State of IDAHO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



Rural Idaho



Hecla Mine Ruins in Burke, Idaho

Photo Courtesy of Jason Abbott

On the Cover: *The Old Mission* in Cataldo, Idaho
Photo Courtesy of Phil Kuntz

State of

IDAHO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

C.L. "Butch" Otter
Governor

Brandon D Woolf
State Controller

Prepared by the Office of the State Controller

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

Office of the State Controller
IDAHO

Brandon D Woolf
State Controller

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

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

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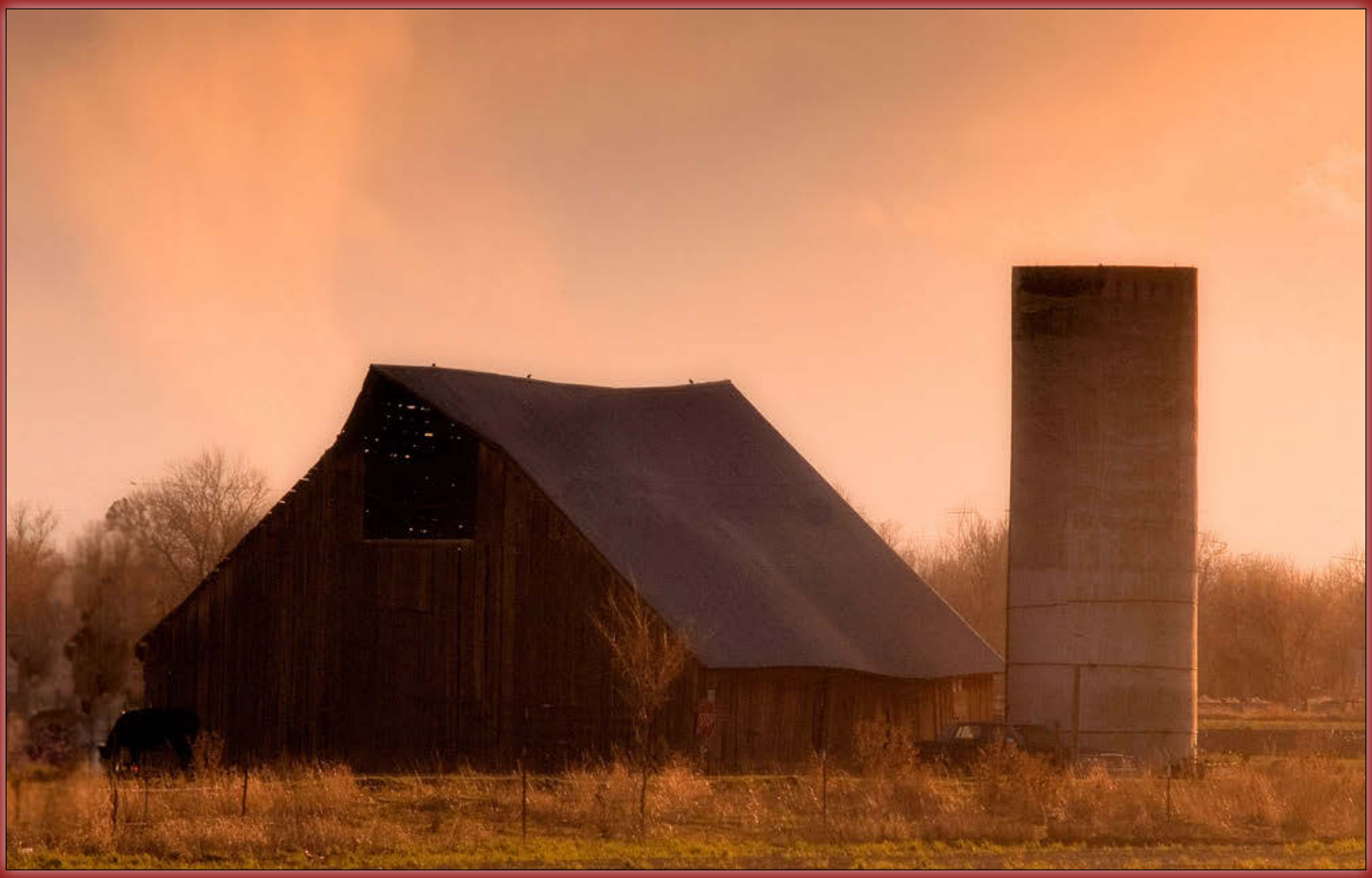
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Introductory Section



Middleton, Idaho

Photo Courtesy of Andrea D. Cobler

STATE OF IDAHO
OFFICE OF THE STATE CONTROLLER
Brandon D Woolf

December 23, 2013

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

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013, in accordance with Idaho Code Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and to responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

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

In accordance with Idaho Code Section 67-702, the Legislative Audit staff of the State Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2013. Based upon that audit, the independent auditor has issued an unqualified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on page 4 and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System to ensure expenditures do not exceed authorized appropriations. The expenditures of any fiscal year may not exceed anticipated revenues, ensuring a balanced budget. The budgetary process is further described in the note to the budgetary schedule on page 106 and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

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

Per Idaho Code the State is able to maintain reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Overall increases in the reserve funds indicate the State's steady emergence from the effects of the recent recession. In fiscal year 2014, the Budget Stabilization Fund is expected to reach its new statutory ceiling of $137.5 million, or 5 percent of the total General Fund collections from the prior year.

Fund and Idaho Code	FY13 End Balance	Dollar Change
Budget Stabilization (57-814)	$135.1 M	$111.3 M
Economic Recovery (67-3520)	0.1 M	(0.2 M)
Public Education Stabilization (33-907)	49.0 M	12.1 M
Higher Education Stabilization (33-3726)	0.9 M	0.6 M
Totals	$185.1 M	$123.8 M

Note 13 contains additional detailed information regarding reserve funds.

Economy

Idaho's economy is on the rebound and many of the biggest hurdles are in the rearview. Nearly all sectors and components of the economy are forecast to perform well in the next few years, though some caution is still warranted.

In general, the construction sector has, once again, become a catalyst for recovery over the past year. Specifically, the housing market outlook has improved. Housing starts continued to rise in 2013 and are forecast to grow an average of 16.1 percent per year over the next four years, while construction employment is expected to increase 7.5 percent per year.

An increase in construction activity nationwide has pulled Idaho's logging and wood products sector back into growth mode. Due to increased manufacturing efficiencies, employment in this sector will likely not reach previous highs in the foreseeable future, but growth in the logging and wood products sector is anticipated to improve, on average, by 14.7 percent per year through 2016.

Idaho recently became the nation's third largest milk producing state with 578,000 head of milk cows that produced 13.3 billion pounds of milk in 2011. As a direct consequence of Idaho's milk production, Greek yogurt manufacturer, Agro Farma, opened a $450 million, one million square-foot facility in southwestern Idaho. The plant employs approximately 400 people and has the capacity to employ more in the future.

Nonfarm employment is forecast to improve 3.1 percent over the next four years, while national employment growth is predicted to average about 1.7 percent per year. Current nonfarm employment of 639,081 is expected to grow to 721,858 jobs by 2017.

Personal income declined in the second half of fiscal year 2013 due in part to the expiration of the temporary two-percentage point payroll tax cut. However, personal income growth is expected to return to positive territory during the first half of fiscal year 2014. Economists predict Idaho will also see a rise in per capita income from $35,073 in 2013 to $40,686 in 2017.

Long-Term Financial Planning

A notable impact to fiscal year 2014 revenue forecasts includes new legislation reducing personal property taxes for businesses by $23.8 million and shifting the responsibility to the General Fund to keep counties and local taxing districts whole. Revenue forecasts for fiscal year 2014 predict increases in individual income and sales taxes of 2.2 percent and 4.2 percent, respectively. Corporate income tax receipts are forecast to drop by 2.7 percent; this drop is expected due to a filing collections surge in fiscal year 2013 caused by taxpayers moving income into calendar year 2012 from calendar year 2013 in anticipation of higher federal income tax rates. Projected tax revenue for fiscal year 2014 includes $1.3 billion of individual income, $193.2 million of corporate income, and $1.2 billion of sales tax.

In order to improve and maintain the State's system of roads and highways, the Legislature in 2006 authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. To date, $675.0 million have been drawn from $840.0 million in issued bonds. Improvements to six major transportation corridors have been initiated, with all GARVEE projects to be completed in fiscal year 2014.

Major Initiatives

- The Department of Health and Welfare received an appropriation of $2.5 billion in fiscal year 2014, an increase of 4.4 percent from the previous year. Medicaid spending represents 81.1 percent of the Department's total appropriation. Federal funding provided 64.7 percent of the Department's total appropriation. Health and Welfare received $52.3 million in new funding with $47.7 million provided by federal funds. This new funding will:
  - Increase Medicaid program benefit payments under the Affordable Care Act.
  - Provide federal electronic health records incentive payments to providers.
  - Continue to fund the Health Home Network Development project, which seeks to integrate managed care approaches into Idaho's Medicaid program.
  - Authorize and fund a temporary rate increase to primary care providers.
- The Public Schools' appropriation is $1.6 billion for fiscal year 2014, which includes a $26.1 million increase from the previous year. For the second consecutive year, federal funding decreased ($10.2 million), bringing the total reduction to $69.5 million. The 2014 appropriation provides:
  - An increase in teachers' minimum salaries from $30,500 to $31,000 per year.
  - $8.4 million for Idaho Core Standards professional development.
  - $12.6 million for achievement awards.
  - $13.4 million for technology and infrastructure projects.
  - Restoration of $6.5 million for facilities maintenance.
- A total appropriation of $203.9 million for the Department of Correction in fiscal year 2014 is an overall increase of 2.1 percent from the prior year. This increase will cover inmate population growth and contractual inflationary adjustments.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its CAFR for the fiscal year ended June 30, 2012. This is the 16th consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The Public Employee Retirement System of Idaho (PERSI) has prepared a CAFR for the System for the last 22 years. The PERSI also received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2012.

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

Respectfully submitted,



Brandon D Woolf
Idaho State Controller

Government Finance Officers Association

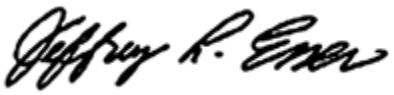
Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

State Government Organization
IDAHO

Citizens of Idaho

LEGISLATIVE BRANCH
Senate
House of Representatives
Legislative Services

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

JUDICIAL BRANCH
Supreme Court
Court of Appeals
District Court
Magistrate Court

State Entities by Function

General Government
Board of Tax Appeals
Commissions:
- Aging
- Arts
- Blind and Visually Impaired
- Idaho Code
- Tax
- Uniform Laws

Department of Administration
Divisions of:
- Financial Management
- Human Resources
- Liquor
- Military

Offices of:
- Drug Policy
- Species Conservation

Public Employee Retirement System
State Bar
State Building Authority

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

Public Safety
Brand Inspector
Commissions:
- Pardons and Parole
- Racing

Correctional Industries
Departments of:
- Correction
- Juvenile Corrections

Idaho State Police

Natural Resources
Departments of:
- Environmental Quality
- Fish and Game
- Lands
- Parks and Recreation
- Water Resources

Endowment Fund Investment Board
Office of Energy Resources
Lava Hot Springs Foundation

Health and Human Services
Catastrophic Health Care
Department of Health and Welfare

Economic Development
Appellate Public Defender
Boards of:
- Accountancy
- Dentistry
- Engineers and Surveyors
- Examiners
- Medicine
- Nursing
- Outfitters and Guides
- Pharmacy
- Veterinary Medicine

Bureau of Occupational Licenses
Commissions:
- Dairy Products
- Hispanic Affairs
- Industrial
- Libraries
- Potato
- Public Utilities
- Real Estate
- Soil and Water Conservation
- Wheat

Departments of:
- Agriculture
- Commerce
- Finance
- Insurance
- Labor
- Transportation

Divisions of:
- Building Safety
- Veterans Services

Idaho State Lottery
State Historical Society

Statewide Elected Officials
IDAHO



C.L. "Butch" Otter
Governor



Ben Ysursa
Secretary of State



Brandon D Woolf
State Controller



Brad Little
Lieutenant Governor



Ron G. Crane
State Treasurer



Lawrence G. Wasden
Attorney General



Tom Luna
Superintendent of Public Instruction



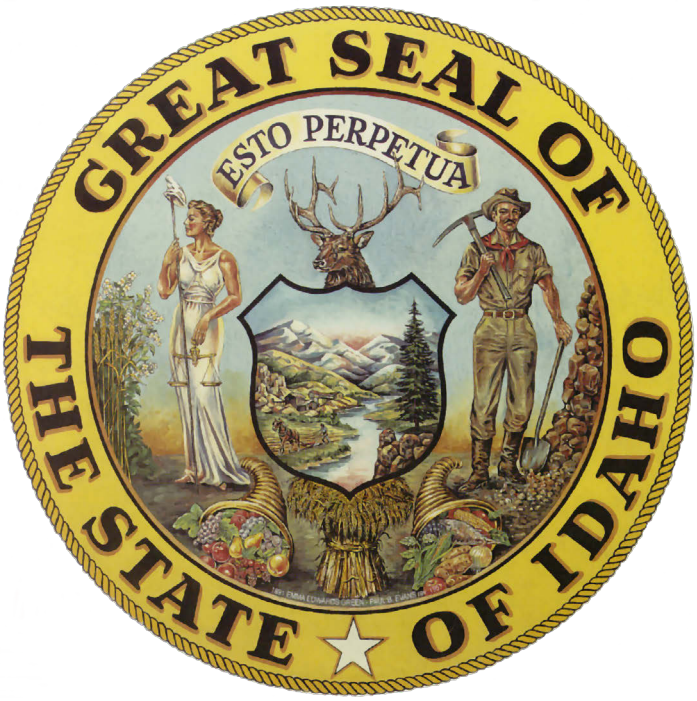
Scott Bedke
Speaker, Idaho House of Representatives



Roger S. Burdick
Chief Justice, Idaho Supreme Court



Brent Hill
President Pro Tempore, Idaho State Senate


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Financial Section



Passmore's Old Truck and Barn in Idaho Falls, Idaho Photo Courtesy of Mike Hargis



Legislative Services Office
Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 23, 2013

Independent Auditor's Report

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D. Woolf, State Controller

Report on the Financial Statements
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 of the State of Idaho, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Endowment Fund Investment Board, State Lottery Commission, Public Employee Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDeal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association, which represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Government-Wide Financial Statements	Percent of Assets	Percent of Revenues
Primary Government – Governmental Activities	16.9%	4.9%
Primary Government – Business-Type Activities	60.5%	56.9%
Aggregate Discretely Presented Component Units	98.9%	99.1%

Fund Financial Statements	Percent of Assets	Percent of Revenues
Governmental Funds Land Endowments – Major Fund	99.9%	100.0%
Proprietary Funds College and Universities – Major Fund	100.0%	100.0%
Aggregate Remaining Fund Information	85.2%	30.7%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinions

In our opinion, based on our audit and the report 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control over financial reporting and compliance.

Sincerely,

April Renfro

April Renfro, CPA
Legislative Services Office, Audits Division Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State's annual financial report presents our discussion and analysis of the State's financial performance during the fiscal year that ended June 30, 2013. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section and the financial statements which begin on page 13.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights

Idaho reported a net position of $10.4 billion for the fiscal year ended June 30, 2013, comprised of $13.4 billion in total assets and $6.8 million in deferred outflows of resources offset by $3.0 billion in total liabilities and $6.8 million in deferred inflows of resources. Unrestricted net position of $979.8 million may be used to meet the State's ongoing obligations to citizens and creditors.

The State's total net position increased by $593.7 million as a result of this year's operations. Net position of governmental activities increased $459.4 million, while net position of business-type activities increased $134.3 million.

The cost of all the State's programs was $7.7 billion, which includes $1.5 billion in business-type activities.

Fund Highlights

At the close of the fiscal year the State's governmental funds reported combined ending fund balances of $2.9 billion, an increase of $297.3 million in comparison with the prior year. Approximately $1.3 billion of the ending fund balance cannot be spent because it is not in spendable form or because of legal or contractual requirements. Another $1.3 billion of the ending fund balance is restricted, committed, or assigned for a specific purpose and may be spent upon legislative approval. About $389.5 million of the ending fund balance is the General Fund's unassigned fund balance and may be spent at the State's discretion, with legislative approval.

Long-Term Debt

The State's long-term debt decreased $31.9 million from the prior year to $1,393.1 million, comprised of $779.9 million in governmental activities and $613.2 million in business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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. In addition to the basic financial statements, this financial report includes required supplementary information and other supplementary information.

Government-Wide Financial Statements

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

The *Statement of Net Position* reports all of the State's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in the State's net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This Statement reports expenses and revenues in a format that focuses on the net cost of each function, allowing you to see which functions of the State draw upon the general revenues of the State and which functions contribute to the general revenues of the State.

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Net position measures the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position may serve over time as a useful indicator of the State's financial position. The State's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10.4 billion for the most recent fiscal year. The State's combined net position increased $593.7 million over the course of this fiscal year's operations. Net position of governmental activities increased $459.4 million and business-type activities net position increased $134.3 million.

Net Position
June 30, 2013 and 2012
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	**2012***	**2013**	**2012***	**2013**	**2012***
Assets						
Current and Other Assets	$4,436,636	$4,195,491	$1,591,558	$1,613,805	$6,028,194	$5,809,296
Capital Assets	6,159,383	5,998,584	1,200,806	1,156,999	7,360,189	7,155,583
Total Assets	**10,596,019**	**10,194,075**	**2,792,364**	**2,770,804**	**13,388,383**	**12,964,879**
Deferred Outflows of Resources	6,824	9,282			6,824	9,282
Total Assets and Deferred Outflows of Resources	**10,602,843**	**10,203,357**	**2,792,364**	**2,770,804**	**13,395,207**	**12,974,161**
Liabilities						
Other Liabilities	1,236,155	1,227,243	155,954	219,307	1,392,109	1,446,550
Long-Term Liabilities	989,263	1,055,600	653,595	702,968	1,642,858	1,758,568
Total Liabilities	**2,225,418**	**2,282,843**	**809,549**	**922,275**	**3,034,967**	**3,205,118**
Deferred Inflows of Resources	6,824	9,282			6,824	9,282
Total Liabilities and Deferred Inflows of Resources	**2,232,242**	**2,292,125**	**809,549**	**922,275**	**3,041,791**	**3,214,400**
Net Position:						
Net Investment in Capital Assets	5,378,941	5,245,731	737,208	695,405	6,116,149	5,941,136
Restricted	2,274,707	2,133,964	982,739	901,322	3,257,446	3,035,286
Unrestricted	716,953	531,537	262,868	251,802	979,821	783,339
Total Net Position	**$8,370,601**	**$7,911,232**	**$1,982,815**	**$1,848,529**	**$10,353,416**	**$9,759,761**

*Amounts in these columns have been restated. More detailed information regarding net position can be found in Note 13.

The largest component of the State's net position, 59.1 percent ($6.1 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, software, and capital assets in progress), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net position is the next largest component, comprising 31.4 percent ($3.3 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 9.5 percent ($1.0 billion) of net position represents unrestricted net position, which may be used at the State's discretion but often has 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 position 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 Position

Over time, increases or decreases in the State's net position are an indicator of whether its financial health is improving or deteriorating. The following condensed financial information was derived from the current and prior year government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

Change in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent
	2013	2012*	2013	2012*	2013	2012*	Change
Revenues							
Program Revenues							
Charges for Services	$635,402	$641,619	$1,139,093	$1,139,971	$1,774,495	$1,781,590	(0.4)
Operating Grants and Contributions	2,828,808	2,664,743	383,575	485,777	3,212,383	3,150,520	2.0
Capital Grants and Contributions	10,492	2,568	38,364	24,944	48,856	27,512	77.6
General Revenues							
Sales Tax	1,315,002	1,213,623			1,315,002	1,213,623	8.4
Individual and Corporate Taxes	1,533,850	1,390,226			1,533,850	1,390,226	10.3
Other Taxes	458,154	457,006			458,154	457,006	0.3
Other	44,054	38,468			44,054	38,468	14.5
Total Revenues	6,825,762	6,408,253	1,561,032	1,650,692	8,386,794	8,058,945	4.1
Expenses							
General Government	470,836	413,832			470,836	413,832	13.8
Public Safety and Correction	353,585	335,493			353,585	335,493	5.4
Health and Human Services	2,532,626	2,396,437			2,532,626	2,396,437	5.7
Education	1,707,233	1,712,567			1,707,233	1,712,567	(0.3)
Economic Development	811,193	820,530			811,193	820,530	(1.1)
Natural Resources	245,452	264,080			245,452	264,080	(7.1)
Interest Expense	49,961	50,372			49,961	50,372	(0.8)
College and University			986,269	969,419	986,269	969,419	1.7
Unemployment Compensation			252,666	358,283	252,666	358,283	(29.5)
Loan			8,487	7,112	8,487	7,112	19.3
State Lottery			150,599	134,055	150,599	134,055	12.3
State Liquor			135,565	123,656	135,565	123,656	9.6
Correctional Industries			7,677	8,030	7,677	8,030	(4.4)
Total Expenses	6,170,886	5,993,311	1,541,263	1,600,555	7,712,149	7,593,866	1.6
Increase (Decrease) in Net Position before Special Item and Transfers	654,876	414,942	19,769	50,137	674,645	465,079	45.1
Special Item			(80,990)		(80,990)		(100.0)
Transfers	(195,507)	(178,453)	195,507	178,453			
Change in Net Position	459,369	236,489	134,286	228,590	593,655	465,079	27.6
Net Position, Beginning of Year, as Restated	7,911,232	7,674,743	1,848,529	1,619,939	9,759,761	9,294,682	5.0
Net Position, End of Year	**$8,370,601**	**$7,911,232**	**$1,982,815**	**$1,848,529**	**$10,353,416**	**$9,759,761**	6.1

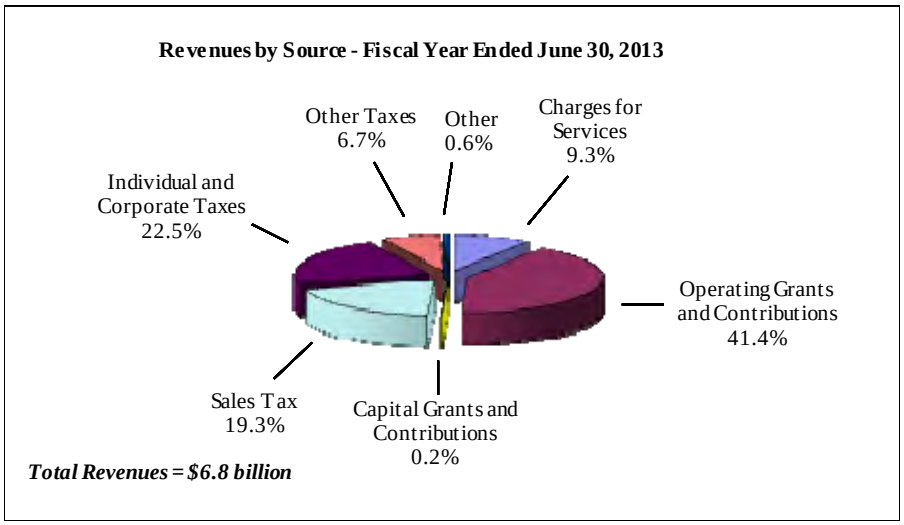
*Amounts in these columns have been restated.

