Vehicles | 304 | 381 | 467 | 610 | 722 | 766 | 692 | 646 | 621 | 670 |
| Boats | 241 | 256 | 274 | 288 | 302 | 302 | 296 | 289 | 286 | 287 |
| Wildlife Management Areas | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Department of Environmental Quality | | | | | | | | | | |
| Air Monitoring Instruments | 150 | 172 | 192 | 199 | 125 | 126 | 131 | 119 | 124 | 166 |
| Water Sampling/Quality Equipment | 213 | 224 | 271 | 276 | 82 | 88 | 94 | 87 | 88 | 76 |
| Department of Lands | | | | | | | | | | |
| Acres of Land <i>(in thousands)</i> ¹ | 2,310 | 2,400 | 2,461 | 2,464 | 2,462 | 2,460 | 2,460 | 2,460 | 2,461 | 2,460 |
| Vehicles | 223 | 251 | 297 | 332 | 361 | 341 | 346 | 353 | 351 | 350 |
| Department of Parks and Recreation | | | | | | | | | | |
| State Parks | 32 | 33 | 33 | 34 | 34 | 34 | 34 | 35 | 35 | 35 |
| Acres of State Park Land <i>(in thousands)</i> | 56 | 56 | 56 | 58 | 58 | 58 | 58 | 59 | 59 | 59 |
| Buildings | 237 | 253 | 258 | 261 | 274 | 281 | 287 | 316 | 321 | 320 |
| Vehicles | 169 | 192 | 208 | 223 | 232 | 240 | 257 | 288 | 312 | 343 |

Sources: Office of the Idaho State Controller; Idaho Departments of Correction, 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.

¹Highway lane miles and acres of land for fiscal year 2009 are based on estimates.



*State of Idaho***Schedule 17 - Assets, Liabilities, and Fund Balances****General Fund Accounts****June 30, 2009***(dollars in thousands)*

| | State General Account | Permanent Building | Budget Stabilization | Millennium | Income Earnings |
|--|--------------------------------------|-------------------------------|---------------------------------|-------------------|----------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$2 | | | | |
| Pooled Cash and Investments | 27,694 | \$115,237 | \$197,052 | \$126 | \$47,770 |
| Investments | | 9,614 | | 75,841 | 894 |
| Securities Lending Collateral | 437,634 | 4,774 | | | 444 |
| Accounts Receivable, Net | 665 | 8 | | 16,058 | |
| Taxes Receivable, Net | 207,211 | 3,711 | | | 397 |
| Interfund Receivables | | 6,338 | | | |
| Inventories and Prepaid Items | 2,660 | 310 | | 73 | 54 |
| Loans, Notes, and Pledges Receivable, Net | | | | | |
| Other Assets | 3 | 56 | | | 5 |
| Restricted Assets: | | | | | |
| Cash and Cash Equivalents | | | | | |
| Investments | | | | 65,282 | |
| Total Assets | \$675,869 | \$140,048 | \$197,052 | \$157,380 | \$49,564 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$12,600 | \$12,987 | | | \$52 |
| Payroll and Related Liabilities | 10,557 | 88 | \$29 | \$10 | 11 |
| Interfund Payables | 1,627 | | 12 | | |
| Due to Other Entities | | | | | |
| Deferred Revenue | 57,979 | 26 | | 16,058 | 8 |
| Amounts Held in Trust for Others | 185 | | | | |
| Obligations Under Securities Lending | 437,634 | 4,774 | | | 444 |
| Other Accrued Liabilities | 203 | 10,127 | | | 1 |
| Total Liabilities | 520,785 | 28,002 | 41 | 16,068 | 516 |
| Fund Balances | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 13,247 | 180 | 416 | | 19,538 |
| Inventories and Prepaid Items | 2,660 | 310 | | 73 | 54 |
| Noncurrent Receivables | | | | | |
| Permanent Trusts | | | | 1,734 | |
| Other Purposes | | | | 65,282 | |
| Unreserved, Reported in: | | | | | |
| General Fund | 139,177 | 111,556 | 196,595 | 74,223 | 29,456 |
| Total Fund Balances | 155,084 | 112,046 | 197,011 | 141,312 | 49,048 |
| Total Liabilities and Fund Balances | \$675,869 | \$140,048 | \$197,052 | \$157,380 | \$49,564 |