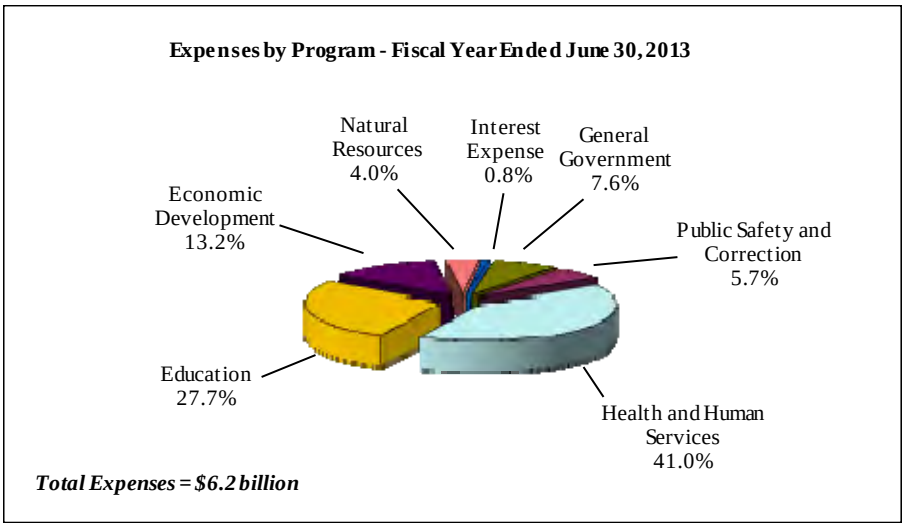
The Total Percent Change column shows the percentage change in operation from fiscal year 2012 to 2013 for each line item. Readers should be cautious when using this column to evaluate the overall change in net position. Although a line may show a large percentage change (e.g., 77.6 percent for Capital Grants and Contributions of $21.3 million), it may not have as significant of an effect on the overall change in net position as a change in a more material line item with a smaller percentage change (e.g., 5.7 percent for Health and Human Services of $136.2 million).

Governmental Activities

The overall financial position for Governmental Activities improved during the fiscal year, as evidenced by the 5.8 percent ($459.4 million) increase in net position. The key elements of this increase include an increase of 10.3 percent ($143.6 million) in individual and corporate tax revenue and an increase of 8.4 percent ($101.4 million) in sales tax revenue. Revenues for operating grants and contributions increased by 6.2 percent ($164.1 million) from the prior year primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income. Increased revenues were offset by an increase in expenditures for health and human services by 5.7 percent ($136.2 million) from the prior year due to increased medical assistance payments for Medicaid and rehabilitation services. In addition, expenditures increased in general government by 13.8 percent ($57.0 million) primarily due to losses on disposal of buildings of $13.1 million, and an increase in lease payments and buildings and improvements of $16.7 million and $16.1 million, respectively.

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



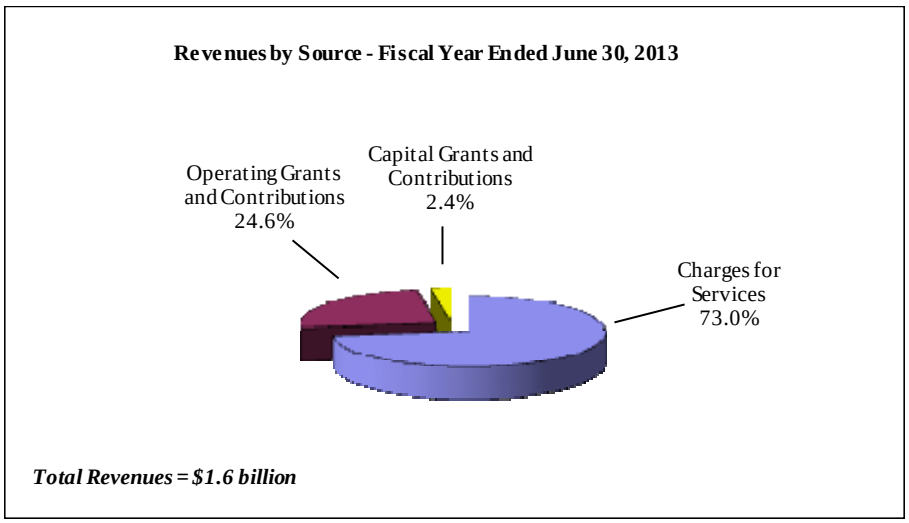


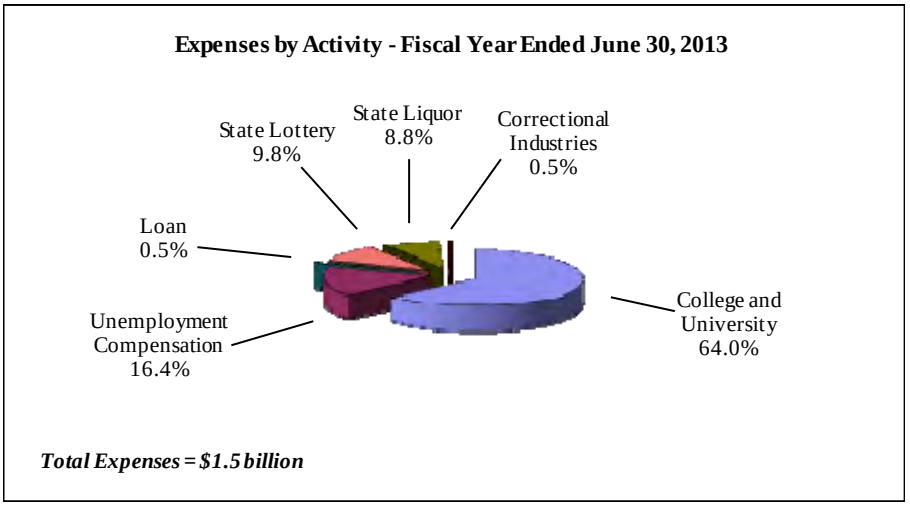
Business-Type Activities

Business-type activities' net position increased by 7.3 percent ($134.3 million) during the fiscal year. The largest changes were seen in the following funds:

- College and University fund net position decreased by 1.7 percent ($17.2 million) from the prior year balance of $1,031.2 million primarily due to a one-time transfer of $81.0 million of restricted, nonexpendable trust assets from the University of Idaho to their Foundation. Expenses increased during the year for personnel ($26.0 million).
- The Unemployment Compensation fund net position increased by 44.9 percent ($128.6 million), from the previous year's balance of $286.7 million. The increase was due mainly to a reduction in unemployment benefit payments of $101.0 million. As the jobless rate continued falling in 2013 so did benefit payments. The reduction in benefit payments also reduced federal employment security revenue by $84.0 million. In addition, assessment collections decreased by $35.5 million due to a reduction in the employer contribution rate.

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 fiscal year, the State's governmental funds reported combined ending fund balances of $2.9 billion, an increase of $297.3 million in comparison with fiscal year 2012. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: $1.3 billion (43 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: $948.8 million (32.2 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: $273.0 million (9.3 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or a governing body or official to whom the Legislature has delegated the authority: $66.5 million (2.3 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund: $389.5 million (13.2 percent)

The General Fund is the chief operating fund of the State. During the fiscal year fund balance increased 28.7 percent ($197.0 million) primarily due to increases in individual and corporate income tax of $142.7 million and increased sales tax revenue of $103.9 million. In addition, investment income increased by $20.2 million from the prior year due to increases in the fair market value of investments. These increases were offset by increased education expenditures of $44.1 million. Transfers in of cash from other funds increased primarily due to a $37.6 million reversion from the Health and Welfare fund as a result of decreased medical assistance services.

The Health and Welfare fund balance decreased by $41.5 million during the fiscal year primarily due to a decrease in other taxes of $23.3 million, a $37.6 million reversion transferred to the General Fund as a result of decreased medical assistance services, and an increase of $216.5 million in medical assistance payments, mainly related to Medicaid and rehabilitation services. This increase in payments was offset by an increase in federal grant revenue of $156.3 million.

The Transportation fund balance decreased 9.7 percent ($22.9 million) during the fiscal year primarily as a result of an increase in economic development expenditures of $23.6 million and a decrease in federal grants from federal stimulus dollars for highway improvements of $37.1 million.

The Land Endowments fund balance increased by $180.1 million from the prior year. Income revenue from investments increased 7 percent ($2.0 million), which is attributable to higher dividend rates, partly offset by lower interest rates. The fair market value of investments increased from the previous year by $167.6 million due to a rise in stock prices.

The Nonmajor Governmental fund balance decreased by $15.4 million during the fiscal year, mainly due to a decrease in federal stimulus funding of $70.3 million and reductions in bonds and notes issued and payments to refunded bond escrow from the prior year by $84.9 million and $76.6 million, respectively. Sale of goods and services revenue increased $23.8 million, primarily due to an increase in rent payments. During the year education expenditures decreased by $45.9 million mainly due to a decrease in federal grants.

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 State does not adopt a revenue budget; therefore, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. General Fund receipts for the fiscal year were $92.3 million more than forecasted. The difference between forecasted and actual revenues collected was due primarily to higher than predicted collections of individual income tax revenue of $40.9 million (3.3 percent), sales tax revenue of $27.3 million (2.5 percent), corporate income tax revenue of $14.9 million (8.1 percent) and miscellaneous revenue of $8.1 million (8.2 percent). The cash balance carried over into fiscal year 2014 was $60.0 million. Overall, General Fund receipts were $210.5 million more in fiscal year 2013 than in fiscal year 2012.

The original expenditures budget amount on the Budgetary Comparison Schedule represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks,

Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable $137.2 million (4.6 percent). The natural resources function within the General Fund reported a negative variance of $9.2 million stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013 the State had $7.4 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled $154.5 million.

Capital Assets as of June 30, 2013 and 2012
(Net of depreciation, dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012*	2013	2012*	2013	2012*
Land and Land Use Rights	$1,057,069	$1,043,424	$123,581	$105,640	$1,180,650	$1,149,064
Capital Assets in Progress	943,204	842,363	39,150	82,512	982,354	924,875
Infrastructure--not Depreciated	2,553,564	2,480,733	2,322	2,274	2,555,886	2,483,007
Historial Art and Collections	122	122			122	122
Buildings and Improvements	589,531	609,683	901,413	834,250	1,490,944	1,443,933
Improvements Other Than Buildings	66,610	64,314	31,122	32,062	97,732	96,376
Machinery, Equipment, and Other	257,527	253,693	103,218	100,261	360,745	353,954
Infrastructure--Depreciated	691,756	703,313			691,756	703,313
Total	**$6,159,383**	**$5,997,645**	**$1,200,806**	**$1,156,999**	**$7,360,189**	**$7,154,644**

*These columns have been restated. More detailed information can be found in Note 6.

This year's major capital asset additions include $260.1 million spent for infrastructure assets, which includes capital assets in progress ($167.9 million), roadways ($79.8 million), rights-of-way ($11.8 million), and bridges ($0.6 million); and $24.8 million spent for health and welfare software development and implementation.

The State uses the traditional method of depreciation for its 1,824 bridges and 41 rest areas or ports of entry. The State 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 12,222 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using three pavement condition data elements: international roughness index, rutting depth, and pavement distress (cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition assessment rating showed that the State had 14 percent of its road surfaces in poor or very poor condition, a slight increase from the 13 percent condition assessment in calendar year 2011. During fiscal year 2013 the State spent $125.8 million to maintain Idaho's road surfaces. This amount is 20.3 percent ($21.2 million) more than the estimated amount of $104.6 million to maintain Idaho's road surfaces. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

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

Idaho Code Title 40 addresses the increasing need for timely improvements to Idaho's highway infrastructure.

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

New debt resulted mainly from the Idaho Transportation Department issuing $52.3 million in notes payable for highway projects. Revenue bonds were issued to refund outstanding bonds by the Idaho State Building Authority ($20.0 million), Boise State University ($26.0 million), Idaho State University ($31.3 million), and the University of Idaho ($15.1 million).

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

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Idaho's unemployment rate rose another two-tenths to 6.8 percent in August 2013, the fourth monthly increase and the third two-tenths increase in a row. At the same time total employment decreased as employers expanded payrolls covered by unemployment insurance. The national unemployment rate in August was 7.3 percent. Idaho's rate has remained below the national rate for nearly 12 years. Total state employment in August was below 721,000.

The Idaho Legislature faced continued economic growth, a welcomed trend since the recession years. Idaho's economic forecast called for modest growth in revenues for the third straight year. Although viewed cautiously by the Legislature, an optimistic economic outlook set the stage for a budget process that was able to keep intact all of the State's current year spending obligations with a few enhancements in services. This maintenance level budget covered the major inflationary factors for fiscal year 2014, including Medicaid costs and caseload, indigent health care, and educational enrollment growth.

The overall General Fund budget for fiscal year 2014 is $2.8 billion (2.9 percent increase). Public schools received a General Fund appropriation of $1.3 billion (2.2 percent increase); colleges and universities received $236.5 million (3.8 percent increase); Medicaid received $477.5 million (0.7 percent increase); and corrections received $180.8 million (7.1 percent increase). Legislation was passed to reduce personal property taxes and shift the responsibility to the General Fund, to keep counties and local taxing districts whole with an annual cost of $20.0 million. The State's cash reserves were increased by $111.3 million during fiscal year 2013.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



Beauty in the Breakdown Near Winchester, Idaho Photo Courtesy of Chris Cable

Statement of Net Position
June 30, 2013
(dollars in thousands)

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
ASSETS			
Cash and Cash Equivalents	$8,150	$449,430	$457,580
Pooled Cash and Investments	1,173,938	140,089	1,314,027
Investments	1,660,699	269,978	1,930,677
Securities Lending Collateral	489,942		489,942
Accounts Receivable, Net	67,614	176,590	244,204
Taxes Receivable, Net	355,235		355,235
Internal Balances	15,351	(15,351)	
Due from Other Entities	240,709	445	241,154
Inventories and Prepaid Items	52,888	26,518	79,406
Due from Primary Government			
Due from Component Unit		2,291	2,291
Loans, Notes, and Pledges Receivable, Net	6,448	298,554	305,002
Other Assets	13,322	12,558	25,880
Restricted Assets:			
Cash and Cash Equivalents	156,952	111,663	268,615
Investments	195,388	118,793	314,181
Capital Assets:			
Nondepreciable	4,553,959	165,053	4,719,012
Depreciable, Net	1,605,424	1,035,753	2,641,177
Total Assets	10,596,019	2,792,364	13,388,383
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	6,824		6,824
Total Assets and Deferred Outflows of Resources	$10,602,843	$2,792,364	$13,395,207
LIABILITIES			
Accounts Payable	$402,022	$27,015	$429,037
Payroll and Related Liabilities	42,961	53,702	96,663
Medicaid Payable	94,551		94,551
Due to Other Entities	75,269	7,340	82,609
Unearned Revenue	56,873	48,329	105,202
Amounts Held in Trust for Others	29,878	3,182	33,060
Due to Primary Government			
Due to Component Unit		568	568
Obligations Under Securities Lending	489,942		489,942
Other Accrued Liabilities	44,659	15,818	60,477
Long-Term Liabilities:			
Due Within One Year	178,934	88,819	267,753
Due in More Than One Year	810,329	564,776	1,375,105
Total Liabilities	2,225,418	809,549	3,034,967
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	6,824		6,824
NET POSITION			
Net Investment in Capital Assets	5,378,941	737,208	6,116,149
Restricted for:			
Claims and Judgments	25,677		25,677
Debt Service	15,714	553	16,267
Intergovernmental Revenue Sharing	10,941		10,941
Transportation	210,098		210,098
Regulatory	61,920		61,920
Natural Resources and Recreation	125,169	460,339	585,508
Unemployment Compensation		415,325	415,325
Permanent Trust - Expendable	245,243	48,989	294,232
Permanent Trust - Nonexpendable	1,395,767		1,395,767
Other Purposes	184,178	57,533	241,711
Unrestricted	716,953	262,868	979,821
Total Net Position	8,370,601	1,982,815	10,353,416
Total Liabilities, Deferred Inflows of Resources, and Net Position	$10,602,843	$2,792,364	$13,395,207

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

Component Units
$81,917
1,034
548,064
19,472
839
1,110
731,102
1,280,728
10,731
104,116
224,057
6,369
35,573
3,045,112
87,705
$3,132,817
$2,662
554
15,670
35,223
2,291
207,043
184,017
2,004,428
2,451,888
4,987
18,733
135,879
114,352
307,387
1,536
98,055
675,942
$3,132,817

Statement of Activities
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	$470,836	$104,973	$78,836	
Public Safety and Correction	353,585	40,801	15,509	$67
Health and Human Services	2,532,626	72,574	1,787,867	
Education	1,707,233	13,707	257,254	436
Economic Development	811,193	252,221	411,842	2,394
Natural Resources	245,452	151,126	277,500	7,595
Interest Expense	49,961			
Total Governmental Activities	6,170,886	635,402	2,828,808	10,492
Business-Type Activities				
College and University	986,269	445,649	294,294	38,364
Unemployment Compensation	252,666	314,630	73,921	
Loan	8,487	11,072	15,360	
State Lottery	150,599	198,169		
State Liquor	135,565	161,620		
Correctional Industries	7,677	7,953		
Total Business-Type Activities	1,541,263	1,139,093	383,575	38,364
Total Primary Government	$7,712,149	$1,774,495	$3,212,383	$48,856
Component Units				
Idaho Housing and Finance Association	$187,427	$148,663	$49,115	$435
College and University Foundation	68,961	1,187	75,462	
Petroleum Clean Water Trust	1,896	2,785		
Health Reinsurance	13,669	8,326	839	
Bond Bank Authority	14,052	13,193		
Total Component Units	$286,005	$174,154	$125,416	$435

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
Special Item
Transfers
Total General Revenues, Contributions, Special Item, and Transfers
Change in Net Position
Net Position - Beginning of Year, as Restated
Net Postion - End of Year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
($287,027)		($287,027)	
(297,208)		(297,208)	
(672,185)		(672,185)	
(1,435,836)		(1,435,836)	
(144,736)		(144,736)	
190,769		190,769	
(49,961)		(49,961)	
(2,696,184)		(2,696,184)	
	($207,962)	(207,962)	
	135,885	135,885	
	17,945	17,945	
	47,570	47,570	
	26,055	26,055	
	276	276	
	19,769	19,769	
(2,696,184)	19,769	(2,676,415)	
			$10,786
			7,688
			889
			(4,504)
			(859)
			14,000
1,315,002		1,315,002	
1,533,850		1,533,850	
237,647		237,647	
220,507		220,507	
24,912		24,912	
19,142		19,142	
			4,504
			862
	(80,990)	(80,990)	80,990
(195,507)	195,507		
3,155,553	114,517	3,270,070	86,356
459,369	134,286	593,655	100,356
7,911,232	1,848,529	9,759,761	575,586
$8,370,601	$1,982,815	$10,353,416	$675,942

Balance Sheet
Governmental Funds
June 30, 2013
(dollars in thousands)

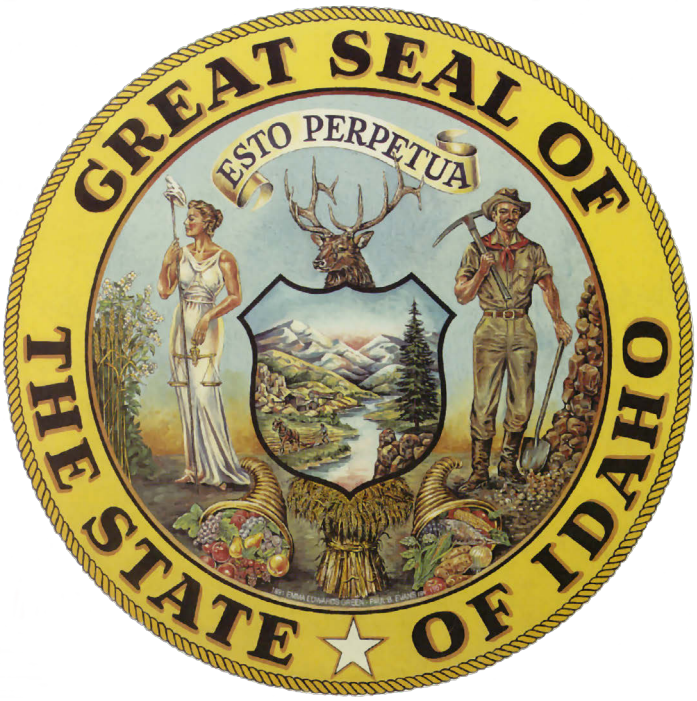
	General	Health and Welfare	Transportation	Land Endowments
ASSETS				
Cash and Cash Equivalents	$1,243		$7	
Pooled Cash and Investments	784,513	$26,435	99,023	$753
Investments	15,986		91,436	1,461,932
Securities Lending Collateral	489,942			
Accounts Receivable, Net	21,463	13,684	2,432	14,266
Taxes Receivable, Net	336,979	127	14,046	
Interfund Receivables	10,788	10		
Due from Other Entities		149,246	27,720	
Inventories and Prepaid Items	9,242	4,373	19,435	4,944
Loans, Notes, and Pledges Receivable, Net	1,264		408	
Other Assets	94	17	381	4,214
Restricted Assets:				
Cash and Cash Equivalents	4,223	8,149	35,875	
Investments	174,269	3,923		
Total Assets	$1,850,006	$205,964	$290,763	$1,486,109
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$266,199	$37,547	$24,201	$24,838
Payroll and Related Liabilities	14,536	8,739	5,462	
Medicaid Payable		94,551		
Interfund Payables	1,883	1,375	345	
Due to Other Entities	47,876		27,393	
Deferred Revenue	122,958	54,351	14,461	
Amounts Held in Trust for Others	21,526	5,599	136	
Obligations Under Securities Lending	489,942			
Other Accrued Liabilities	1,422	3,743	6,244	
Total Liabilities	966,342	205,905	78,242	24,838
Fund Balances				
Nonspendable:				
Permanent Trusts				1,211,084
Inventories and Prepaid Items	9,242	4,373	19,435	4,944
Noncurrent Receivables	50			
Restricted	219,271	1,995	190,732	245,243
Committed	195,479	52	2,354	
Assigned	63,806			
Unassigned	395,816	(6,361)		
Total Fund Balances	883,664	59	212,521	1,461,271
Total Liabilities and Fund Balances	$1,850,006	$205,964	$290,763	$1,486,109

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

Nonmajor Governmental	Total
$6,900	$8,150
225,407	1,136,131
60,822	1,630,176
	489,942
15,714	67,559
4,083	355,235
717	11,515
63,743	240,709
12,777	50,771
4,681	6,353
869	5,575
83,028	131,275
17,196	195,388
$495,937	$4,328,779

$48,744	$401,529
13,555	42,292
	94,551
1,762	5,365
	75,269
41,715	233,485
2,617	29,878
	489,942
2,539	13,948
110,932	1,386,259

2,866	1,213,950
12,777	50,771
18	68
291,556	948,797
75,099	272,984
2,689	66,495
	389,455
385,005	2,942,520
$495,937	$4,328,779


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2013
(dollars in thousands)

Total Fund Balances - Governmental Funds		$2,942,520
Amounts reported for governmental activities in the Statement of Net Position 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 and Land Use Rights	$1,057,069	
Capital Assets in Progress	943,109	
Infrastructure	3,464,222	
Historical Art and Collections	72	
Buildings and Improvements	910,755	
Improvements Other Than Buildings	103,750	
Machinery, Equipment, and Other	555,353	
Accumulated Depreciation	(891,003)	
Total Capital Assets		6,143,327
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		8,987
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.		189,238
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 Position.		77,294
Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Position.		7,122
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:		
Compensated Absences Payable	(55,671)	
Bonds, Notes, and Capital Leases Payable	(777,015)	
Accrued Interest on Bonds	(30,551)	
Claims and Judgments	(96,324)	
Other Long-Term Liabilities	(38,326)	
Total Long-Term Liabilities		(997,887)
Net Position - Governmental Activities		$8,370,601

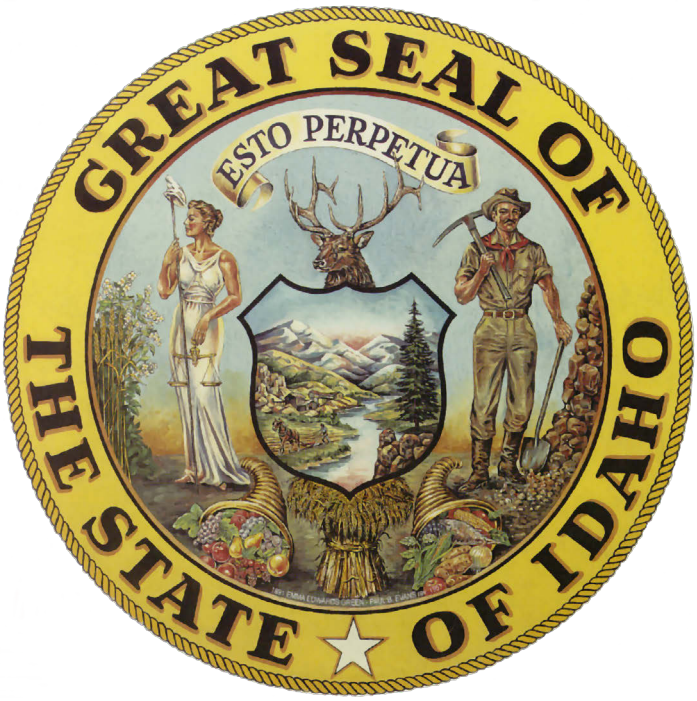
The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	General	Health and Welfare	Transportation	Land Endowments
REVENUES				
Sales Tax	$1,313,583			
Individual and Corporate Taxes	1,531,975			
Other Taxes	62,276	$39,546	$227,032	
Licenses, Permits, and Fees	19,448	22,549	130,212	
Sale of Goods and Services	28,056	68,562	6,995	$77,319
Grants and Contributions	23,872	1,855,072	312,325	
Investment Income	34,358	785	(285)	182,554
Tobacco Settlement	24,912			
Other Income	50,293	50	3,326	
Total Revenues	3,088,773	1,986,564	679,605	259,873
EXPENDITURES				
Current:				
General Government	130,422			
Public Safety and Correction	258,387	3,711		
Health and Human Services	37,044	2,509,031		
Education	1,447,955			
Economic Development	37,898		189,933	
Natural Resources	34,401			32,137
Capital Outlay	38,098	44,166	326,049	205
Intergovernmental Revenue Sharing	221,142	42,277	134,395	
Debt Service:				
Principal Retirement	1,029		21,975	
Interest and Other Charges	11,844	6	28,206	
Total Expenditures	2,218,220	2,599,191	700,558	32,342
Revenues Over (Under) Expenditures	870,553	(612,627)	(20,953)	227,531
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Capital Lease Acquisitions	178			
Sale of Capital Assets	305	67	13,876	117
Transfers In	209,169	610,602		
Transfers Out	(883,204)	(39,582)	(15,825)	(47,509)
Total Other Financing Sources (Uses)	(673,552)	571,087	(1,949)	(47,392)
Net Changes in Fund Balances	197,001	(41,540)	(22,902)	180,139
Fund Balances - Beginning of Year, as Restated	686,663	41,599	235,423	1,281,132
Fund Balances - End of Year	$883,664	$59	$212,521	$1,461,271

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

Nonmajor Governmental	Total
$4,800	$1,318,383
	1,531,975
129,437	458,291
145,645	317,854
56,336	237,268
504,102	2,695,371
(55)	217,357
	24,912
15,516	69,185
855,781	6,870,596
51,916	182,338
62,619	324,717
	2,546,075
237,297	1,685,252
204,703	432,534
148,582	215,120
88,569	497,087
73,455	471,269
26,675	49,679
9,044	49,100
902,860	6,453,171
(47,079)	417,425
61,347	61,347
10,945	10,945
1,304	1,304
(11,441)	(11,441)
	178
1,049	15,414
38,814	858,585
(70,307)	(1,056,427)
31,711	(120,095)
(15,368)	297,330
400,373	2,645,190
$385,005	$2,942,520


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2013

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds		$297,330
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	$282,282	
Depreciation Expense	(87,861)	
		194,421
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.		(32,600)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(73,489)
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 Position. In the current year the following debt was incurred:		
Bonds and Notes	(72,292)	
Premium on Bonds Issued	(1,304)	
Capital Leases	(178)	
		(73,774)
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 Position. In the current year these amounts consisted of:		
Bond and Note Principal	48,222	
Refunding Bond Payment	11,441	
Capital Leases	1,457	
		61,120
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 Position. In the current year these amounts consisted of:		
Accrued Interest and Amortization	(1,101)	
Compensated Absences	6,267	
Claims and Judgments	81,849	
Other Long-Term Liabilities	(379)	
		86,636
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.		(275)
Change in Net Position - Governmental Activities		$459,369

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

Statement of Net Position
Proprietary Funds
June 30, 2013
(dollars in thousands)

	Business-Type Activities--Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	$96,260	$349,666	$773	$2,731
Pooled Cash and Investments	95,177	6,469	19,539	18,904
Investments	74,481			
Accounts Receivable, Net	70,332	103,411	801	2,046
Interfund Receivables	3,844			61
Due from Other Entities			445	
Inventories and Prepaid Items	12,839			13,679
Due from Component Unit	2,291			
Loans, Notes, and Pledges Receivable, Net	3,996		9,825	
Other Current Assets	1,545		4,348	143
Total Current Assets	360,765	459,546	35,731	37,564
Noncurrent Assets				
Restricted Cash and Cash Equivalents	4,864		58,383	48,416
Investments	88,351	107,146		
Restricted Investments	602		118,191	
Loans, Notes, and Pledges Receivable, Net	20,295		264,438	
Other Noncurrent Assets	6,512			10
Capital Assets, Net	1,154,229		32,737	13,840
Total Noncurrent Assets	1,274,853	107,146	473,749	62,266
Total Assets	$1,635,618	$566,692	$509,480	$99,830
LIABILITIES				
Current Liabilities				
Accounts Payable	$16,108			$10,907
Payroll and Related Liabilities	52,933			769
Interfund Payables	4,892			5,869
Due to Other Entities				7,340
Unearned Revenue	31,538	$1,118	$15,673	
Amounts Held in Trust for Others	3,182			
Due to Component Unit	568			
Other Accrued Liabilities	7,017	6,104	179	2,518
Compensated Absences Payable	21,539			700
Bonds, Notes, and Capital Leases Payable	19,985	46,130	425	40
Policy Claim Liabilities				
Total Current Liabilities	157,762	53,352	16,277	28,143
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	446,032	98,015	2,515	67
Policy Claim Liabilities				
Other Long-Term Obligations	17,793			354
Total Noncurrent Liabilities	463,825	98,015	2,515	421
Total Liabilities	621,587	151,367	18,792	28,564
NET POSITION				
Net Investment in Capital Assets	693,679		29,796	13,733
Restricted for:				
Claims and Judgments				
Debt Service			553	
Unemployment Compensation		415,325		
Permanent Trust - Expendable	48,989			
Other Purposes			460,339	57,533
Unrestricted	271,363			
Total Net Position	1,014,031	415,325	490,688	71,266
Total Liabilities and Net Position	$1,635,618	$566,692	$509,480	$99,830

The amount reported for total net position on this statement differs from the amount reported for Business-Type Activities on the government-wide Statement of Net Position because of a $8,495 consolidation adjustment for internal service fund activities on the government-wide statement.

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

Total	Governmental Activities Internal Service Funds
$449,430	
140,089	$37,807
74,481	
176,590	55
3,905	711
445	
26,518	2,117
2,291	
13,821	
6,036	127
893,606	40,817
111,663	25,677
195,497	30,523
118,793	
284,733	95
6,522	6
1,200,806	16,056
1,918,014	72,357
$2,811,620	$113,174
$27,015	$471
53,702	669
10,761	5
7,340	
48,329	12,648
3,182	
568	
15,818	160
22,239	799
66,580	187
	9,406
255,534	24,345
546,629	2,708
	8,557
18,147	270
564,776	11,535
820,310	35,880
737,208	13,160
	25,677
553	
415,325	
48,989	
517,872	35,444
271,363	3,013
1,991,310	77,294
$2,811,620	$113,174

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Business-Type Activities--Enterprise Funds			
	College and University	**Unemployment Compensation**	**Loan**	**Nonmajor Enterprise Funds**
OPERATING REVENUES				
Assessments		$310,232		
Licenses, Permits, and Fees	$374,542		$2,724	
Scholarship Allowances	(75,522)			
Sale of Goods and Services	132,458		1,937	$367,256
Grants and Contributions	154,356	73,921	15,360	
Other Income	9,267			410
Total Operating Revenues	595,101	384,153	20,021	367,666
OPERATING EXPENSES				
Personnel Costs	585,329			15,186
Services and Supplies	232,884	26	1,375	118,044
Benefits, Awards, and Premiums	67,509	247,268		122,888
Depreciation	62,842		207	1,632
Other Expenses	15,851		1	5,826
Total Operating Expenses	964,415	247,294	1,583	263,576
Operating Income (Loss)	(369,314)	136,859	18,438	104,090
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	139,938			
Investment Income	5,664	4,398	6,411	76
Interest Expense	(18,785)	(5,372)	(193)	(7)
Intergovernmental Distributions			(6,711)	(30,240)
Gain (Loss) on Sale of Capital Assets	(821)			(11)
Other Nonoperating Revenues (Expenses)	(760)			(7)
Total Nonoperating Revenues (Expenses)	125,236	(974)	(493)	(30,189)
Income (Loss) Before Contributions, Transfers, and Special Item	(244,078)	135,885	17,945	73,901
Capital Contributions	38,364			
Transfers In	270,116		3,198	
Transfers Out	(572)	(7,262)	(1,454)	(68,519)
Special Item - See Note 4	(80,990)			
Change in Net Position	(17,160)	128,623	19,689	5,382
Total Net Position - Beginning of Year, as Restated	1,031,191	286,702	470,999	65,884
Total Net Position - End of Year	$1,014,031	$415,325	$490,688	$71,266

The $2,248 difference between the $136,534 reported as Change in Net Position on this statement and the $134,286 Change in Net Position reported as Business-Type Activity on the government-wide Statement of Activities is due to a consolidation adjustment for internal service fund activities on the government-wide statement.

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

Total	Governmental Activities Internal Service Funds
$310,232	
377,266	$4
(75,522)	
501,651	245,381
243,637	58
9,677	221
1,366,941	245,664
600,515	13,036
352,329	20,702
437,665	220,909
64,681	1,964
21,678	1,424
1,476,868	258,035
(109,927)	(12,371)
139,938	
16,549	263
(24,357)	(171)
(36,951)	
(832)	1
(767)	(27)
93,580	66
(16,347)	(12,305)
38,364	5
273,314	2,760
(77,807)	(425)
(80,990)	
136,534	(9,965)
1,854,776	87,259
$1,991,310	$77,294

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Business-Type	
	College and University	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		$325,747
Receipts from Customers	$421,597	
Receipts for Interfund Services		
Receipts from Grants and Contributions	156,214	75,039
Payments to Suppliers	(241,258)	(26)
Payments to Employees	(571,756)	
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(63,920)	(230,365)
Other Receipts (Payments)	(1,708)	
Net Cash Provided (Used) by Operating Activities	(300,831)	170,395
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	141,051	
Intergovernmental Distributions		
Transfers In	269,544	
Transfers Out		(7,262)
Proceeds from Bonds, Notes, and Loans	211,430	
Repayment of Bonds, Notes, and Loans	(210,157)	(43,425)
Interest Payments		(6,709)
Net Cash Provided (Used) by Noncapital Financing Activities	411,868	(57,396)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	10,040	
Proceeds from Bonds and Notes	41,371	
Principal Payments	(46,984)	
Interest Payments	(20,568)	
Proceeds from Disposition of Capital Assets	2	
Acquisition and Construction of Capital Assets	(84,607)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(100,746)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	2,259	7,764
Purchase of Investments	(381,808)	
Redemption of Investments	389,897	6,375
Other Investing Activities		
Net Cash Provided (Used) by Investing Activities	10,348	14,139
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	20,639	127,138
Beginning Cash, Cash Equivalents, and Pooled Cash	175,662	228,997
Ending Cash, Cash Equivalents, and Pooled Cash	$196,301	$356,135
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	($369,314)	$136,859
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	62,842	
Maintenance Costs Paid by Department of Public Works	3,113	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(7,660)	33,494
Inventories and Prepaid Items	(2,262)	
Notes Receivable	498	
Other Assets	359	
Accounts Payable/Interfund Payables	(1,234)	
Unearned Revenue		1,118
Compensated Absences	328	
Policy Claim Liabilities		
Other Accrued Liabilities	12,499	(1,076)
Net Cash Provided (Used) by Operating Activities	($300,831)	$170,395

Noncash Transactions (dollars in thousands):

Investments increased in fair value by $3,218 for colleges and universities and decreased by $3,366 for Unemployment Compensation, $942 for the Loan Fund, and $1,063 for internal service funds. Colleges and universities transferred $80,990 of assets to the colleges' and universities' foundations. Colleges and universities acquired assets of $25,221 through donations, $1,993 through state transfers, and disposed of capital assets at a gain of $2,741. The Loan Fund had loan forgiveness in the amount of $6,712. Nonmajor enterprise funds recorded an interfund payable of $1,044 due on July 1, 2013, disposed of capital assets at a loss of $18, eliminated capital assets of $3,196 in prior periods, and beginning cash decreased by $138 due to a prior period adjustment. Internal service funds removed capital leases of $174 and disposed of capital assets of $145 in prior periods.

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

Activities--Enterprise Funds			Governmental Activities
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
		$325,747	
$3,303	$364,119	789,019	$14,371
	3,771	3,771	230,333
15,055		246,308	58
(1,357)	(120,926)	(363,567)	(19,117)
	(15,233)	(586,989)	(13,059)
(18)	(656)	(674)	(2,664)
	(120,843)	(415,128)	(218,384)
		(1,708)	
16,983	110,232	(3,221)	(8,462)
		141,051	
(6,711)	(29,945)	(36,656)	
3,198		272,742	2,760
(1,454)	(67,475)	(76,191)	(425)
		211,430	
		(253,582)	
		(6,709)	2
(4,967)	(97,420)	252,085	2,337
		10,040	5
		41,371	
(400)	(38)	(47,422)	(284)
(198)	(7)	(20,773)	(168)
	7	9	1
(1)	(2,406)	(87,014)	(1,343)
(599)	(2,444)	(103,789)	(1,789)
5,488	77	15,588	1,362
(81,458)		(463,266)	(618)
91,171		487,443	4,644
2,546		2,546	(9)
17,747	77	42,311	5,379
29,164	10,445	187,386	(2,535)
49,531	59,606	513,796	66,019
$78,695	$70,051	$701,182	$63,484
$18,438	$104,090	($109,927)	($12,371)
207	1,632	64,681	1,964
		3,113	
(636)	3,529	28,727	(116)
	728	(1,534)	329
		498	
(324)	(13)	22	2
	464	(770)	17
(703)		415	(788)
	(46)	282	(38)
			2,513
1	(152)	11,272	26
$16,983	$110,232	($3,221)	($8,462)

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	$1,588		$335	$21,252
Pooled Cash and Investments	2,680			22,151
Investments:				
Pooled Short Term	423,931	$411,488	10,689	
Fixed Income Investments	2,901,888	1,062,606		279,390
Marketable Securities	7,769,941			
Mutual Funds and Private Equities	1,660,830		244,676	
Mortgages and Real Estate	947,868	77,557		
Other Investments	3,222		6,612	
Receivables:				
Investments Sold	183,343			
Contributions	5,105			
Interest and Dividends	37,373	3,171	19	
Interfund Receivables	1,675			
Other Receivables	171			
Other Assets	54,226			
Capital Assets, Net	4,748			
Total Assets	13,998,589	1,554,822	262,331	$322,793
LIABILITIES				
Accounts Payable	697	38	190	
Interfund Payables	1,675			
Due to Other Entities				$662
Amounts Held in Trust for Others				322,131
Investments Purchased	380,950		56	
Other Accrued Liabilities	10,132	438		
Total Liabilities	393,454	476	246	$322,793
NET POSITION				
Held in Trust for:				
Employee Pension Benefits	13,279,355			
Postemployment Healthcare Benefits	325,780			
External Investment Pool Participants		1,554,346		
Trust Beneficiaries			262,085	
Total Net Position	$13,605,135	$1,554,346	$262,085	

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	$232,453		
Employer	328,745		
Transfers In from Other Plans	17,634		
Participant Deposits		$3,174,700	$37,979
Total Contributions	578,832	3,174,700	37,979
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	845,541	(19,218)	11,243
Interest, Dividends, and Other	315,041	22,308	6,286
Securities Lending Income		629	
Less Investment Expense:			
Investment Activity Expense	(43,772)	(715)	
Securities Lending Interest Expense		(502)	
Net Investment Income	1,116,810	2,502	17,529
Miscellaneous Income	2,153		
Total Additions	1,697,795	3,177,202	55,508
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	739,730		
Transfers Out to Other Plans	17,001		
Administrative Expense	6,501		1,615
Earnings Distribution		5,744	
Participant Withdrawals	13,031	3,095,258	22,716
Total Deductions	776,263	3,101,002	24,331
Change in Net Position Held in Trust for:			
Employee Pension Benefits	879,270		
Employee Postemployment Healthcare Benefits	42,262		
External Investment Pool Participants		76,200	
Trust Beneficiaries			31,177
Net Position - Beginning of Year	12,683,603	1,478,146	230,908
Net Position - End of Year	$13,605,135	$1,554,346	$262,085