| Sales Tax | Income Tax Refunds | Catastrophic Health Care | Legislative | Warrant Deficiency | Miscellaneous | Total |
|-----------|--------------------------|-----------------------------|-------------|-----------------------|---------------|-------------|
| | | | | | \$897 | \$899 |
| \$33,425 | \$1,948 | \$3 | \$3,162 | (\$7,727) | 68,464 | 487,154 |
| | | | | | | 86,349 |
| | | | | | | 442,852 |
| | | | | 680 | 1 | 17,412 |
| 13,705 | 28,390 | | | | 222 | 253,636 |
| | | | | | 332 | 6,670 |
| | | | | 5,740 | 61 | 8,898 |
| | | | | | 2,963 | 2,963 |
| | | | | | 56 | 120 |
| 2,381 | | | | | | 2,381 |
| | | | | | | 65,282 |
| \$49,511 | \$30,338 | \$3 | \$3,162 | (\$1,307) | \$72,996 | \$1,374,616 |
| | \$68 | | | \$70 | \$117 | \$25,894 |
| | | | \$107 | 67 | 331 | 11,200 |
| | | | | | (42) | 1,597 |
| \$33,426 | | | | | | 33,426 |
| 1,350 | 15,052 | | | 26 | | 90,499 |
| | | | | | | 185 |
| | | | | | | 442,852 |
| | | (\$57) | | | 10,673 | 20,947 |
| 34,776 | 15,120 | (57) | 107 | 163 | 11,079 | 626,600 |
| | | | | | 1,679 | 35,060 |
| | | | | 5,740 | 61 | 8,898 |
| | | | | | 3,264 | 3,264 |
| | | | | | | 1,734 |
| 2,381 | | | | | | 67,663 |
| 12,354 | 15,218 | 60 | 3,055 | (7,210) | 56,913 | 631,397 |
| 14,735 | 15,218 | 60 | 3,055 | (1,470) | 61,917 | 748,016 |
| \$49,511 | \$30,338 | \$3 | \$3,162 | (\$1,307) | \$72,996 | \$1,374,616 |

*State of Idaho***Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances****General Fund Accounts****For the Fiscal Year Ended June 30, 2009***(dollars in thousands)*

| | State General Account | Permanent Building | Budget Stabilization | Millennium | Income Earnings |
|---|--------------------------------------|-------------------------------|---------------------------------|-------------------|----------------------------|
| REVENUES | | | | | |
| Sales Tax | \$1,001,231 | \$5,000 | | | |
| Individual and Corporate Taxes | 1,313,250 | 6,850 | | | \$300 |
| Other Taxes | 23,686 | 28,888 | | | 4,805 |
| Licenses, Permits, and Fees | 12,271 | 1 | | | 1,643 |
| Sale of Goods and Services | 1,685 | 119 | | | 1,208 |
| Grants and Contributions | | | | | 69 |
| Investment Income | 24,329 | 7,603 | \$1,662 | (\$6,980) | 4,133 |
| Tobacco Settlement | | | | 30,965 | |
| Other Income | 1,107 | 206 | | | 114 |
| Total Revenues | 2,377,559 | 48,667 | 1,662 | 23,985 | 12,272 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 85,166 | 31,338 | 50 | 1,696 | 372 |
| Public Safety and Correction | 246,948 | | | 524 | 1,427 |
| Health and Human Services | | | 51 | 1,961 | 1,848 |
| Education | 127,636 | 303 | | | 1,445,858 |
| Economic Development | 22,928 | | | | 353 |
| Natural Resources | 25,165 | | 400 | | |
| Capital Outlay | 23,313 | 97,020 | 4,922 | | 192 |
| Intergovernmental Revenue Sharing | 23,213 | | | | |
| Debt Service: | | | | | |
| Principal Retirement | 168 | 140 | | | |
| Interest and Other Charges | 23,966 | 271 | | | 3 |
| Total Expenditures | 578,503 | 129,072 | 5,423 | 4,181 | 1,450,053 |
| Revenues Over (Under) Expenditures | 1,799,056 | (80,405) | (3,761) | 19,804 | (1,437,781) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital Lease Acquisitions | 22 | | | | |
| Sale of Capital Assets | 235 | 1 | | | |
| Transfers In | 140,269 | 11,278 | 2 | 397 | 1,353,651 |
| Transfers Out | (2,204,829) | (1,829) | (12,400) | (396) | (20,295) |
| Total Other Financing Sources (Uses) | (2,064,303) | 9,450 | (12,398) | 1 | 1,333,356 |
| Net Changes in Fund Balances | (265,247) | (70,955) | (16,159) | 19,805 | (104,425) |
| Fund Balances - Beginning of Year, as Restated | 420,331 | 183,001 | 213,170 | 121,507 | 153,473 |
| Fund Balances - End of Year | \$155,084 | \$112,046 | \$197,011 | \$141,312 | \$49,048 |