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

Statement of Net Position
Component Units
June 30, 2013
(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	$59,995	$17,788	$857	$3,277
Pooled Cash and Investments			807	
Investments	322,110	180,221	32,704	13,029
Accounts Receivable, Net	18,604	298	355	200
Due from Other Entities				839
Inventories and Prepaid Items	983	31		96
Due from Primary Government	729,082	2,020		
Loans, Notes, and Pledges Receivable, Net	893,768	21,134		
Other Assets	2,513	3,617	182	24
Restricted Assets:				
Cash and Cash Equivalents	86,293	17,823		
Investments		224,057		
Capital Assets:				
Nondepreciable	6,369			
Depreciable, Net	35,573			
Total Assets	2,155,290	466,989	34,905	17,465
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	87,705			
Total Assets and Deferred Outflows of Resources	$2,242,995	$466,989	$34,905	$17,465
LIABILITIES				
Accounts Payable	$666	$1,980		$16
Payroll and Related Liabilities	554			
Unearned Revenue		1,705		13,965
Amounts Held in Trust for Others	17,993	17,230		
Due to Primary Government		2,291		
Other Accrued Liabilities	202,507	24	$117	
Long-Term Liabilities:				
Due Within One Year	160,453	440	4,915	3,484
Due in More Than One Year	1,639,246	9,255		
Total Liabilities	2,021,419	32,925	5,032	17,465
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	4,987			
NET POSITION				
Net Investment in Capital Assets	18,733			
Restricted for:				
Debt Service	135,879			
Permanent Trust - Expendable		114,352		
Permanent Trust - Nonexpendable		307,387		
Other Purposes	1,536			
Unrestricted	60,441	12,325	29,873	
Total Net Position	216,589	434,064	29,873	
Total Liabilities, Deferred Inflows of Resources, and Net Position	$2,242,995	$466,989	$34,905	$17,465

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

Bond Bank Authority	Total
	$81,917
$227	1,034
	548,064
15	19,472
	839
	1,110
	731,102
365,826	1,280,728
4,395	10,731
	104,116
	224,057
	6,369
	35,573
370,463	3,045,112
	87,705
$370,463	$3,132,817
	$2,662
	554
	15,670
	35,223
	2,291
$4,395	207,043
14,725	184,017
355,927	2,004,428
375,047	2,451,888
	4,987
	18,733
	135,879
	114,352
	307,387
	1,536
(4,584)	98,055
(4,584)	675,942
$370,463	$3,132,817

Statement of Revenues, Expenses, and Changes in Fund Net Position
Component Units
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	$10,286	$2,630		
Services and Supplies	10,597	6,648	$1,066	$381
Benefits, Awards, and Premiums	47,486	59,136	830	13,288
Interest Expense	115,824	254		
Depreciation	3,079			
Other Expenses	155	293		
Total Expenses	187,427	68,961	1,896	13,669
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	16,766		2,219	
Sale of Goods and Services	4,574	110		8,191
Investment Income	108,928		566	135
Other Income	18,395	1,077		
Operating Grants and Contributions	49,115	75,462		839
Total Program Revenues	197,778	76,649	2,785	9,165
Net Revenues (Expenses)	10,351	7,688	889	(4,504)
GENERAL REVENUES				
Payments from State of Idaho				4,504
Total General Revenues				4,504
Capital Contributions	435			
Permanent Endowment Contributions		862		
Special Item		80,990		
Change in Net Position	10,786	89,540	889	
Net Position - Beginning of Year, as Restated	205,803	344,524	28,984	
Net Position - End of Year	$216,589	$434,064	$29,873	

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

Bond Bank Authority	Total
	$12,916
$1,371	20,063
	120,740
12,656	128,734
	3,079
25	473
14,052	286,005
126	19,111
	12,875
13,045	122,674
22	19,494
	125,416
13,193	299,570
(859)	13,565
	4,504
	4,504
	435
	862
	80,990
(859)	100,356
(3,725)	575,586
($4,584)	$675,942

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During fiscal year 2013, the State implemented the following GASB Statements:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

During fiscal year 2013, the Idaho State Building Authority, Idaho State University, and the Idaho Bond Bank Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

The financial statements are presented for the fiscal year ended June 30, 2013, except for the Idaho State Bar and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees' Deferred Compensation Plan (pension trust fund); whose statements are for the fiscal year ended December 31, 2012. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2012.

A. Reporting Entity

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

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

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

Blended Component Unit

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

The *Idaho State Building Authority* was created by Idaho Code Section 67-6403 to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Idaho State Building Authority is blended as a nonmajor special revenue fund. The Authority's financial statements may be obtained from the following address: Idaho State Building Authority, 755 West Front Street, Suite 200, Boise, ID 83702.

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. Information regarding the State's discretely presented component units and links to their financial reports follow:

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, THC, which was established to support the function and activities of the Association. The Association was created by Idaho Code Section 67-6202 for the purpose of building and rehabilitating residential housing for persons of low income. The Association is authorized to enter into agreements that include issuing bonds for the Idaho Transportation Department to facilitate transportation projects and for the Department of Labor to cover the shortfall in the Unemployment Compensation fund, thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members. (http://www.idahohousing .com/ihfa/bond-investor-information/publications.aspx)

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

Boise State University Foundation, Inc.
http://boisestatefoundation.org/financial/audited-reports/

Eastern Idaho Technical College Foundation, Inc.
1600 South 2500 East
Idaho Falls, ID 83404-5788

Idaho State University Foundation, Inc.
http://www.isu.edu/foundation/

Lewis-Clark State College Foundation, Inc.
http://www.lcsc.edu/controllersoffice/afs

University of Idaho Foundation, Inc.
http://uidahofoundation.org/uidahofoundation/financialhighlights

The *Idaho Petroleum Clean Water Trust Fund* was created by Idaho Code Section 41-4905 to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Governor appoints the members of the board and the State approves, and may modify, the Fund's plan of operation. The Legislature sets the fees charged for enrollment in the Fund and imposes a transfer fee on petroleum products. Thus the State has the ability to impose its will on the Fund. Financial statements may be obtained from the following address: Idaho Petroleum Clean Water Trust Fund, P.O. Box 83720, Boise, ID 83720-0044.

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool created by Idaho Code Section 41-5502 and the Idaho Small Employer Health Reinsurance Program created by Idaho Code Section 41-4711. The Pool and the Program are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guaranteed issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue creating a financial burden for the State. Financial statements may be obtained from the following address: Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, 3449 East Copper Point Drive, Meridian, ID 83642.

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, better 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. (http://www.sto.idaho.gov/Services/IBBA/)

Related Organizations

The *State Insurance Fund*, created by Idaho Code Section 72-901, and the *Idaho Health Facilities Authority*, created by Idaho Code Section 39-1444, are related organizations for which the State is not financially accountable although the State appoints a voting majority of the organizations' boards. The financial reports of these organizations are excluded from the State's financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Position* 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 Position* presents the State's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with assets plus deferred outflows of resources minus liabilities and deferred inflows of resources reported as net position.

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

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

Fund Statements

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

Permanent funds account for resources that are restricted to the extent that only earnings, and not

principal, may be used for purposes that support certain state programs.

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

The *private-purpose trust fund* accounts for resources held in trust by the Idaho College Savings Program; the principal and interest benefit individuals. Complete financial statements may be obtained by writing to Idaho College Savings Program, Upromise Investments Service Center, P.O. Box 219944, Kansas City, MO 64121.

The *Agency fund* accounts 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.

Classification of Revenues and Expenses of Proprietary Funds

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

Reconciling Government-Wide Statements to the Fund Statements

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

The proprietary fund statements include a reconciliation between the fund statements and the government-wide statements for internal service fund activity that is included in the enterprise fund statements but eliminated in the government-wide statements.

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Agency fund reports 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.

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

D. Financial Statement Elements

Assets

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

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

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

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

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

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

Inventories and Prepaid Items
Inventory consists of materials and supplies that will be consumed within a year. Governmental and proprietary fund-type inventories of supplies and materials are valued at cost, which approximates market value, generally using the first-in, first-out method. Prepaid expenses represent amounts paid in the current period for

services that will benefit future periods. Inventory and prepaid expenses are accounted for using the consumption method.

Other Assets
Other assets include interest receivable and other miscellaneous items.

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

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

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

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

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

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

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

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

See Note 6 for more information on capital assets.

Deferred Outflows of Resources

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

Liabilities

Payables
Payables in the General Fund consist primarily of sales taxes due to local governments, vendor obligations, and unsettled trades payable, which account for tax anticipation notes security proceeds which have a trade date prior to year-end and a settle date after year-end. Payables in the special revenue funds relate primarily to vendor obligations, fuel taxes to be distributed to local

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

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

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

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

Other Accrued Liabilities
Other accrued liabilities primarily consist of interest payable and other miscellaneous liabilities.

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

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

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

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 payables on behalf of the State and its agencies for various legal proceedings and claims, a net pension obligation, net other postemployment benefits obligations, and other miscellaneous liabilities. See Notes 7, 8, and 12 for more information.

Deferred Inflows of Resources

Deferred inflows of resources consist of increases in the fair value of hedged derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as an increase in investment income. See Note 2 for more information.

E. Net Position / Fund Balance

Net Position

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources on the government-wide, proprietary, and fiduciary fund financial statements.

Net position is displayed in the following three categories:

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation, deferred outflows of resources, deferred inflows of resources, and reduced by outstanding related debt.

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

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, which can be unilaterally removed.

Fund Balance

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

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

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

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

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

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

See Note 13 for more information.

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

A. Deposits

Cash and cash equivalents are deposited with various financial institutions. Legal provisions regarding deposits are found throughout Idaho Code Title 67. The State Treasurer's Office (STO) acts as the State's bank, receiving and disbursing all moneys except for the following: the State Bar, the Potato Commission, the Dairy Products Commission, the Wheat Commission, some of the endowment fund accounts, the Idaho State Building Authority, some of the colleges' and universities' accounts, the Idaho Housing and Finance Association, the college and university foundations, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, some of the Public Employee Retirement System of Idaho accounts, and the Idaho Public Employees' Deferred Compensation Plan. 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 369 days.

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

Custodial Credit Risk at June 30, 2013
(dollars in thousands)

	Governmental and Business-Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	$197,393	$23,531	$182,408
Uninsured and Uncollateralized Deposits	103,617	3,624	7,184
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	38,895		
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name			49

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. Unsettled trades payable consisting of $249.9 million in U.S. government agency securities are subject to interest rate risk, credit risk, and concentration of credit risk.

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

Types of Investments

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

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

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

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

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

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

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

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

Custodial Credit Risk of Investments

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

- The Idaho Workers' Compensation Law (Idaho Code Title 72) requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank in the name of the insurance company and subject to custodial credit risk was $279.4 million.
- The PERSI investment policy mitigates custodial credit risk by requiring that investments, to the extent possible, 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 $12.9 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 $6.3 million of U.S. Treasury bonds, $23.6 million of corporate bonds, $22.9 million of bond mutual funds, $26.5 million of equity mutual funds, and $28.1 million of international equity funds that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and insofar as possible, be held in the Foundation's name. The Foundation held $3.7 million of government agency securities, $40.7 million of corporate debt, $1.1 million of preferred stock, $0.4 million of municipal securities, $16.0 million of U.S. Treasuries, $112.3 million of common stock, $15.7 million of international equity funds, and $7.7 million of private equities that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

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

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Aggregate Bond Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities 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, 2013.

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2013
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	Total Fair Value
Debt Securities:						
Money Market Funds	$79,858					$79,858
Certificates of Deposit	650	$30				680
Repurchase Agreements	424,758					424,758
Commercial Paper	150,845					150,845
U.S. Gov't Obligations	415,763	186,389	$15,735			617,887
U.S. Gov't Agency Obligations	1,693,212	296,353	17,522			2,007,087
U.S. Gov't Agency Mortgage-Backed Securities*	463	304,600	22,450			327,513
U.S. Gov't Corporation Mortgage-Backed Securities*		36,480	15,304			51,784
Commercial Mortgages*	2,672	12,751	7,371			22,794
Corporate Obligations	112,881	114,247	75,141	$532		302,801
Municipal and Public Entity Obligations	25,248	985	263	90		26,586
Bond Mutual Funds and Other Pooled Fixed-Income Securities	165,071					165,071
Foreign Agency Obligations	17	502	380			899
Idaho Small Business Loans	21	760	1,226		$528	2,535
External Investment Pools	59,481	9				59,490
Total Debt Securities	3,130,940	953,106	155,392	622	528	4,240,588
Reinvestment of Securities Lending Collateral:						
Money Market Funds	150,651					150,651
Repurchase Agreements	305,000					305,000
Commercial Paper	16,199					16,199
Corporate Obligations	18,092					18,092
Total Debt Securities and Reinvestment of Securities Lending Collateral	**$3,620,882**	**$953,106**	**$155,392**	**$622**	**$528**	4,730,530
Other Investments:						
Mutual Funds						3,441
Equity Securities and Mutual Funds						9,079
Domestic Equity Securities						47,750
Total						**$4,790,800**

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

Endowment Funds Interest Rate Risk at June 30, 2013
(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
Debt Securities:		
Barclays Capital Aggregate Bond	$335,207	5.49
U.S. Treasury Inflation-Protected Securities	58,993	7.18
Total Endowment Fund Debt Securities	394,200	
Other Investments:		
Equity Investments	1,040,778	
Money Market Funds	11,750	
Total Other Endowment Fund Investments	1,052,528	
Unsettled Trades:		
Receivable for Investments Sold	(8,066)	
Payable for Investments Purchased	23,270	
Total Endowment Fund Investments	**$1,461,932**	

PERSI Investments at June 30, 2013
(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	$2,583,416
Commingled Domestic Fixed-Income	81,139
International Fixed-Income	75,118
Idaho Commercial Mortgages	470,363
Short-Term Domestic Investments	423,931
Real Estate	477,504
Domestic Equities	4,877,839
Domestic Equities - Convertibles	152
Commingled Domestic Equity	199,173
International Equities	2,602,477
Commingled International Equity	42,550
Private Equity	988,019
Mutual Funds	522,805
Total PERSI Investments	**$13,344,486**

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2013
(dollars in thousands)

	Domestic Securities		International Securities		
Investment Type	**Fair Value**	**Effective Duration in Years**	**Fair Value**	**Effective Duration in Years**	**Total Fair Value**
Asset-Backed Securities	$5,575	(0.12)			$5,575
Asset-Backed Securities	199	*	$217	*	416
Mortgages	8,818	2.13			8,818
Commercial Paper	76,509	0.30			76,509
Corporate Bonds	511,865	6.79	2,325	3.47	514,190
Fixed-Income Derivatives	390	5.76			390
Fixed-Income Derivatives	87	*			87
Government Agencies	53,588	6.66	6,160	0.95	59,748
Government Agencies	199	*			199
Government Bonds	476,652	6.02	66,415	4.10	543,067
Government Mortgage-Backed Securities	385,587	2.43			385,587
Government Mortgage-Backed Securities	3,187	*			3,187
Pooled Investments	29,407	0.08			29,407
Pooled Investments	81,139	*			81,139
Private Placements	73,313	4.38			73,313
Private Placements	90,420	*			90,420
U.S. Treasury Inflation-Protected Securities	1,280,487	9.65			1,280,487
Idaho Mortgages	470,363	*			470,363
Total PERSI Fixed Income Securities	**$3,547,785**		**$75,117**		**$3,622,902**

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2013
(dollars in thousands)

Investment Type	**Fair Value**	**Average Maturity In Years**
Money Market Funds	$24,302	Less than 1
Bond Fund	95,198	7.4
Inflation-Linked Bond Fund	13,316	8.8
Equity Funds	86,116	
International Equity Funds	36,433	
Sally Mae High-Yield Savings Account	6,612	
Total Idaho College Savings Program Investments	**$261,977**	

Deferred Compensation Plan Investments at December 31, 2012
(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Fixed Income:		
Great West Life Fixed Option	$54	
Idaho Retiree Fixed Fund	84,993	11.50
Nationwide Life Fixed Fund	59,425	11.50
Total Fixed Income	144,472	
Variable Income:		
American Century	36,312	
Capital World	5,720	
Carrier Suspense	1	
Charles Schwab	1,183	
Dreyfus	6,182	
Dreyfus Bond Market Index Fund	4,630	6.69
EuroPacific Growth Fund	3,718	
Fidelity	19,482	
Great West	16	
JPMorgan	2,516	
Legg Mason Partners	835	
Nationwide	472	
Nationwide Destinations 2015 Fund	1,550	11.92
Nationwide Destinations 2020 Fund	1,353	11.92
Nationwide Destinations 2025 Fund	1,076	10.93
Nationwide Destinations 2030 Fund	952	11.13
Nationwide Destinations 2035 Fund	362	11.79
Nationwide Destinations 2040 Fund	132	11.79
Nationwide Destinations 2045 Fund	86	11.79
Nationwide Destinations 2050 Fund	17	11.79
Nationwide Investor Destinations Aggressive Fund	6,916	11.92
Nationwide Investor Destinations Conservative Fund	1,450	9.94
Nationwide Investor Destinations Moderate Fund	9,041	10.44
Nationwide Investor Destinations Moderately Aggressive Fund	12,043	10.90
Nationwide Investor Destinations Moderately Conservative Fund	1,662	10.17
Nationwide Retirement Income Fund	144	10.38
Neuberger Berman	8,528	
Shelton Core Value Fund	15	
State Street Equity	4,869	
Templeton Foreign Fund	1,408	
The Income Fund of America	11,907	5.90
Van Kampen	2,098	
Waddell & Reed Advisors High Income Fund	3,330	4.70
Total Variable Income	150,006	
Annuity Payout Options:		
DCVAII	31	
Nationwide Life	2,775	
Total Annuity Payout Options	2,806	
Life Insurance Contracts:		
Monumental Life	416	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	**$297,700**	

All investments are unrated.

Component Units Maturity of Debt Investments at June 30, 2013
(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	$141,893								$141,893
Certificates of Deposit	224								224
U.S. Gov't Obligations	3,076	$31,812	$7,924	$3,815		$106		$47	46,780
U.S. Gov't Agency Obligations	2,338	27,304	16,247	1,557	$14,793	33,396			95,635
Corporate Obligations	15,285	54,181	10,303	493	743	133	$99	238	81,475
Preferred Securities		1	2	1		1			5
Municipal Obligations	9	168	46	184	35	32		14	488
Bond Mutual Funds		13,267	18,243	115					31,625
Total Debt Securities	**$162,825**	**$126,733**	**$52,765**	**$6,165**	**$15,571**	**$33,668**	**$99**	**$299**	398,125
Other Investments:									
Cash Equivalents included with Investments									1,091
Domestic Equities									112,349
Foreign Equities									634
Private Equities									15,157
Investment Agreements									94,152
Corporate Obligations Without Maturity Dates									1,123
Equity and Income Mutual Funds									24,040
Mutual Funds									56,397
International Equity Funds									43,723
Real Estate and Perpetual Trusts*									10,130
Commodities									3,563
Insurance Annuities									332
Hedge Funds									9,132
Interest Rate Swaps									(3,759)
Land Held by Endowment**									5,932
Component Units Investments									**$772,121**

*$474 valued at cost. **Investments valued at cost.

Credit Risk of Debt Securities

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

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that investment grade bonds must be rated BBB (or the equivalent) or better; commercial paper must be rated A1 (or the equivalent) or better; and money market funds shall contain securities with an absolute minimum of investment grade by Standard & Poor's (S&P) or Moody's.
- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that outline expected portfolio characteristics which 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 Loan Guaranty Trust. The Association has not adopted a formal policy related to the Association's business operations investments.

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2013
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	A1-P1	Unrated	Fair Value
Money Market Funds*	$21,505					$96,462	$117,967
Certificates of Deposit						680	680
Repurchase Agreements						424,758	424,758
Commercial Paper					$150,845		150,845
U.S. Gov't Agency Obligations	8,475	$1,432,740			461,172	104,700	2,007,087
U.S. Gov't Agency Mortgage-Backed Securities	527	322,031				4,955	327,513
Commercial Mortgages	16,540	4,639	$1,605	$10			22,794
Corporate Obligations	35,648	63,254	191,000	12,899			302,801
Municipal and Public Entity Obligations	335	518	28	42		25,663	26,586
Bond Mutual Funds and Other Pooled Fixed-Income Securities						273,585	273,585
Foreign Agency Obligations	244	176	182	297			899
External Investment Pools						59,490	59,490
Total	**$83,274**	**$1,823,358**	**$192,815**	**$13,248**	**$612,017**	**$990,293**	**$3,715,005**

Reinvestment of Securities Lending Collateral:

Investment Type	Aaa	A1-P1	Unrated	Fair Value
Money Market Funds	$150,651			$150,651
Repurchase Agreements		$305,000		305,000
Commercial Paper		16,199		16,199
Corporate Obligations			$18,092	18,092
Total	**$150,651**	**$321,199**	**$18,092**	**$489,942**

*Includes $13.8 million of money market funds that are reported with cash and cash equivalents.

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2013
(dollars in thousands)

Investment Type	Fair Value	Average S & P Rating
Barclays Capital Aggregate Bond	$335,207	AA
Northern Money Market Fund	11,750	AAA
Total	**$346,957**	

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2013

(dollars in thousands)

	Investment Type		
S & P Rating Level	Domestic Securities	International Securities	Fair Value
Agency (A-1+)	$37,711		$37,711
Agency (A-1)	28,965		28,965
AAA	40,314	$23,385	63,699
AA	361,979	719	362,698
A	288,167	24,537	312,704
BBB	128,774	12,161	140,935
BB	10,458		10,458
B	7,061		7,061
CCC	4,568		4,568
CC	1,024		1,024
D	792		792
Not Rated	300,325	14,315	314,640
Total	**$1,210,138**	**$75,117**	**$1,285,255**

Component Units Credit Quality Ratings of Debt Securities at June 30, 2013

(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	D	Unrated	Fair Value
Money Market Funds									$141,893	$141,893
Certificates of Deposit									224	224
U.S. Gov't Agency Obligations	$91,983	$3,639							13	95,635
Corporate Obligations	1,990	25,573	$31,886	$17,847	$2,025	$1,640	$54	$34	426	81,475
Preferred Securities	1		1	1	1	1				5
Municipal Obligations	14	7	300	37	49	8			73	488
Bond Mutual Funds	3,632	4,457	13,511	9	1,533	1,539			6,944	31,625
Total	**$97,620**	**$33,676**	**$45,698**	**$17,894**	**$3,608**	**$3,188**	**$54**	**$34**	**$149,573**	**$351,345**

Concentration of Credit Risk

Concentration of credit risk describes the heightened exposure to loss when a considerable number of investments exist in a single issuer. The State has adopted a principle that governments should provide note disclosure when at least 5 percent of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. State statute places no limit on the amount that may be invested in any one issuer.

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

Primary Government Concentration of Credit Risk at June 30, 2013
(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Boise State University:	American Express Credit Corporation	$5,046	5.3
	Capital One Bank	5,145	5.4
	Goldman Sachs	5,012	5.3
	ING Funding LLC	4,997	5.3
	JPMorgan Chase	5,124	5.4
Idaho Potato Commission:	Federal Home Loan Bank	882	100.0
STO Pool:	Federal Home Loan Bank	345,024	16.3
	Federal Home Loan Mortgage Corporation	361,410	17.1
	Federal National Mortgage Association	293,594	13.9
	Goldman Sachs	107,592	5.1
	UBS	160,000	7.6
University of Idaho:	Federal Home Loan Mortgage Corporation	6,203	9.8
	Federal National Mortgage Association	9,499	15.0

Component Unit Concentration of Credit Risk at June 30, 2013
(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Housing and Finance Association:	Bayerische Landesbank	$62,878	19.5
	Federal Farm Credit Bank	32,308	10.0
	Trinity Plus Funding Company	20,135	6.3
Petroleum Clean Water Trust:	Federal Home Loan Bank	2,070	6.2
	Federal Home Loan Mortgage Corporation	2,855	8.5
	Federal National Mortgage Association	2,029	6.0
Health Reinsurance:	Federal Home Loan Bank	4,758	36.5
	Federal National Mortgage Association	7,771	59.7

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 21 percent of the EFIB total investments in international equities. No foreign fixed-income securities are permitted except currency.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a range of currency exposure. Each portfolio is monitored for currency exposure. Managers are required to report variances.

- The Lewis-Clark State College Foundation investment policy permits investments in equities denominated in foreign currencies. The policy limits the investments in international equities to no more than 15 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation does not presently have a policy that addresses foreign currency risk.

Endowment Funds Foreign Currency Risk at June 30, 2013
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$9,775
Brazilian Real	Equities	296
Canadian Dollar	Equities	4,547
Danish Krone	Equities	3,507
Euro	Equities	38,715
Hong Kong Dollar	Equities	13,431
Indonesian Rupiah	Equities	562
Israeli Shekel	Equities	733
Japanese Yen	Equities	44,496
Norwegian Krone	Equities	2,780
Philippine Peso	Equities	3,834
Singapore Dollar	Equities	6,431
South African Rand	Equities	555
South Korean Won	Equities	2,405
Swedish Krona	Equities	8,185
Swiss Franc	Equities	22,548
Taiwanese Dollar	Equities	782
Thai Baht	Equities	587
U.K. Pound	Equities	48,860
Total		**$213,029**

PERSI Foreign Currency Risk at June 30, 2013
(dollars in thousands)

Currency	Investment Type: Short-Term Investments	Investment Type: Equities	Investment Type: Fixed Income	Fair Value of Currency in U.S. Dollars
Australian Dollar	($19,737)	$65,402	$7,454	$53,119
Brazilian Real	(243)	82,445	1,311	83,513
Canadian Dollar	(19,401)	29,058	18,509	28,166
Chilean Peso	4	7,280		7,284
Chinese Yuan		1		1
Colombian Peso	5	3,578		3,583
Czech Koruna	63	3,805		3,868
Danish Krone	40	15,431		15,471
Egyptian Pound	58	1,239		1,297
Euro	(27,991)	616,133	25,333	613,475
Hong Kong Dollar	373	236,134		236,507
Hungarian Forint	122	7,593		7,715
Indonesian Rupiah	144	46,499		46,643
Israeli Shekel	67	5,824		5,891
Japanese Yen	373	376,797		377,170
Kenyan Shilling		175		175
Malaysian Ringgit	84	23,028		23,112
Mexican New Peso	(5,265)	30,604	11,957	37,296
Moroccan Dirham	7	298		305
New Taiwan Dollar	305	86,630		86,935
New Turkish Lira	(145)	60,123		59,978
New Zealand Dollar	18	600		618
Norwegian Krone	4,503	8,203		12,706
Philippine Peso	15	36,990		37,005
Polish Zloty	(2,987)	13,952	7,185	18,150
Russian New Ruble		14,827		14,827
Singapore Dollar	25	30,475		30,500
South African Rand	(102)	68,747	1,597	70,242
South Korean Won	(3,696)	176,023		172,327
Sri Lanka Rupee		373		373
Swedish Krona	21	26,898		26,919
Swiss Franc	(1,316)	116,189		114,873
Thai Baht	7	52,173		52,180
U.K. Pound	(1,487)	427,117	2,366	427,996
Total	**($76,136)**	**$2,670,644**	**$75,712**	**$2,670,220**

College and University Foundations
Foreign Currency Risk at June 30, 2013
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	$2,604
Brazilian Real	Equities	1,225
Canadian Dollar	Equities	38
Chilean Peso	Equities	139
Chinese Yuan	Equities	2,025
Colombian Peso	Equities	6
Czech Koruna	Equities	17
Danish Krone	Equities	16
Euro	Equities	2,943
Hong Kong Dollar	Equities	3,026
Hungarian Forint	Equities	55
Indian Rupee	Equities	785
Indonesian Rupiah	Equities	312
Israeli Shekel	Equities	30
Japanese Yen	Equities	2,855
Malaysian Ringgit	Equities	406
Mexican Peso	Equities	750
New Zealand Dollar	Equities	14
Norwegian Krone	Equities	22
Peruvian Nuevo Sol	Equities	92
Philippine Peso	Equities	184
Polish Zloty	Equities	256
Russian Ruble	Equities	685
Singapore Dollar	Equities	1,608
South African Rand	Equities	666
South Korean Won	Equities	1,875
Swedish Krona	Equities	600
Swiss Franc	Equities	2,461
Taiwan Dollar	Equities	1,616
Thai Baht	Equities	440
Turkish Lira	Equities	412
U.K. Pound	Equities	7,883
Total		**$36,046**

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 $59.0 million, and the PERSI had investments in TIPS with a fair value of $1.3 billion.

The Idaho Housing and Finance Association has four U.S. agency obligations with an aggregate value of $17.0 million with call options. The Association is invested in pay-fixed, receive-variable interest rate swaps with notional amounts totaling $15.1 million, and fair value of negative $3.8 million. The Association pays

fixed rate payments between 3.368 percent and 5.3 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) and the London Interbank Offered Rate (LIBOR) indices.

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 $15.9 million with Wells Fargo Bank and $1.7 million with Key Bank.

Securities Lending Agreements

Securities lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Idaho Code Section 67-1210A authorizes the STO to engage in securities lending agreements. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The investments are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair value of securities lent and collateral received with additional collateral obtained as necessary to meet margin requirements. The cash collateral received is held in a separate account in the name of the STO. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end, the STO pool portfolio had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. No restrictions exist on the amount of loans that can be made. Either the State or the borrower can cancel all securities loans upon demand. Generally the average term of these loans is under ten days. The cash collateral received is invested by the agent in marketable securities of varying terms with maturities ranging between one day and three years. As of June 30, 2013, more than 34 percent of the portfolio was invested in instruments with a one-day maturity or less and the weighted average maturity of the cash collateral portfolio was 32 days.

In fiscal year 2011, the STO identified four potentially non-compliant securities in its securities lending portfolio. During fiscal year 2012, the STO reached an agreement with its lending agent, avoiding a dispute regarding the securities' status as compliant securities in the lending portfolio. In fiscal year 2013, the securities were liquidated.

Primary Government Balances of
Securities Lending Transactions at June 30, 2013
(dollars in thousands)

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
U.S. Treasury Obligations	$126,537	$129,443
U.S. Gov't Agency Obligations	369,983	377,973
Total	**$496,520**	**$507,416**

Reinvestment of securities lending balances of the STO pool portfolio are reported in the General Fund.

C. Derivative Instruments

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

Primary Government

The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge; the fair

value at June 30, 2013, was $6.8 million, which is reported as deferred outflows of resources and deferred inflows of resources on the government-wide Statement of Net Position. The Authority contract has the following objectives and terms:

Type	Objective	Notional Amount *(in thousands)*	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	$38,370	12/1/2008	9/1/2025	Pay 4.3%; receive 67% of 1-month LIBOR rate	A

The Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position.

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

The Authority is exposed to basis risk on the interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2013, the interest rate on the Authority's hedged variable-rate debt was 0.082 percent while 67 percent of the one-month LIBOR was 0.129 percent.

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

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The fair value of the swaps was a negative $84.0 million and is reported in other liabilities on the Statement of Net Position. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value for hedge swaps are reported on the Statement of Net Position as deferred outflows of resources of $87.7 million and deferred inflows of resources of $5.0 million. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses, and Changes in Net Position at negative $3.8 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association - Hedging Derivative Instruments
Interest Rate Swap Agreements at June 30, 2013
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2000 Series F	$4,115	($360)	$343	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	6,900	(930)	545	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series A	5,910	(768)	269	11/6/2008	1/1/2020	4.7600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	3,820	(413)	220	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series C	6,225	(853)	292	11/6/2008	7/1/2020	4.8600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D	8,755	(1,271)	513	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series E	5,400	(706)	230	11/6/2008	7/1/2022	4.5300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series F	6,450	(882)	297	11/6/2008	1/1/2021	4.7000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A	6,600	(870)	456	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2002 Series B	$6,055	($634)	$451	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C	6,715	(893)	407	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D	9,250	(1,131)	722	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series E	6,635	(874)	291	11/6/2008	7/1/2021	4.4800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series F	6,010	(693)	250	11/6/2008	1/1/2024	3.7900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	4,520	(553)	189	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A	8,645	(1,367)	531	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series B	7,225	(903)	316	11/6/2008	7/1/2024	4.0360%	SIFMA+.20%
2003 Series C	4,750	(559)	218	11/6/2008	1/1/2025	3.7800%	SIFMA+.20%
2003 Series D	7,725	(1,404)	455	11/6/2008	7/1/2025	4.8400%	SIFMA+.20%
2003 Series E	7,570	(1,174)	396	11/6/2008	7/1/2025	4.5300%	SIFMA+.20%
2004 Series A	7,520	(1,079)	369	11/7/2008	1/1/2026	4.0290%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series B	7,560	(1,247)	410	11/7/2008	1/1/2027	4.3700%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series C	7,815	(1,258)	407	11/7/2008	7/1/2025	4.3300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series D	9,610	(1,318)	511	11/7/2008	1/1/2028	3.8500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series A	9,890	(1,416)	549	11/7/2008	1/1/2029	3.9000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series B	9,700	(1,438)	541	11/7/2008	7/1/2028	3.9850%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series C	9,845	(1,286)	521	11/7/2008	7/1/2028	3.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series D	10,330	(1,345)	512	11/7/2008	7/1/2028	3.8650%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2005 Series E	10,190	(1,473)	555	11/7/2008	1/1/2029	3.9300%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2005 Series F	10,550	(1,655)	600	11/7/2008	1/1/2029	4.0950%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series A	10,255	(1,626)	597	11/7/2008	1/1/2029	4.1000%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series B	7,445	(1,210)	379	11/7/2008	7/1/2025	4.3500%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series C	7,230	(1,174)	366	11/7/2008	1/1/2025	4.3600%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series D	8,435	(1,414)	435	11/7/2008	1/1/2025	4.4500%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series E	9,855	(1,549)	504	11/7/2008	1/1/2026	4.2800%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2006 Series F	10,020	(1,422)	501	11/7/2008	1/1/2026	4.0300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series G	9,955	(1,333)	481	11/7/2008	7/1/2026	3.9100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series A	10,290	(1,498)	540	11/7/2008	7/1/2026	4.0438%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series B	11,805	(1,495)	702	11/7/2008	1/1/2027	3.8950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series C	12,400	(1,751)	646	11/7/2008	1/1/2027	3.9770%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series A	24,000	(1,944)	(2,790)	11/7/2008	7/1/2030	3.7190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series B	24,545	(2,403)	(381)	11/7/2008	7/1/2029	3.5950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series C	17,385	(3,424)	88	11/7/2008	7/1/2026	3.7500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	5,190	(4,844)	2,726	10/2/2008	7/1/2026	3.3680%	SIFMA+.10% (LIBOR<3.5%)/68% LIBOR
2012/07D Series A	14,340	(5,453)	4,024	11/7/2008	1/1/2026	4.8930%	LIBOR+.71%
2012/07E Series A	17,475	(3,639)	2,019	11/7/2008	1/1/2026	4.9360%	LIBOR+.71%
2012/07F Series A	21,815	(4,465)	3,904	11/7/2008	1/1/2026	5.2840%	LIBOR+.71%
2012/07G Series A	25,000	(3,675)	4,624	11/7/2008	1/1/2030	5.3920%	LIBOR+.76%
2012/07H Series A	29,505	(3,403)	2,843	11/7/2008	1/1/2030	5.1980%	LIBOR+.76%
2012/07I Series A	21,000	(2,885)	1,760	11/7/2008	1/1/2030	5.1420%	LIBOR+.76%
2012/07J Series A	26,250	(2,131)	(466)	11/7/2008	1/1/2030	5.1020%	LIBOR+.76%
2012/07K Series A	24,000	(519)	(4,030)	11/7/2008	1/1/2030	4.9320%	LIBOR+.76%
	$570,480	**($84,010)**	**$31,838**				

Idaho Housing and Finance Association - Investment Derivative Instruments
Interest Rate Swap Agreements at June 30, 2013
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms: Fixed Rate Paid	Terms: Variable Rate Received
2000 Series F		($135)	($135)	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	$1,835	(627)	(79)	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	2,515	(470)	78	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D		(79)	(79)	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series E	3,355	(566)	184	11/6/2008	7/1/2022	4.5300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A		(132)	(132)	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series B	600	(359)	(129)	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C		(87)	(87)	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D		(274)	(274)	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	1,490	(243)	84	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A		(72)	(72)	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series B	2,024	(179)	62	11/6/2008	7/1/2024	4.0360%	SIFMA+.20%
2003 Series E	155	(91)	33	11/6/2008	7/1/2025	4.5300%	SIFMA+.20%
2004 Series B	555	(118)	38	11/7/2008	1/1/2027	4.3700%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series D		(55)	22	11/7/2008	7/1/2028	3.8650%	SIFMA+.20% (LIBOR<4.0%)/68% LIBOR
2007 Series B	765	(103)	(103)	11/7/2008	1/1/2027	3.8950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	1,330	(169)		10/2/2008	7/1/2026	3.3680%	SIFMA+.10% (LIBOR<3.5%)/68% LIBOR
2012/07D Series A			129	11/7/2008	1/1/2026	4.8930%	LIBOR+.71%
2012/07J Series A	495			11/7/2008	1/1/2030	5.1020%	LIBOR+.76%
2012/07K Series A			(3)	11/7/2008	1/1/2030	4.9320%	LIBOR+.76%
	$15,119	**($3,759)**	**($463)**				

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

All but five of the Association's swaps have a dual basis: the SIFMA Index plus 20 (10 for the 2008D issue) basis points when the one-month LIBOR Index is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of the LIBOR Index when the LIBOR Index is 3.5 percent or greater. Four non-dual basis swaps have a basis of the SIFMA Index plus 20 basis points and one has a basis of the LIBOR Index plus 71 or 76 basis points (depending on the maturity date). The Association is exposed to basis risk on dual basis swaps when variable payments received are based on the LIBOR Index and do not offset the variable-rate paid on bonds, which is based on the SIFMA Index. On June 30, 2013, the SIFMA Index was 6 basis points and the one-month LIBOR Index was 19 basis points.

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

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

The Association entered into 12 "To Be Announced" (TBA) forward contracts in order to lock in the sales price for the securitization of qualified first mortgage single-family loans. The Association periodically enters into forward contracts to sell Government National Mortgage Association (GNMA) Mortgage Backed Securities to investors before the securities are ready for delivery. These contracts are considered investment derivatives and hedge the interest rate risk for loan commitments made to originating mortgage lenders:

Idaho Housing and Finance Association - Investment Derivative Instruments
TBA Forward Contracts at June 30, 2013
(dollars in thousands)

Contract	Notional Amount	Fair Value	Coupon Rate	Counterparty Credit Rating
July 2013	$10,000	$658	3.00%	A2
July 2013	10,000	639	3.00%	Baa
July 2013	10,000	620	3.00%	A2
July 2013	5,000	151	3.00%	A2
July 2013	10,000	(25)	3.00%	Baa
August 2013	10,000	533	3.00%	A2
August 2013	10,000	511	3.00%	A2
August 2013	10,000	255	3.00%	Aaa
August 2013	10,000	245	3.00%	A2
August 2013	3,000	46	3.50%	Baa
September 2013	15,000	438	3.00%	Baa
September 2013	10,000	(158)	3.50%	Aaa
	$113,000	**$3,913**		

D. Restricted Assets

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

Primary Government and Component Units
Restricted Assets at June 30, 2013
(dollars in thousands)

Purpose	Amount
Governmental Activities:	
Restricted Cash:	
Bond Covenants	$514
Debt Service	47,495
Donations for Various Projects	8,424
Group Insurance Reserves	25,677
Juvenile Corrections Social Security Benefits	1,226
Legislation and Donations	5,339
Matching Fund Contributions	31,425
Petroleum Violation Escrow	4,183
Pollution Clean Up	32,078
The Idaho State Bar Client Assistance Fund	591
Restricted Investments:	
Debt Service	3,899
Donations for Various Projects	5,010
Legal Settlements	2,354
Legislation and Donations	184,125
Total Governmental Activities	**$352,340**
Business-Type Activities:	
Restricted Cash:	
Bond Indentures	$4,864
Debt Service	553
Idaho Lottery Dividends Payout	48,416
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	57,830
Restricted Investments:	
Bond Indentures	602
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	118,191
Total Business-Type Activities	**$230,456**
Component Units:	
Restricted Cash:	
Donations for the College and University Foundations	$17,823
Bond Indentures and Escrow and Reserve Deposits	86,293
Restricted Investments:	
Donations for the College and University Foundations	224,057
Total Component Units	**$328,173**

NOTE 3. EXTERNAL INVESTMENT POOLS

A. Overview of the External Investment Pools

The State Treasurer's Office (STO) manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The STO must operate and invest the funds of both pools for the benefit of the participants.

The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to $10.0 million. Withdrawals of $10.0 million or more require three business days' notification. The weighted average maturity of investments in the LGIP at June 30, 2013, was 102 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 five 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, 2013, was 4.1 years. The DBF distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool.

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

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

Investments were valued through a quoted market price at June 30, 2013. The LGIP provides participants with a net asset valuation factor that enables them to convert their monthly statement balance to fair value. The DBF reports participants' balances at fair value on their monthly statements. The State uses the aggregate method to determine the increase or decrease in fair value of each pool.

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

The LGIP and the DBF engaged in securities lending transactions during the year. A securities lending agent managed the securities lending program. For a portion of the year, the agent lent securities for cash collateral. The cash collateral can be pledged without borrower default. The securities were collateralized at no less than 102 percent of the fair value. The securities lending agreement required daily monitoring of the fair value of securities lent and collateral received. Additional collateral was obtained as necessary to meet margin requirements. As of December 2012, the STO no longer participated in securities lending transactions within the LGIP or DBF.

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

Interest rate risk occurs when changes in interest rates adversely affect the fair value of investments. The Pools do not have a formally adopted policy to address interest rate risk.

Concentration of credit risk describes the heightened exposure to loss when a considerable number of investments exist in a single issuer. When 5 percent or more of the pool's total investments are concentrated in any one issuer, the pools have adopted the principle of disclosing the amount and percentage invested. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Pools do not have a formally adopted policy to address the amount that may be invested with any one issuer.