| Sales Tax | Income Tax Refunds | Catastrophic Health Care | Legislative | Warrant Deficiency | Miscellaneous | General Account Transfer Eliminations | Total |
|-----------|--------------------------|-----------------------------|-------------|-----------------------|---------------|---|-------------|
| \$160,090 | | | | | \$3,681 | | \$1,170,002 |
| | | | | | 5,596 | | 1,325,996 |
| | | | | | | | 57,379 |
| | | \$139 | | \$86 | 4,479 | | 18,619 |
| | | | \$10 | 24 | 5,424 | | 8,470 |
| | | | | | 5,234 | | 5,303 |
| | | 272 | | | 1,786 | | 32,805 |
| | | | | | | | 30,965 |
| | | 3,060 | | 2,587 | 21,692 | | 28,766 |
| 160,090 | | 3,471 | 10 | 2,697 | 47,892 | | 2,678,305 |
| | \$6,588 | | 6,310 | 86 | 8,511 | | 140,117 |
| | | | | | 576 | | 249,475 |
| | | 26,677 | | | | | 30,537 |
| | | | | | 35,340 | | 1,609,137 |
| | | | | 255 | 1,163 | | 24,699 |
| | | | | 13,739 | 1,946 | | 41,250 |
| | | | 161 | 240 | 254 | | 126,102 |
| 160,939 | 301 | | | | 7,653 | | 192,106 |
| | | | | | 11 | | 319 |
| | | | | | | | 24,240 |
| 160,939 | 6,889 | 26,677 | 6,471 | 14,320 | 55,454 | | 2,437,982 |
| (849) | (6,889) | (23,206) | (6,461) | (11,623) | (7,562) | | 240,323 |
| | | | | | | | 22 |
| | | | | | | | 236 |
| | 20,000 | 23,268 | 6,349 | 569 | 54,812 | (\$1,457,260) | 153,335 |
| | (12,928) | | | | (29,824) | 1,457,260 | (825,241) |
| | 7,072 | 23,268 | 6,349 | 569 | 24,988 | | (671,648) |
| (849) | 183 | 62 | (112) | (11,054) | 17,426 | | (431,325) |
| 15,584 | 15,035 | (2) | 3,167 | 9,584 | 44,491 | | 1,179,341 |
| \$14,735 | \$15,218 | \$60 | \$3,055 | (\$1,470) | \$61,917 | | \$748,016 |

Schedule 19 - Miscellaneous Statistics

| | | TWENTY LARGEST COMMUNITIES IN IDAHO | |
|-------------------------|-------------------------------------|--|---------|
| State Capital | Boise | Boise | 205,314 |
| Admitted to the Union | July 3, 1890 | Nampa | 80,362 |
| Nickname | The Gem State | Meridian | 66,916 |
| Motto | Esto Perpetua (Let It Be Perpetual) | Pocatello | 54,901 |
| Population | 1,538,100 | Idaho Falls | 54,334 |
| Highest Elevation Point | Mt. Borah | Coeur d'Alene | 43,360 |
| | 12,662 Feet Above Sea Level | Caldwell | 42,331 |
| Lowest Elevation Point | Snake River, Lewiston | Twin Falls | 42,197 |
| | 770 Feet Above Sea Level | Lewiston | 31,764 |
| Number of Lakes | More Than 2,000 | Rexburg | 28,028 |
| State Bird | Mountain Bluebird | Post Falls | 26,460 |
| State Fish | Cutthroat Trout | Moscow | 22,798 |
| State Flower | Syringa | Eagle | 19,471 |
| State Gem Stone | Idaho Star Garnet | Ammon | 13,646 |
| State Horse | Appaloosa | Kuna | 13,354 |
| State Insect | Monarch Butterfly | Hayden | 12,873 |
| State Song | "Here We Have Idaho" | Mountain Home | 12,382 |
| State Tree | Western White Pine | Garden City | 11,713 |
| | | Chubbuck | 11,828 |
| | | Blackfoot | 11,012 |

Sources: *Idaho Blue Book*, 2009-2010

Idaho Economic Forecast, July 2009 (Population)

Source: *Idaho Fiscal Facts 2009*

| 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.

Sources: *Idaho Blue Book*, 2009-2010

Idaho Fiscal Facts 2009

| IDAHO COMMODITY RANKINGS | | |
|---------------------------------|------------------|---------------|
| Commodity | U.S. Rank | U.S. % |
| Potatoes | 1 | 29 |
| Austrian Winter Peas | 2 | 51 |
| Wrinkled Seed Peas | 2 | 25 |
| Barley | 2 | 21 |
| Sugarbeets | 2 | 18 |
| All Mint | 3 | 17 |
| Hops | 3 | 8 |
| Lentils | 4 | 13 |
| Dry Edible Peas | 4 | 3 |
| Dry Edible Beans | 5 | 6 |
| Sweet Cherries | 6 | 1 |
| All Hay | 9 | 4 |
| All Wheat | 10 | 4 |
| Apples | 18 | 1 |

Source: *Idaho Fiscal Facts 2009*

Architecture for Generations to Come

One of the companies hired to work on the expansion wings, McAlvain Construction of Idaho, employed 100 percent of its workforce for the project locally (including subcontractors).

Ninety-five percent of the materials used for the core and shell portion of the underground wings came from local Idaho sources.

Prior to the addition of the underground wings, the Capitol had a total floor area of 201,720 square feet. The new wings will add another 50,000 square feet.



During excavation, several treasures were found. Some of them include a time capsule, a pre-Civil War cannon, the basement of an old school, the old Ada County Courthouse foundation, and three layers of sidewalk.



New energy-efficient windows saved over \$250,000 in lieu of re-installing the old single-pane originals.



View of dome from garden level expansion wing (initial stages of construction).



View of dome from garden level expansion wing (final stages of construction).



The Idaho State Capitol is scheduled to re-open in January 2010. For more information, history, or photos of the Capitol, please visit: www.capitolcommission.idaho.gov



Office of the State Controller

**700 W. State Street
Boise, ID 83720-0011
(208) 334-3150**

www.sco.idaho.gov



Photos courtesy of the Idaho Capitol Commission