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

B. Local Government Investment Pool

Local Government Investment Pool
Condensed Statement of Net Position
June 30, 2013
(dollars in thousands)

Assets	
Investments, at Fair Value	$1,449,863
Interest Receivable to the Pool	2,607
Total Assets	1,452,470
Liabilities	
Distributions Payable	181
Administrative Fees Payable	35
Total Liabilities	216
Net Position Held in Trust for Pool Participants	**$1,452,254**
Net Position Consists of:	
Net Position Held in Trust for External Participants ($1.00 par)	$1,391,333
Net Position Held in Trust for Internal Participants ($1.00 par)	60,921
Net Position Held in Trust for Pool Participants	**$1,452,254**
Total Participant Units Outstanding ($1.00 par)	1,444,122
Participant Net Position Value, Offering Price and Redemption Price Per Share ($1,452,254 divided by 1,444,122 units)	**$1.01**

Local Government Investment Pool
Condensed Statement of Operations and Changes in Net Position
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

Investment Income		
Interest Income		$18,456
Securities Lending Income		596
Change in Fair Value of Investments		(15,555)
Total Investment Income		3,497
Expense		
Administrative Fees		(426)
Securities Lending Agent Fees		(21)
Securities Lending Borrower Rebates		(457)
Total Investment Expense		(904)
Net Investment Income		2,593
Distributions to Participants		
Distributions Paid and Payable		(2,837)
Share Transactions at Net Position Value of $1.00 per Share		
Pooled Participant Deposits	$3,364,977	
Pooled Participant Withdrawals	(3,323,142)	
Change in Net Position and Shares Resulting From Share Transactions		41,835
Total Change in Net Position		41,591
Net Position Held in Trust for Pool Participants		
Beginning of Period		1,410,663
End of Period		**$1,452,254**

Local Government Investment Pool
Summary of Fair Value and Interest Rate Risk at June 30, 2013
(dollars in thousands)

	Investment Maturities In Years		Fair	Interest
Investment Type	**Less than 1**	**1-5**	**Value**	**Rates**
Money Market Mutual Funds	$78,000		$78,000	0.010%-0.180%
Repurchase Agreements	276,350		276,350	0.020%-0.090%
Commercial Paper	73,953		73,953	0.080%-0.500%
Corporate Debt Instruments	72,549	$30,432	102,981	0.193%-6.875%
U.S. Gov't Agency Obligations	771,587	123,984	895,571	0.120%-4.875%
U.S. Treasury Obligations	23,008		23,008	1.000%
Total Securities	1,295,447	154,416	1,449,863	
Accrued Interest	2,607		2,607	
Total Assets	**$1,298,054**	**$154,416**	**$1,452,470**	

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

Fair Value of Investments at June 30, 2013	$1,449,863
Proceeds of Investments Sold in FY2013	55,712,582
Cost of Investments Purchased in FY2013	(55,767,184)
Fair Value of Investments at June 30, 2012	(1,410,816)
Change in Fair Value of Investments During FY2013	**($15,555)**

Local Government Investment Pool
Credit Quality Ratings of Debt Securities at June 30, 2013
(dollars in thousands)

Investment Type	Aaa	Aa	A	P-1	Unrated	Fair Value
Money Market Mutual Funds	$3,000				$75,000	$78,000
Repurchase Agreements					276,350	276,350
Commercial Paper				$73,953		73,953
Corporate Debt Instruments	22,710	$30,676	$49,595			102,981
U.S. Gov't Agency Obligations		790,596		49,996	54,979	895,571
Total Investments	**$25,710**	**$821,272**	**$49,595**	**$123,949**	**$406,329**	**$1,426,855**

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

Local Government Investment Pool
Concentration of Credit Risk at June 30, 2013
(dollars in thousands)

Issuer	Fair Value	Percent of Total LGIP Investments
Daiwa Capital Markets America, Inc.	$150,000	10.35
Federal Farm Credit Bank	152,200	10.50
Federal National Mortgage Association	157,833	10.89
Federal Home Loan Bank	339,372	23.41
Federal Home Loan Mortgage Corporation	177,016	12.21
UBS	126,350	8.71
Zions Bank	75,000	5.17

C. Diversified Bond Fund

Diversified Bond Fund
Condensed Statement of Net Position
June 30, 2013
(dollars in thousands)

Assets	
Investments, at Fair Value	$592,483
Interest Receivable to the Pool	2,454
Total Assets	594,937
Liabilities	
Distributions Payable	965
Administrative Fees Payable	15
Total Liabilities	980
Net Position Held in Trust for Pool Participants	**$593,957**
Net Position Consists of:	
Net Position Held in Trust for External Participants ($1.00 par)	$163,013
Net Position Held in Trust for Internal Participants ($1.00 par)	430,944
Net Position Held in Trust for Pool Participants	**$593,957**
Total Participant Units Outstanding ($1.00 par)	564,561
Participant Net Position Value, Offering Price and Redemption Price Per Share ($593,957 divided by 564,561 units)	**$1.05**

Diversified Bond Fund
Condensed Statement of Operations and Changes in Net Position
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

Investment Income		
Interest Income		$16,578
Securities Lending Income		207
Change in Fair Value of Investments		(17,738)
Total Investment Income		(953)
Expense		
Administrative Fees		(1,096)
Securities Lending Agent Fees		(9)
Securities Lending Borrower Rebates		(149)
Total Investment Expense		(1,254)
Net Investment Income		(2,207)
Distributions to Participants		
Distributions Paid and Payable		(10,970)
Share Transactions at Net Position Value of $1.00 per Share		
Pooled Participant Deposits	$81,117	
Pooled Participant Withdrawals	(46,728)	
Change in Net Position and Shares Resulting From Share Transactions		34,389
Total Change in Net Position		21,212
Net Position Held in Trust for Pool Participants		
Beginning of Period		572,745
End of Period		**$593,957**

Diversified Bond Fund
Summary of Fair Value and Interest Rate Risk at June 30, 2013
(dollars in thousands)

Investment Type	Investment Maturities In Years Less than 1	1-5	6-10	Fair Value	Interest Rates
Money Market Mutual Funds	$4,196			$4,196	0.010%
Corporate Debt Instruments	9,061	$57,112	$32,613	98,786	0.427%-5.900%
Mortgage-Backed Securities*	1,636	4,932	4,178	10,746	2.822%-5.928%
U.S. Gov't Agency Obligations	19,075	55,125		74,200	0.375%-4.500%
U.S. Gov't Agency Mortgage-Backed Securities*		221,630	4,778	226,408	2.000%-6.500%
U.S. Gov't Corporation Mortgage-Backed Securities*		30,128	15,305	45,433	2.000%-6.500%
U.S. Treasury Obligations	26,068	94,529	12,117	132,714	0.250%-3.250%
Total Securities	60,036	463,456	68,991	592,483	
Accrued Interest	2,454			2,454	
Total Assets	**$62,490**	**$463,456**	**$68,991**	**$594,937**	

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

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

Fair Value of Investments at June 30, 2013	$592,483
Proceeds of Investments Sold in FY2013	262,213
Cost of Investments Purchased in FY2013	(301,123)
Fair Value of Investments at June 30, 2012	(571,311)
Change in Fair Value of Investments During FY2013	**($17,738)**

Diversified Bond Fund
Concentration of Credit Risk at June 30, 2013
(dollars in thousands)

Issuer	Fair Value	Percent of Total DBF Investments
Federal Home Loan Mortgage Corporation	$100,943	17.04
Federal National Mortgage Association	194,791	32.88

Diversified Bond Fund
Credit Quality Ratings of Debt Securities at June 30, 2013
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Fair Value
Money Market Mutual Funds	$4,196				$4,196
Corporate Debt Instruments	12,325	$20,100	$58,194	$8,167	98,786
Mortgage-Backed Securities	10,746				10,746
U.S. Gov't Agency Obligations		74,200			74,200
U.S. Gov't Agency Mortgage-Backed Securities		226,408			226,408
Total Investments	**$27,267**	**$320,708**	**$58,194**	**$8,167**	**$414,336**

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

NOTE 4. INTRAENTITY TRANSACTIONS

A. Interfund Balances

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

		Interfund Payables								
		General Fund	Health and Welfare	Trans-portation	Nonmajor Govern-mental	College and University	Nonmajor Enterprise	Internal Service	Pension Trust	Total
Interfund Receivables	General Fund		$124		$179	$4,870	$5,610	$5		**$10,788**
	Health and Welfare				10					**10**
	Nonmajor Governmental	$6	163	$185	104		259			**717**
	College and University	1,674	775	19	1,376					**3,844**
	Nonmajor Enterprise			61						**61**
	Internal Service	203	313	80	93	22				**711**
	Pension Trust								$1,675	**1,675**
	Total	**$1,883**	**$1,375**	**$345**	**$1,762**	**$4,892**	**$5,869**	**$5**	**$1,675**	**$17,806**

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one individual fund within the State to another and for certain statutorily required transfers due at year-end. Most balances result from the time lag between the dates that:

1) Interfund goods and services are provided or reimbursable expenditures occur.
2) Transactions are recorded in the accounting system.
3) Payments between funds are made.

B. Interfund Transfers

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

		Transfers In						
		General Fund	Health and Welfare	Nonmajor Govern-mental	College and University	Loan	Internal Service	Total
Transfers Out	General Fund		$606,099	$14,278	$260,088		$2,739	**$883,204**
	Health and Welfare	$39,417		165				**39,582**
	Transportation	25		15,800				**15,825**
	Land Endowments	37,581			9,928			**47,509**
	Nonmajor Governmental	65,156	1,773	59	100	$3,198	21	**70,307**
	College and University	572						**572**
	Unemployment Compensation	351		6,911				**7,262**
	Loan	1,232		222				**1,454**
	Nonmajor Enterprise	64,410	2,730	1,379				**68,519**
	Internal Service	425						**425**
	Total	**$209,169**	**$610,602**	**$38,814**	**$270,116**	**$3,198**	**$2,760**	**$1,134,659**

Interfund transfers are primarily performed for two reasons:

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

During fiscal year 2013 an $85.4 million nonroutine transfer was made from the General Fund to the Budget

Stabilization Fund to set aside money for future year budget shortfalls.

During fiscal year 2013, a $37.6 million nonroutine transfer was made from the Health and Welfare fund to the General Fund as a reversion of unspent appropriations.

C. Significant Transactions with Related Parties

During fiscal year 2013 the primary government had the following transactions with the Idaho Housing and Finance Association:

- The Transportation fund has notes payable in the amount of $550.7 million to the Association for bonds issued on their behalf for transportation infrastructure projects.
- The Unemployment Compensation fund has notes payable to the Association in the amount of $144.1 million for bonds issued in 2011 on their behalf to repay loans from the federal government related to Unemployment Insurance Trust fund shortfalls.
- The Housing Company, a component unit of the Association, owes the Association $9.9 million for notes payable secured by real property.

Boise State University leases a building from the BSU Foundation (BSUF); the remaining lease payments total $1.7 million. At the expiration of the lease, the BSUF will either donate the building or continue to lease the building for $1 per year. During fiscal year 2013 the BSUF transferred a building with a value of $9.6 million to BSU for no additional consideration.

During fiscal year 2013 the University of Idaho formally transferred to the University of Idaho Foundation endowment assets used for investment purposes. The value at transfer was $81.0 million and is reported as a Special Item.

During fiscal year 2013 the college and university foundations distributed $60.2 million to the respective colleges and universities for support of academic and athletic programs.

The State purchased workers compensation insurance coverage from the State Insurance Fund, a related party, in the amount of $9.5 million during the fiscal year.

NOTE 5. NONCURRENT RECEIVABLES

The Accounts Receivable, Taxes Receivable, Due from Other Entities, Due from Primary Government, and Loans, Notes, and Pledges Receivable line items on the government-wide Statement of Net Position contain aggregated current and noncurrent receivable balances net of allowances for doubtful accounts. The following tables disaggregate the noncurrent receivables balances for the primary government and component units.

Noncurrent interfund receivables are discussed in Note 4.

Noncurrent Receivables - Primary Government
(dollars in thousands)

	Governmental Activities			Business-Type Activities	
	General Fund	Transportation	Nonmajor Governmental	College and University	Loan
Accounts Receivable	$82		$4,386		
Taxes Receivable	53,261	$94	66		
Due from Other Entities			135		
Loans and Notes Receivable	803	344	3,740	$22,968	$264,438
Total Noncurrent Receivables	54,146	438	8,327	22,968	264,438
Less: Allowance for Doubtful Accounts					
Accounts Receivable	(52)		(2,405)		
Taxes Receivable	(533)	(1)	(1)		
Loans and Notes Receivable				(2,673)	
Total Noncurrent Receivables, Net	$53,561	$437	$5,921	$20,295	$264,438

	Noncurrent Receivables - Component Units *(dollars in thousands)*		
	Idaho Housing and Finance Association	**College and University Foundation**	**Idaho Bond Bank Authority**
Due from Primary Government	$658,878		
Pledges Receivable		$11,586	
Loans and Notes Receivable	802,736	388	$351,101
Total Noncurrent Receivables	1,461,614	11,975	351,101
Less: Allowance for Doubtful Accounts	(9,783)	(1,591)	
Total Noncurrent Receivables, Net	$1,451,831	$10,383	$351,101

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, 2012 As Restated***	**Increases**	**Decreases**	**Balances at June 30, 2013**
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$1,043,424	$22,101	($8,456)	$1,057,069
Capital Assets in Progress	842,363	221,385	(120,544)	943,204
Infrastructure	2,480,733	79,801	(6,970)	2,553,564
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,366,642	323,287	(135,970)	4,553,959
Capital Assets Being Depreciated:				
Buildings and Improvements	930,614	8,817	(11,667)	927,764
Improvements Other Than Buildings	97,124	7,057	(322)	103,859
Machinery, Equipment, and Other	540,518	67,239	(28,675)	579,082
Infrastructure	910,024	634		910,658
Total Capital Assets Being Depreciated	2,478,280	83,747	(40,664)	2,521,363
Less Accumulated Depreciation for:				
Buildings and Improvements	(320,931)	(21,415)	4,113	(338,233)
Improvements Other Than Buildings	(32,810)	(4,881)	442	(37,249)
Machinery, Equipment, and Other	(286,825)	(51,338)	16,608	(321,555)
Infrastructure	(206,711)	(12,191)		(218,902)
Total Accumulated Depreciation	(847,277)	(89,825)	21,163	(915,939)
Total Capital Assets Being Depreciated, Net	1,631,003	(6,078)	(19,501)	1,605,424
Governmental Activities Capital Assets, Net	**$5,997,645**	**$317,209**	**($155,471)**	**$6,159,383**

* Beginning balances were adjusted due to prior period adjustments.

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

Governmental Activities:	
General Government	$12,077
Public Safety and Correction	9,071
Health and Human Services	23,614
Education	3,464
Economic Development	28,409
Natural Resources	11,226
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	1,964
Total Accumulated Depreciation Increase for Governmental Activities	**$89,825**

Business-Type Activities:	**Balances at July 1, 2012 as Restated***	**Increases**	**Decreases**	**Balances at June 30, 2013**
Capital Assets not Being Depreciated:				
Land and Land Use Rights	$105,640	$17,941		$123,581
Capital Assets in Progress	82,512	50,275	($93,637)	39,150
Historical Art and Collections	2,274	48		2,322
Total Capital Assets not Being Depreciated	190,426	68,264	(93,637)	165,053
Capital Assets Being Depreciated:				
Buildings and Improvements	1,274,361	102,663	(2,159)	1,374,865
Improvements Other Than Buildings	65,588	2,203	(8)	67,783
Machinery, Equipment, and Other	395,924	30,616	(7,826)	418,714
Total Capital Assets Being Depreciated	1,735,873	135,482	(9,993)	1,861,362
Less Accumulated Depreciation for:				
Buildings and Improvements	(440,111)	(34,676)	1,335	(473,452)
Improvements Other Than Buildings	(33,526)	(3,143)	8	(36,661)
Machinery, Equipment, and Other	(295,663)	(26,862)	7,029	(315,496)
Total Accumulated Depreciation	(769,300)	(64,681)	8,372	(825,609)
Total Capital Assets Being Depreciated, Net	966,573	70,801	(1,621)	1,035,753
Business-Type Activities Capital Assets, Net	**$1,156,999**	**$139,065**	**($95,258)**	**$1,200,806**

* Beginning balances were adjusted due to prior period adjustments.

Component Units:	Balances at July 1, 2012	Increases	Decreases	Balances at July 1, 2013
Capital Assets not Being Depreciated:				
Land	$5,442	$927		$6,369
Total Capital Assets not Being Depreciated	5,442	927	0	6,369
Capital Assets Being Depreciated:				
Buildings and Improvements	67,924	435	($227)	68,132
Improvements Other Than Buildings	243	20		263
Machinery, Equipment, and Other	6,707	497	(49)	7,155
Total Capital Assets Being Depreciated	74,874	952	(276)	75,550
Less Accumulated Depreciation for:				
Buildings and Improvements	(31,493)	(2,578)	145	(33,926)
Improvements Other Than Buildings	(215)	(5)		(220)
Machinery, Equipment, and Other	(5,384)	(496)	49	(5,831)
Total Accumulated Depreciation	(37,092)	(3,079)	194	(39,977)
Total Capital Assets Being Depreciated, Net	37,782	(2,127)	(82)	35,573
Component Unit Activities Capital Assets, Net	**$43,224**	**($1,200)**	**($82)**	**$41,942**

NOTE 7. RETIREMENT PLANS

A. Summary of Public Employee Retirement System of Idaho Plans

The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan, the Firefighters' Retirement Fund (FRF), and the defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public Employee Retirement System of Idaho website: http://www.persi.idaho.gov/investments/annual_financial_report.cfm.

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 position when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. The pension funds are accounted for on a flow of economic resources measurement focus.

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

1. PERSI Base Plan

Plan Description

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

Membership
State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units is 755.

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

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

Funding Policy

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

The last actuarial valuation was performed as of July 1, 2013. Normal cost is 13.9 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 2.99 percent of covered payroll.

The contribution rates for the year were as follows:

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

Employer contributions required and paid were $69.5 million, $69.9 million, and $71.9 million for the fiscal years ended June 30, 2011, 2012, and 2013, respectively.

After five years of credited service (five months for elected or appointed officials) members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest are refundable. The interest was compounded monthly per annum and accrued at 18.16 percent from July 1, 2012, through December 31, 2012, and at 1.04 percent from January 1, 2013, through June 30, 2013. 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.

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

2. Firefighters' Retirement Fund

Plan Description

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

3. Defined Contribution Retirement Plans

Plan Description

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

Membership
The 401(k) plan is open to all active PERSI Base Plan members and was established February 1, 2001. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. On February 1, 2001, all eligible PERSI Base Plan members who were active as of June 30, 2000, and eligible to receive gain-sharing contributions, received an allocation. The plans have 755 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

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

Funding Policy

Contributions
Beginning in January 2002, employees in the 401(k) plan could make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit. Participants direct their investment mix with limited restrictions and may elect to change their salary deferrals. On May 1, 2001, the 401(k) plan became open to voluntary employer matching contributions at rates determined by the employers. Employers and participants in the plans contributed $9.1 million and $36.3 million, respectively, during the fiscal year.

B. Other State-Sponsored Retirement Plans

1. Judges' Retirement Fund

Plan Description

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

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

Membership and Vesting
Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to four 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 85 retired members or beneficiaries collecting benefits, 3 terminated members entitled to, but not yet receiving benefits, and 51 active members.

Benefits
The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of

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

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

In addition to the above benefits, Option B includes:

> Benefits credited at 12.5 percent per year for senior judges with five 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. Fair value is defined as the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future, and such changes could materially affect the amounts reported.

Funding Policy

Contributions

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

Members and the Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy provides for Department and member contributions at 8.97 percent and 7.69 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately $5.9 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 annually 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 percent investment rate of return, projected annual salary increases of 2.5 percent, an inflation rate of 2.5 percent, and annual postemployment benefit increases of 2.5 percent. Assets are presented at market value. Based on the most recent actuarial valuation as of July 1, 2013, the annual required contribution is $2.9 million. Total Department and member contributions to the pension plan for the fiscal year amounted to $3.1 million, of which $2.1 million was received from filing fees, $0.5 million from the Department, and $0.5 million from the members. Net pension obligation increased from $13.6 million in 2012 to $14.0 million in 2013 due to the annual pension cost exceeding the employer's contributions. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the change in the actuarial value of plan assets.

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
7/1/13	$66,719	$80,390	$13,671	83%	$5,868	233%

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)

	2011	2012	2013
Annual Required Contribution (ARC)	$3,286	$2,979	$2,939
Interest on Net Pension Obligation (NPO)	836	938	1,020
Adjustment to ARC	(726)	(856)	(930)
Annual Pension Cost (APC)	3,396	3,061	3,029
Contributions Made	(2,028)	(1,973)	(2,636)
Increase in NPO	1,368	1,088	393
Prior Year NPO	11,140	12,508	13,596
Current Year NPO	**$12,508**	**$13,596**	**$13,989**
Percentage of APC Contributed	59.7%	64.5%	87.0%

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.

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

Funding Policy

Contributions and Vesting
The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was $42.1 million, which consisted of $24.1 million from the colleges and universities and $18.0 million from employees.

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

3. Department of Labor Retirement Plan

Plan Description

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

Membership
As of September 30, 2012, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	359
Inactive Participants	6
Current Active Employees	15
Total	380

Benefits

Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2012, 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 $105.9 million. The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6 percent for 2013. Net position available for benefits (at fair value) is $169.3 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, 2013, consistent with the most recent actuarial valuations. This valuation certified that the total contribution rate should remain at zero through September 30, 2014. The total employer contribution for federal fiscal year 2013 was zero.

NOTE 8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Summary of Plans

The Department of Administration administers postemployment benefits for healthcare, disability, and life insurance for retired or disabled employees of state agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as agent multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335, establishes the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2012. 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, $0.10 per person per month for fiscal year 2013. This rate is reviewed annually.

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

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report that includes financial statements and required supplementary information for these benefits. That report may be obtained by writing to the University of Idaho, Attn. General Accounting, 875 Perimeter Dr., MS 3166, Moscow, ID 83844-3166. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2012. 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, 2012. The cost of administering the medical and dental portions of the plan is included in medical claim costs; the life insurance portion is financed by a 10 percent surcharge.

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

Classes of Employees and Number of Participating Employers

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Active Employees	13,962	18,770	18,770		5,323	1,201
Retired/Disabled Employees	875	149	615	110	1,329	871
Terminated, Vested Employees					98	
Number of Participating Employers	26	26	26	26	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 employee must be receiving monthly PERSI benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from State service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The maximum benefit is $1,860 per retiree per year. In fiscal year 2013, retired plan members contributed 75.4 percent of the total premium cost, and employers were charged $8.00 per active employee per month towards the retiree premium cost, or 24.6 percent of the total cost of the retiree plan.

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

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 2013, employers were not required to make a contribution.

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.

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 0.264 percent of payroll. The employers' actual contribution was $2.3 million in fiscal year 2013. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

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

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

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

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

Retiree Life Insurance Contribution Rates

	Under Age 65	Age 65 - 69	Age 70 and Over	All Ages
Colleges and Universities	1.177%	0.894%	0.600%	
Judicial Department	1.170%	0.887%	0.593%	
Department of Labor				0.593%

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

Employees hired after January 1, 2002, are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. The University determines the defined premium costs that will be borne by the retiree plan participants. The University solely bears the risk for adverse financial performance, subject to a cap of $200 thousand per retiree per year, after which the University is reinsured. Retiree health plan performance is reviewed annually and premium rates are then adjusted by the University as necessary.

Summary of Significant Accounting Policies

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

The financial position of each of the State's OPEB plans is as follows:

Statement of Plan Net Position
(dollars in thousands)

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
ASSETS						
Pooled Cash and Investments	$191					$838
Investments, at Fair Value						
Fixed Income Securities						12,411
Equity Securities						10,682
Total Assets	$191	$0	$0	$0	$0	$23,931
LIABILITIES						
Deferred Revenue	$191					
Total Liabilities	$191	$0	$0	$0	$0	0
NET POSITION						
Net Position Held in Trust for OPEB						$23,931
Total Net Position						$23,931

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

	University of Idaho Plan
ADDITIONS	
Employer Contributions	$3,000
Interest	466
Realized Gain in Fair Value of Investments	3,195
Net Increase (Decrease) in Fair Value of Investments	(1,381)
Total Additions	5,280
DEDUCTIONS	
Realized Loss on Investments	
Total Deductions	0
Net Increase in Plan Net Position	5,280
Net Position, Beginning of Year	18,651
Net Position, End of Year	$23,931

Annual OPEB Cost

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

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

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Annual Required Contribution	$2,427	$1,047	$1,509	$768	$3,269	$3,753
Interest on NOO	1,061	66	(19)	(10)	384	
Adjustment to ARC	(2,092)	(129)	37	20	(757)	
Total Annual OPEB Cost	1,396	984	1,527	778	2,896	3,753
Contributions Made	(1,954)	(1,274)	(1,595)	(585)	(535)	(4,404)
Increase (Decrease) in NOO	(558)	(290)	(68)	193	2,361	(651)
NOO (Funding Excess) – Beginning of Year	28,249	1,736	(504)	(276)	10,248	(1,866)
NOO (Funding Excess) – End of Year	$27,691	$1,446	($572)	($83)	$12,609	($2,517)

Annual OPEB Cost Comparison

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

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

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
Annual OPEB Cost	2011	$3,236	$1,202	$719	$729	$2,802	$5,250
	2012	3,215	1,256	728	788	2,915	4,806
	2013	1,396	984	1,527	778	2,896	3,753
Percentage of AOC Contributed	2011	44.6%	85.1%	148.8%	97.8%	19.5%	107.0%
	2012	94.3%	91.2%	112.0%	82.5%	18.6%	108.2%
	2013	140.0%	129.5%	104.5%	75.2%	18.5%	117.3%
NOO (Funding Excess) – End of Year	2011	$28,066	$1,625	($417)	($414)	$7,875	($1,471)
	2012	28,249	1,736	(504)	(276)	10,248	(1,866)
	2013	27,691	1,446	(572)	(83)	12,609	(2,517)

Funded Status and Funding Progress

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

Funded Status and Funding Progress
(dollars in thousands)

		Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	University of Idaho Plan
			Healthcare	Life Insurance	Income		
	Actuarial Valuation Date	7/1/2012	7/1/2012	7/1/2012	7/1/2012	7/1/2012	7/1/2012
1	Actuarial Value of Assets	$0	$0	$0	$0	$0	$24,753
2	Actuarial Accrued Liability (AAL)	15,751	7,155	6,767	4,065	39,563	63,465
3	Unfunded AAL (UAAL) (2) - (1)	$15,751	$7,155	$6,767	$4,065	$39,563	$38,712
4	Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	0.0%	39.0%
5	Annual Covered Payroll	$811,758	$811,758	$811,758	$811,758	$264,491	$123,592
6	UAAL as a Percentage of Covered Payroll (3) : (5)	1.94%	0.88%	0.83%	0.50%	14.96%	31.32%

Actuarial Methods and Assumptions

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

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

Significant Methods and Actuarial Assumptions

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance	University of Idaho Plan
		Healthcare	Life Insurance	Income		
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percentage of Payroll	Level Percentage of Payroll	Level Dollar	Level Dollar	Level Percentage of Payroll	Level Dollar
Amortization Period	10 years, Closed	30 years, Open	5 years, Closed	6 years, Closed	30 years, Open	30 years, Open
Asset Valuation Method	N/A	N/A	N/A	N/A	N/A	Fair Market Value
Assumptions:						
Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%	N/A
Investment Return	3.75%	3.75%	3.75%	3.75%	3.75%	6.25%*
OPEB Increases	N/A	N/A	N/A	N/A	N/A	N/A
Projected Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.00%
Healthcare Cost Initial Trend Rate	4.90%	4.90%	N/A	N/A	N/A	9.00%
Healthcare Cost Ultimate Trend Rate	5.00%	5.00%	N/A	N/A	N/A	5.00%

* The discount rate is based upon the University's historical and long-term expected investment return.

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 Group Insurance and Risk Management internal service funds and various outside entity insurance providers.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs which 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 5 percent of the annual premiums for medical, 5 percent for dental, and is not responsible for any claims exceeding premium payments for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2013 refund reflects a favorable claims experience. Unpaid claim liabilities at fiscal year-end of $5.1 million for Group Insurance are not discounted. The State maintains program and premium stabilization balances; these amounts are included with the restricted net position in the Group Insurance fund.

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, energy systems are self-insured for up to $50,000, and employee bond/crime is self-insured for up to $175,000, 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 $14.0 million of unpaid claim liabilities for Risk Management are recorded at the present value of $12.9 million, using a 3.5 percent discount interest rate.

All state entities may participate in the Group Insurance and Risk Management programs. 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. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered.

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
Group Insurance	2012	$2,181	($4,183)	$4,795	$2,793
	2013	$2,793	($6,823)	$9,101	$5,071
Risk Management	2012	$11,688	$5,892	($4,923)	$12,657
	2013	$12,657	$4,411	($4,176)	$12,892

NOTE 10. LEASES

A. State as Lessee

The State leases land, 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, 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 2013 were $26.4 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

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

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

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	$187		$187
Buildings and Improvements	34,651	$8,043	42,694
Machinery, Equipment, and Other	646	529	1,175
Accumulated Depreciation	(4,234)	(4,252)	(8,486)
Total Assets under Capital Leases	**$31,250**	**$4,320**	**$35,570**

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

	Operating Leases	Capital Leases			
Fiscal Year	Primary Government	Governmental Activities	Business-Type Activities With Third Parties	Business-Type Activities With Component Units	Total Primary Government
2014	$26,297	$3,521	$175	$429	$4,125
2015	20,065	3,538	20	432	3,990
2016	16,782	3,318	20	433	3,771
2017	13,666	3,337	10	405	3,752
2018	8,941	3,315		11	3,326
2019 - 2023	12,228	16,590			16,590
2024 - 2028	143	14,461			14,461
2029 - 2033	143	2,751			2,751
Total Payments	**$98,265**	50,831	225	1,710	52,766
Executory Costs		(10,737)			(10,737)
Imputed Interest		(12,700)	(14)	(258)	(12,972)
Total Present Value of Minimum Lease Payments		**$27,394**	**$211**	**$1,452**	**$29,057**

B. State as Lessor

Operating Leases

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

Asset Class	Primary Government
Land	$2,751
Buildings and Improvements	22,867
Improvements Other Than Buildings	272
Machinery, Equipment, and Other	1,143
Accumulated Depreciation	(2,953)
Total Assets Held for Lease	**$24,080**

Capital Leases

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

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

	Operating Leases	Capital Leases
	Primary	Component
Fiscal Year	Government	Unit
2014	$5,655	$429
2015	4,902	432
2016	4,597	433
2017	4,299	416
2018	4,041	
2019 - 2023	18,850	
2024 - 2028	8,195	
2029 - 2033	4,813	
Total Rentals and Receivables	**$55,352**	**$1,710**
Net Investment in Direct Financing Lease:		
Minimum Lease Payments Receivable		$1,710
Unearned Income		(258)
Net Investment in Direct Financing Lease		**$1,452**

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 2013, the State anticipated that 45.2 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 67.4 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open market were issued on July 1, 2012, and were redeemed on June 30, 2013.

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, 2013, the Association has commercial paper outstanding, maturing within 12 to 67 days from date of issue, with a weighted average interest rate of 0.42 percent.

The Idaho Small Employer Health Reinsurance Program has a $0.8 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 1 percent per annum and was 4.25 percent as of December 31, 2012. The line had no activity during the year, matures November 1, 2013, and is not secured.

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

	Balances at July 1, 2012	Issued/Draws	Redeemed/ Repayments	Balances at June 30, 2013
Primary Government				
Governmental Activities:				
External Tax Anticipation Notes	$0	$500,000	($500,000)	$0
Component Units				
Commercial Paper	$50,000	$172,389	($172,389)	$50,000

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

A. Compensated Absences

Primary Government

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

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

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

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

The health insurance premiums are funded by remitting 0.65 percent of payroll to the Sick Leave Insurance Reserve fund administered by the Public Employee Retirement System of Idaho. A compensated absences liability is recorded for the actuarial accrued unfunded liability on the government-wide statements and as of June 30, 2013, was $8.2 million.

B. Revenue Bonds

Primary Government

The Idaho State Building Authority is authorized by Idaho Code Title 67 Chapter 64 to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds except the

Series 2008A bonds, for which the Authority has a funded debt service reserve. No amounts were outstanding at June 30, 2013, under these surety bonds.

The State's colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued $561.8 million in bonds between 1998 and 2013. Annual principal and interest payments on the bonds are expected to require 11 percent of the revenues. The total principal and interest payments remaining on the bonds are $739.0 million, payable through 2042. For the current year, principal and interest payments and total pledged revenues were $36.0 million and $327.3 million, respectively.

The Idaho Water Resource Board within the Department of Water Resources is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 42-1739 through 42-1749. Bonds in the original amount of $5.3 million are outstanding and secured by revenues derived from the generation of hydroelectric power, a mortgage, the assignment of water rights, and by a reserve fund with the trustee bank. The reserve requirement is equal to the lesser of 125 percent of the annual debt service, the maximum annual debt service, or 10 percent of the outstanding principal of the bonds. An amount equal to 125 percent of the current year's debt service payment is accumulating in the Loan fund for debt service payment in the event the pipeline is out of service and unable to generate revenue. These bonds are not considered general obligations of the State. Total principal and interest remaining on the bonds is $3.6 million, payable through 2019. Annual principal and interest payments on the bonds are expected to require 71.9 percent of the revenues. For the current year, principal and interest payments and total pledged revenues were $0.6 million and $0.8 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, the construction of highway transportation projects, and to refinance a note for unemployment compensation benefits. 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 and unemployment compensation benefits bonds are secured by principal and interest payments from the Idaho Transportation Department and the Idaho Department of Labor.

The State's college and university foundations have a number of bonds outstanding for the purpose of funding construction projects. Foundation bonds are secured by various revenue sources, including leases, donations, pledges, and other funds. The college and university foundations issued $27.0 million in bonds between 2001 and 2002. The total principal and interest payments remaining on the bonds are $7.5 million, payable through 2021. Annual principal and interest payments on the bonds are expected to require 115.7 percent of the revenues. For the current year, principal and interest payments and total pledged revenues were $0.5 million and $0.5 million, respectively.

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

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

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
2014	$25,990	$7,771	$16,713	$19,893	$425	$175	**$43,128**	**$27,839**
2015	19,410	6,767	17,999	19,420	450	151	**37,859**	**26,338**
2016	8,120	6,185	18,811	18,670	475	125	**27,406**	**24,980**
2017	8,465	5,894	17,307	17,897	500	98	**26,272**	**23,889**
2018	8,805	5,563	18,139	17,217	530	68	**27,474**	**22,848**
2019-2023	50,380	21,552	91,171	75,102	560	35	**142,111**	**96,689**
2024-2028	32,030	10,519	70,175	56,875			**102,205**	**67,394**
2029-2033	12,765	7,000	70,630	39,487			**83,395**	**46,487**
2034-2038	15,305	3,790	72,575	19,177			**87,880**	**22,967**
2039-2043	9,054	625	58,685	3,021			**67,739**	**3,646**
Total	**$190,324**	**$75,666**	**$452,205**	**$286,759**	**$2,940**	**$652**	**$645,469**	**$363,077**
Interest Rate	0.16% to 5.98%		0.67% to 6.52%		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
2014	$152,425	$52,436	$440	$99	$14,725	$14,901	**$167,590**	**$67,436**
2015	99,045	48,960	460	82	16,225	14,448	**115,730**	**63,490**
2016	109,095	44,820	855	62	16,560	13,900	**126,510**	**58,782**
2017	69,705	41,588	875	41	16,635	13,332	**87,215**	**54,961**
2018	72,240	39,308	890	35	17,335	12,720	**90,465**	**52,063**
2019-2023	377,930	160,498	4,175		102,740	52,210	**484,845**	**212,708**
2024-2028	402,980	94,285			96,205	29,281	**499,185**	**123,566**
2029-2033	297,260	23,336			39,975	11,597	**337,235**	**34,933**
2034-2038	144,700	10,169			21,000	5,202	**165,700**	**15,371**
2039-2043	21,383	2,095			9,765	833	**31,148**	**2,928**
Total	**$1,746,763**	**$517,495**	**$7,695**	**$319**	**$351,165**	**$168,424**	**$2,105,623**	**$686,238**
Interest Rate	0.00% to 14.30%		*0.17% to 5.35%		1.25% to 6.25%			

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

C. Advance and Current Refundings

Primary Government

During fiscal year 2013, the Idaho State Building Authority issued $10.9 million in refunding bonds and placed the proceeds into irrevocable trusts sufficient to provide for all future debt service payments on defeased bonds. The refunding resulted in a reduction of debt service requirements by $0.7 million and an economic gain of $0.6 million. The related liability was appropriately removed from the financial statements in the year of defeasance.

Boise State University defeased two existing bonds by issuing new bonds totaling $26.0 million and placing part of the proceeds of the general revenue bond into a trust sufficient to pay all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance. The refunding resulted in a reduction of debt service requirements by $3.3 million and an economic gain of $2.6 million.

Idaho State University advance refunded bonds by issuing new bonds of $31.3 million and placing the proceeds into a trust sufficient to pay all future debt service payments on those bonds. The refunding resulted in a reduction of debt service requirements of $3.8 million and an economic gain of $3.5 million.

The University of Idaho defeased five existing bonds by issuing new bonds of $8.7 million and placing the proceeds of the general revenue bond into a trust sufficient to pay all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance. The refunding resulted in a reduction of debt service payments of $0.5 million and an economic loss of $0.5 million.

Component Units

The Idaho Housing and Finance Association issued the 2012A bonds to refund the 2007D through 2007K variable rate demand bonds. The redemption and reissuance were at par resulting in a $70 thousand gain which was used to offset underwriting costs. This current refunding exchanged variable rate demand obligations with indexed floating rate obligations, eliminating liquidity and remarketing risks associated with the original 2007D through 2007K bonds.

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

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2001 Series C Bonds	$3,815	$3,815
	2003 Series B Bonds	4,765	4,765
	2003 Series D Bonds	7,640	7,640
	2003 Series E Bonds	5,430	5,430
	2003 Series F Bonds	7,350	7,350
	2003 Series G Bonds	6,280	6,280
	2003 Series H Bonds	6,900	6,900
	2003 Series I Bonds	3,385	3,385
	2003 Series J Bonds	1,435	1,435
	2005 Series A Bonds	6,935	6,935
Boise State University	2004 General Revenue Bond	23,190	23,190
	2005 General Revenue Bond	10,475	10,475
Idaho State University	1998 Series Student Facilities Fees Revenue Bonds	5,030	5,030
	2003 Series General Refunding and Revenue Bonds	25,630	25,630
	2004 Series A General Revenue Bonds	2,585	2,585
	2004 Series B General Revenue Bonds	265	265
University of Idaho	2003 Series Student Fee Refunding Revenue Bond	5,545	5,545

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 $675.0 million in notes payable to the Idaho Housing and Finance Association. The notes are related to GARVEE bonds issued by the Association 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 16.9 percent of the revenues. The total principal and interest payments remaining on the notes are $825.5 million, payable through 2029. For the current year, principal and interest payments and total pledged revenues were $50.2 million and $296.7 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

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

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

The State's colleges and universities refinanced various notes payable by issuing new notes payable. The notes are secured by student fees revenues. Lewis-Clark State College issued $7.7 million in notes payable between 2010 and 2012. Annual principal and interest payments on the notes are expected to require 79.6 percent of the revenues. The total principal and interest remaining on the notes is $5.7 million, payable through 2018. For the current year, principal and interest payments and net pledged revenues were $1.0 million and $1.2 million, respectively.

The Department of Labor issued $187.6 million in notes payable to the Idaho Housing and Finance Association in fiscal year 2012. The note was issued to refinance the existing notes payable to the federal government for the deficit in the Unemployment Trust Fund that occurred in 2009 and 2010. The fund's unemployment insurance receipts had fallen short of the amount needed to pay the prior year unemployment compensation benefits.

The Idaho Lottery purchased capital equipment through the issuance of a note payable for $70 thousand in 2012.

Component Unit

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

The BSU Foundation issued a $2.0 million note payable to a large healthcare organization. The proceeds were invested and the investment earnings will generate scholarships for health science students.

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

	Primary Government							
	Governmental Activities							
Fiscal Year Ending	Transportation		Nonmajor Special Revenue		Internal Service		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$24,074	$28,311	$91	$74	$187	$151	**$24,352**	**$28,536**
2015	25,097	27,324	96	69	210	140	**25,403**	**27,533**
2016	26,191	26,224	102	63	234	129	**26,527**	**26,416**
2017	27,347	25,067	107	58	261	116	**27,715**	**25,241**
2018	28,650	23,763	113	52	289	101	**29,052**	**23,916**
2019-2023	162,674	94,758	668	158	1,714	232	**165,056**	**95,148**
2024-2028	200,726	47,485	156	9			**200,882**	**47,494**
2029-2033	55,905	1,892					**55,905**	**1,892**
Total	**$550,664**	**$274,824**	**$1,333**	**$483**	**$2,895**	**$869**	**$554,892**	**$276,176**
Interest Rate	2.00% to 6.35%		5.52%		5.34%			

	Business-Type Activities							
Fiscal Year Ending	College and University		Unemployment Compensation		Nonmajor Enterprise Funds		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$2,877	$416	$46,130	$5,372	$23	$2	**$49,030**	**$5,790**
2015	2,854	298	47,940	3,399	21	1	**50,815**	**3,698**
2016	2,866	185	50,075	1,165			**52,941**	**1,350**
2017	1,775	68					**1,775**	**68**
2018	1,886	34					**1,886**	**34**
2019-2023	2						**2**	**0**
Total	**$12,260**	**$1,001**	**$144,145**	**$9,936**	**$44**	**$3**	**$156,449**	**$10,940**
Interest Rate	2.28% to 5.00%		2.00%		5.75%			

Fiscal Year Ending June 30	Component Units: Idaho Housing and Finance Association Principal	Idaho Housing and Finance Association Interest	College and University Foundations Principal	College and University Foundations Interest	Total Principal	Total Interest
2014	$1,224	$975		$20	**$1,224**	**$995**
2015	1,290	913		20	**1,290**	**933**
2016	1,353	850		20	**1,353**	**870**
2017	1,421	782	$2,000	20	**3,421**	**802**
2018	1,393	714			**1,393**	**714**
2019-2023	6,277	2,666			**6,277**	**2,666**
2024-2028	5,274	1,395			**5,274**	**1,395**
2029-2033	1,943	574			**1,943**	**574**
2034-2038	1,489	303			**1,489**	**303**
2039-2043	1,073	94			**1,073**	**94**
2044-2048	437	21			**437**	**21**
2049-2053	1,361	3			**1,361**	**3**
Total	**$24,535**	**$9,290**	**$2,000**	**$80**	**$26,535**	**$9,370**
Interest Rate	0.00% to 9.13%		1.00%			

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 2013 but not reported at year end in the amount of $67.1 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. The State recorded a liability of $2.1 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 2012 amended remediation cost estimate was $143.0 million, which was measured using the expected cash flow technique. The State's share was $14.3 million. The State has expended $15.4 million toward the required match leaving an overpayment of the match liability of $1.1 million. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002, the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission that will direct cleanup of the Coeur d'Alene Basin in Idaho. The EPA issued a record of decision in September 2002. The State and federal government signed the Coeur d'Alene Basin Superfund contract on October 2, 2003. The current estimate of the remediation cost is $310.0 million; Idaho's match is 10 percent or $31.0 million, which was measured using the expected cash flow technique. The State has expended $2.8 million toward the required match, leaving a liability of $28.2 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 Idaho Housing and Finance Association had an estimated arbitrage rebate liability of $1.8 million.

The Petroleum Clean Water Trust Fund had policy claim liabilities of $4.9 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of $3.5 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, 2012	Increases	Decreases	Balances at June 30, 2013	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	$207,244	$19,990	($36,910)	$190,324	$25,990
(Premiums)/Discounts/Other	(138)	1,304	6,134	7,300	
Notes Payable	4,476		(248)	4,228	278
Notes Payable to Component Unit	520,337	52,302	(21,975)	550,664	24,074
Total Bonds and Notes Payable	731,919	73,596	(52,999)	752,516	50,342
Capital Leases	28,967	178	(1,751)	27,394	1,540
Compensated Absences	62,775	49,381	(55,686)	56,470	48,270
Policy Claim Liabilities	15,450	13,512	(10,999)	17,963	9,406
Claims and Judgments	178,173	69,450	(151,299)	96,324	69,376
Net Pension Obligation	13,596	3,029	(2,636)	13,989	
Net OPEB Obligation	24,720	2,497	(2,610)	24,607	
Total Governmental Activity	**$1,055,600**	**$211,643**	**($277,980)**	**$989,263**	**$178,934**
Business-Type Activities:					
Revenue Bonds	$456,165	$72,365	($73,385)	$455,145	$17,138
(Premiums)/Discounts	948	2,461	(3,457)	(48)	(93)
Notes Payable	17,175		(4,871)	12,304	2,900
Notes Payable to Component Unit	187,570		(43,425)	144,145	46,130
Total Bonds and Notes Payable	661,858	74,826	(125,138)	611,546	66,075
Capital Leases	539		(328)	211	165
Capital Leases to Component Unit	1,777		(325)	1,452	340
Compensated Absences	22,648	22,139	(22,548)	22,239	22,239
Net OPEB Obligation	15,513	2,778	(1,148)	17,143	
Other Long-Term Liabilities	633	371		1,004	
Total Business-Type Activity	**$702,968**	**$100,114**	**($149,487)**	**$653,595**	**$88,819**
Component Units:					
Revenue Bonds	$2,346,417	$326,186	($566,980)	$2,105,623	$167,590
(Premiums)/Discounts	37,893	15,953	(7,776)	46,070	6,804
Notes Payable	27,519	128	(1,112)	26,535	1,224
Total Bonds and Notes Payable	2,411,829	342,267	(575,868)	2,178,228	175,618
Policy Claim Liabilities	9,236	14,259	(15,096)	8,399	8,399
Claims and Judgments	2,749		(931)	1,818	
Total Component Unit Activity	**$2,423,814**	**$356,526**	**($591,895)**	**$2,188,445**	**$184,017**

Internal service funds predominantly serve the governmental funds. Accordingly, $2.9 million of notes payable, $0.8 million of compensated absences, $18.0 million of policy claim liabilities, and $0.3 million of net OPEB obligations were included in the governmental activities for internal service fund liabilities.

In the past the compensated absences liability attributable to governmental activities has been liquidated by the General Fund, special revenue funds, and internal service funds. Primarily, the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim liabilities will be liquidated through the State's Group Insurance and Risk

Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds, and nonmajor special revenue funds; the net pension obligation will be liquidated by the General Fund; the net OPEB obligation will be liquidated by the General Fund, Health and Welfare and Transportation special revenue funds, nonmajor special revenue funds, and internal service funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the financed property 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. Seven series of Water Resource bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of $88.5 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 financed property and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Thirty-seven series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of $221.0 million.

NOTE 13. EQUITY

A. Restatement of Beginning Fund Balances and Net Position

The beginning net position of the nonmajor enterprise funds decreased by $3.3 million due to a restatement of capital assets and the beginning cash balance.

The government-wide Statement of Activities includes the above restatements in the Business-Type Activities column. In addition, Governmental Activities beginning net position decreased by $42.1 million due to adjustments to infrastructure construction-in-progress; and increased by $0.5 million due to an overstatement of capital assets in prior year. The Idaho State Building Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this standard required the Authority to restate beginning net position by a decrease of $1.2 million.

During fiscal year 2013, the Idaho Bond Bank Authority, a discretely presented component unit, implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this standard required the Authority to restate beginning net position by a decrease of $3.8 million.

B. Net Position Restricted by Enabling Legislation

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

The government-wide Statement of Net Position reported restricted net position of $2.3 billion for governmental activities, $982.7 million for business-type activities, and $559.2 million for component units. These amounts include $408.1 million of net position restricted by enabling legislation for governmental activities and $460.4 million of net position restricted by enabling legislation for business-type activities.

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

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to

which the State is bound to honor limitations on the use of the funds' resources. When a fund has more than one revenue stream, equity is classified according to the materiality of any limitations on the fund.

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

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

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

The following schedule presents the nature and purpose of these fund balances at June 30, 2013:

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

	Restricted	Committed	Assigned	Total
Funds				
General				
Economic Development		$6,926	$30,657	$37,583
Education	$24,487	99,125	361	123,973
Environmental Quality		6,648		6,648
General Government Administrative Costs	763		19,355	20,118
Millennium Endowment Fund	179,739			179,739
Municipal Revenue Sharing	10,941			10,941
Opportunity College Scholarships		19,105		19,105
Public Safety			6,186	6,186
School Building Maintenance and Repair		21,607		21,607
State Building Construction and Maintenance		41,828		41,828
Other Purposes	3,341	240	7,247	10,828
Total	**$219,271**	**$195,479**	**$63,806**	**$478,556**
Health and Welfare				
Health and Human Services	$1,995	$52		$2,047
Total	**$1,995**	**$52**	**$0**	**$2,047**
Transportation and Transportation Infrastructure				
GARVEE Debt Service	$35,679			$35,679
Transportation Programs	155,059	$2,354		157,413
Total	**$190,738**	**$2,354**	**$0**	**$193,092**
Land Endowments				
Endowment Fund Beneficiaries	$245,243			$245,243
Total	**$245,243**	**$0**	**$0**	**$245,243**
Nonmajor Special Revenue				
Agricultural Programs	$36,125			$36,125
Corrections	3,506	$1,707		5,213
Courts	1,380	3,231		4,611
Economic Development	31,674			31,674
Education		3,267		3,267
Employment Administration and Training Programs	13,608	14,016		27,624
Environmental Quality	37,110	21,799	$2,689	61,598
Professional Licensing and Monitoring	61,519			61,519
Public Recreation	492	21,445		21,937
Public Safety	3,937	8,525		12,462
Soil Conservation Program	10,223			10,223
State Building Debt Service	18,579			18,579
State Land Management	16,583			16,583
Tourism and Promotion	6,458			6,458
Wildlife Management	26,400			26,400
Workers Compensation	22,783			22,783
Other Purposes	1,173	1,109		2,282
Total	**$291,550**	**$75,099**	**$2,689**	**$369,338**

D. Budget Stabilization

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

- The *Higher Education Budget Stabilization Fund* can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2013, the fund balance was $0.9 million.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. The balance in the Budget Stabilization Fund shall not exceed more than 5 percent of total General Fund receipts for the fiscal year just ended. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 5 percent of General Fund receipts. The Board of Examiners has authority to transfer unencumbered moneys from the Budget Stabilization Fund to the General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. Idaho Code Section 67-3520 requires certain distributions be made from the cigarette and tobacco product tax revenues, with the remainder transferred to the Budget Stabilization Fund. As of June 30, 2013, the fund balance was $135.2 million.
- The *Public Education Stabilization Fund* may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. The fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.34 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund. Additions to the Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2013, the fund balance was $49.0 million.
- Idaho Code Section 26-31-110 requires that the Mortgage Recovery Fund, part of the Regulatory fund, maintain a minimum balance of $1.5 million. The Mortgage Recovery Fund account is used to reimburse persons who have been awarded damages resulting from violations of the Idaho Residential Mortgage Practices Act.

NOTE 14. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code Title 57 Chapter 7 and Title 67 Chapter 16. Net appreciation on investments of the donor-restricted endowments available for expenditure for the Land Endowments fund was $24.9 million, which is included in net position restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Department of Parks and Recreation has a $1.1 million donor-restricted endowment for the preservation, operation, and management of the Ritter

Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a $2.4 million donor-restricted endowment for the management of the Trail of the Coeur d'Alenes. Only earnings from investments may be expended by the Idaho Parks and Recreation Board; although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was $0.2 million, which is reported in net position restricted for other purposes.

Component Units

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

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $5.6 million during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

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

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $2.5 million during the fiscal year. Accumulated earnings are reported in net position 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 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the current fiscal year.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments had net appreciation of $0.6 million during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of $17.5 million during the fiscal year. Unrealized appreciation is included in net position restricted for permanent trust-nonexpendable. The Foundation Board of Directors establishes an annual spending rate. For fiscal year 2013, the spending rate was set at 4.5 percent of the three-year rolling average of the endowment's monthly fair market value.

NOTE 15. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES

A. Litigation and Contingencies

Primary Government

In November 1998, a Master Settlement Agreement was reached between the five largest tobacco manufacturers and 46 states. Since then more than 40 tobacco companies have joined the Agreement. Under the terms of the Agreement, the State of Idaho anticipates receiving annual payments in perpetuity, subject to numerous adjustments. The State received cash payments of $24.9 million during fiscal year 2013. 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 other 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, 2013, the principal amount of qualified school district bonds outstanding was $761.7 million, and the interest amount outstanding was $238.9 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, 2013, the Idaho Bond Bank Authority had a principal amount of qualified municipal bonds outstanding of $351.2 million, and the interest amount outstanding was $168.0 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 State's opinion is that these questioned costs, if any, will not have a significant effect on the financial position of the State.

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.

Component Units

The Idaho Housing and Finance Association is a defendant in a case brought by the Lehman Brothers Bankruptcy Estate in the Southern Federal District Court of New York. Lehman Brothers alleges that the Association should have paid a higher interest rate swap agreement termination amount and has claimed $29.9 million in the case. In the opinion of the Association's legal counsel, the Association has a strong defense. The Association management believes any potential settlement will not have a material effect on the Association's financial position.

B. Commitments

Primary Government

The Idaho Transportation Department (ITD) has a total of $198.2 million in outstanding commitments for infrastructure and $26.1 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay the Idaho Housing and Finance Association $731.7 million in principal and $409.1 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, the ITD has borrowed $675.0 million against the total; of that amount, $124.3 million has been repaid, resulting in a $550.7 million liability being recorded. Details can be found in Note 12.

The Department of Administration has a total of $16.2 million in outstanding commitments for capital asset-related construction projects underway at year-end. The Department also has a contract with Education Network of America to provide network services for schools connected to the Idaho Education Network. The network enables students and communities to receive classes and courses from education providers. The contract will expire in January 2019 and the total remaining cost is $13.3 million.

The colleges and universities estimate costs of $35.0 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 financing sources for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of $128.9 million and the Drinking Water Loan fund had commitments of $23.4 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose.

The Department of Correction has a contract with Corrections Corporation of America to operate a 2,080-bed prison. The estimated cost for fiscal year 2014 is $29.8 million. The Department has a contract with Corizon, Inc. to provide medical services for inmates. The contract will expire in December 2013. The estimated cost for fiscal year 2014 is $27.2 million. The Department also has a contract with Management and Training Corporation to operate a 432-bed substance abuse treatment prison facility. The Department has committed to pay monthly per diems based on offender count. The fiscal year 2014 estimated cost is $9.3 million.

The Idaho State Tax Commission entered into a Software Maintenance and Configuration Assistance Agreement to maintain the Commission's GENTAX application. The agreement is effective through June 30, 2020, with a remaining cost of $5.7 million.

The Department of Juvenile Corrections contracts with various private juvenile placement providers for care and rehabilitation services. Contract daily rates range from $90 to $360 per day. The estimated cost for fiscal year 2014 is $5.7 million.

The Dairy Products Commission annually commits to participate in a national unified marketing plan for dairy products. The Commission's 2013 commitment to nutrition, product, and ingredient manufacturing research and marketing activities is $5.6 million.

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

The Public Employee Retirement System of Idaho has a total of $415.7 million in outstanding commitments for investments to private equity partnerships.

Component Units

The Idaho Housing and Finance Association has commitments to purchase $227.5 million of single-family mortgages. The Association has commitments to sell or secure $186.0 million of single-family mortgages.

C. Encumbrances

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

	General Fund	Health and Welfare	Transportation	Nonmajor Governmental
Encumbrances	$24,622	$2,047	$29,510	$21,418

NOTE 16. SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the following events occurred:

Primary Government

On July 1, 2013, 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 2014 fiscal year. The notes mature on June 30, 2014.

Component Units

In October 2013 the Idaho Housing and Finance Association issued 2013 Series A Refunding Bonds in the amount of $142.1 million. Proceeds from the bonds will be used to repay prior bonds.

Required Supplementary Information



Grain Elevator in Tetonia, Idaho

Photo Courtesy of Mike Hargis

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	General			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sales Tax	$1,308,589	$1,308,589	$1,308,589	
Individual and Corporate Taxes	1,831,847	1,831,847	1,831,847	
Other Taxes	62,321	62,321	62,321	
Licenses, Permits, and Fees	19,489	19,489	19,489	
Sale of Goods and Services	25,782	25,782	25,782	
Grants and Contributions	24,989	24,989	24,989	
Investment Income	15,910	15,910	15,910	
Tobacco Settlement	24,912	24,912	24,912	
Other Income	26,508	26,508	26,508	
Total Revenues	$3,340,347	$3,340,347	3,340,347	
EXPENDITURES				
General Government	$834,202	$835,379	750,359	$85,020
Public Safety and Correction	266,311	274,943	269,325	5,618
Health and Human Services	37,527	37,527	37,473	54
Education	1,767,475	1,772,086	1,723,309	48,777
Economic Development	49,437	49,606	42,731	6,875
Natural Resources	27,839	27,854	37,005	(9,151)
Total Expenditures	$2,982,791	$2,997,395	2,860,202	$137,193
Revenues Over (Under) Expenditures			480,145	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			178	
Sale of Capital Assets			305	
Transfers In			209,169	
Transfers Out			(883,204)	
Total Other Financing Sources (Uses)			(673,552)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(193,407)	
Reconciling Items				
Changes Affected by Accrued Revenues			(251,574)	
Changes Affected by Accrued Expenditures			641,982	
Fund Balances - Beginning of Year			686,663	
Fund Balances - End of Year			$883,664	

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

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
$39,363	$39,363	$39,363		$225,242	$225,242	$225,242	
22,647	22,647	22,647		130,067	130,067	130,067	
146,941	146,941	146,941		6,040	6,040	6,040	
1,506,550	1,506,550	1,506,550		310,954	310,954	310,954	
915	915	915		3,290	3,290	3,290	
17,811	17,811	17,811		2,267	2,267	2,267	
$1,734,227	$1,734,227	1,734,227		$677,860	$677,860	677,860	
$3,233	$3,233	3,233					
2,379,927	2,403,607	2,326,258	$77,349				
				$905,364	$907,152	698,527	$208,625
$2,383,160	$2,406,840	2,329,491	$77,349	$905,364	$907,152	698,527	$208,625
		(595,264)				(20,667)	
		67				13,876	
		610,602					
		(39,582)				(15,825)	
		571,087				(1,949)	
		(24,177)				(22,616)	
		252,337				1,745	
		(269,700)				(2,031)	
		41,599				235,423	
		$59				$212,521	

NOTE TO BUDGETARY REPORTING

Budgetary Process and Control

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

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

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

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

Idaho Code Section 67-3511(1) allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per Idaho Code Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The SBE must approve object transfers.

Idaho Code Section 67-3511(2) allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The DFM and the SBE must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

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

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

Budgetary Basis of Accounting

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

Governor's holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

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

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

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

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

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 12,222 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 three pavement-condition data elements: International Roughness Index, rutting depth, and pavement distress, collected as follows:

The International Roughness Index (IRI) is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. Idaho has adopted a roughness index (RI) to correlate the measured IRI of the road surface to a 0.0-5.0 scale.index, with 0.0 being extremely rough and 5.0 being smooth.

Rutting Depth is a primary indicator of pavement distress caused by fatigue in the roadway wheelpath. The ITD annually collects longitudinal profiles and rutting depths of all pavement management sections statewide.

The ITD uses a Class II-type profilometer to measure IRI and rutting depth. A Profiler Van mounted with a profilometer, laser sensors, and personal computers travels at normal posted speeds and collects and stores road-profile information at one-tenth of a foot intervals.

Pavement Distress (Cracking) is the final important indicator of pavement condition. The Profiler Van used to collect roughness and rutting information also collects video of the entire state highway system each year. The video equipment records images of both the forward facing view and a downward facing view so that pavement distress is easily seen. 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. 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 functional class categories: interstates and arterials, and collectors. The surface condition is measured by Roughness Index (RI), Rutting Depth, and Crack Index (CI). Each category has its own thresholds, which differ slightly depending on the assigned functional class. The measurement ranges for each of these conditions is shown in the following chart:

Condition: Roughness Index		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	RI > 3.0	RI > 3.0
Fair	2.5 ≤ RI ≤ 3.0	2.0 ≤ RI ≤ 3.0
Poor	2.0 ≤ RI <2.5	1.5 ≤ RI < 2.0
Very Poor	RI < 2.0	RI < 1.5

Condition: Rutting		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	0.00”- 0.24”	0.00”- 0.49”
Fair	0.25”- 0.49”	0.50”- 0.99”
Poor	0.50”- 0.74”	1.00”- 1.49”
Very Poor	≥0.75”	≥1.50”

Condition: Cracking Index		
	Functional Class	
Pavement Condition	Interstate and Arterials	Collectors
Good	CI > 3.0	CI > 3.0
Fair	2.5 ≤ CI ≤ 3.0	2.0 ≤ CI ≤ 3.0
Poor	2.0 ≤ CI <2.5	1.5 ≤ CI < 2.0
Very Poor	CI < 2.0	CI < 1.5

Established Condition Level

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2012 the assessed level was maintained at 14 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

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

	2012		2011		2010		2009		2008	
Good	7,614	62.3%	7,748	63.4%	7,531	62.8%	7,226	60.3%	7,401	62.0%
Fair	2,946	24.1%	2,849	23.3%	2,544	21.2%	2,653	22.1%	2,203	18.4%
Poor	1,479	12.1%	1,451	11.9%	1,651	13.8%	1,589	13.3%	1,779	14.9%
Very Poor	183	1.5%	174	1.4%	271	2.2%	521	4.3%	561	4.7%
Total Lane Miles	**12,222**	**100%**	**12,222**	**100%**	**11,997**	**100%**	**11,989**	**100%**	**11,944**	**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):*

	FY2014	FY2013	FY2012	FY2011	FY2010	FY2009	FY2008
Estimated	$122,831	$104,612	$110,125	$170,828	$144,000	$85,000	$90,800
Actual		125,839	161,290	137,922	111,489	103,720	108,624

Actual costs were more than estimated costs in fiscal year 2013 by 20.3 percent.

PENSION – SCHEDULE OF FUNDING PROGRESS

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) : (5)
6/30/11	$63,140	$77,228	$14,088	81.8%	$5,700	247.2%
6/30/12	$60,699	$73,656	$12,957	82.4%	$5,847	221.6%
7/1/13	$66,719	$80,390	$13,671	83.0%	$5,868	233.0%

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	7/1/2010	$0	$22,551	$22,551	0.0	$763,295	3.0 %
	7/1/2011	$0	$23,508	$23,508	0.0	$755,116	3.1 %
	7/1/2012	$0	$15,751	$15,751	0.0	$811,758	1.9 %
Long-Term Disability Healthcare	7/1/2010	$0	$8,169	$8,169	0.0	$763,295	1.1 %
	7/1/2011	$0	$8,390	$8,390	0.0	$755,116	1.1 %
	7/1/2012	$0	$7,155	$7,155	0.0	$811,758	0.9 %
Life Insurance	7/1/2010	$0	$9,089	$9,089	0.0	$763,295	1.2 %
	7/1/2011	$0	$8,753	$8,753	0.0	$755,116	1.2 %
	7/1/2012	$0	$6,767	$6,767	0.0	$811,758	0.8 %
Income	7/1/2010	$0	$5,208	$5,208	0.0	$763,295	0.7 %
	7/1/2011	$0	$4,689	$4,689	0.0	$755,116	0.6 %
	7/1/2012	$0	$4,065	$4,065	0.0	$811,758	0.5 %
Retiree Life Insurance	7/1/2010	$0	$36,700	$36,700	0.0	$244,743	15.0 %
	7/1/2011	$0	$39,161	$39,161	0.0	$253,915	15.4 %
	7/1/2012	$0	$39,563	$39,563	0.0	$264,491	15.0 %
University of Idaho	7/1/2010	$19,159	$74,563	$55,404	25.7	$121,834	45.5 %
	*7/1/2011	$21,774	$73,240	$51,466	29.7	$123,237	41.8 %
	7/1/2012	$24,753	$63,465	$38,712	39.0	$123,592	31.3 %

*Actuarial Value of Asset for University of Idaho restated due to adjustment of bank statement.

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

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	6/30/2011	$2,912	$545	18.72%
	6/30/2012	$3,058	$542	17.72%
	6/30/2013	$3,269	$535	16.37%
University of Idaho	6/30/2011	$5,250	$5,620	107.05%
	6/30/2012	$4,806	$5,201	108.22%
	6/30/2013	$3,753	$4,404	117.35%

Combining Financial Statements



Old Cascade Barn in Cascade, Idaho

Photo Courtesy of Talo Pinto

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

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

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

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

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

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

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

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

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

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

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

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources	**Regulatory**	**Fish and Game**	**Federal**
ASSETS				
Cash and Cash Equivalents	$3,550	$1,665		
Pooled Cash and Investments	76,270	58,123	$7,869	$11,309
Investments	26,429	8,363	4,523	2,733
Accounts Receivable, Net	2,016	17		90
Taxes Receivable, Net	2,756			
Interfund Receivables	18		74	278
Due from Other Entities	2,615		9,021	52,107
Inventories and Prepaid Items	2,544	401	6,925	1,027
Loans, Notes, and Pledges Receivable, Net	4,671		10	
Other Assets	196	39	65	14
Restricted Assets:				
Cash and Cash Equivalents	37,354	1,060	3,835	28,932
Investments	2,354		10,943	
Total Assets	$160,773	$69,668	$43,265	$96,490
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$3,592	$88	$971	$38,985
Payroll and Related Liabilities	2,856	1,497	2,428	4,285
Interfund Payables	93	7	15	1,579
Deferred Revenue	3,664	3,595	3,264	21,645
Amounts Held in Trust for Others	570	2,042	5	
Other Accrued Liabilities	1,137	519	391	334
Total Liabilities	11,912	7,748	7,074	66,828
Fund Balances				
Nonspendable:				
Permanent Trusts			2,866	
Inventories and Prepaid Items	2,544	401	6,925	1,027
Noncurrent Receivables	18			
Restricted	100,366	61,519	26,400	28,635
Committed	43,244			
Assigned	2,689			
Total Fund Balances	148,861	61,920	36,191	29,662
Total Liabilities and Fund Balances	$160,773	$69,668	$43,265	$96,490

		Capital Projects		
Federal Stimulus	Miscellaneous	Building Authority	Transportation Infrastructure	Total
		$1,685		$6,900
$517	$71,312		$7	225,407
	17,490	1,284		60,822
	7,855		5,736	15,714
	1,327			4,083
	347			717
				63,743
	1,880			12,777
				4,681
	519	36		869
	31	11,816		83,028
		3,899		17,196
$517	$100,761	$18,720	$5,743	$495,937
	$1,059	$141	$3,908	$48,744
	2,489			13,555
	68			1,762
	7,718		1,829	41,715
				2,617
	158			2,539
	11,492	141	5,737	110,932
				2,866
	1,880			12,777
				18
$517	55,534	18,579	6	291,556
	31,855			75,099
				2,689
517	89,269	18,579	6	385,005
$517	$100,761	$18,720	$5,743	$495,937

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources	**Regulatory**	**Fish and Game**	**Federal**
REVENUES				
Sales Tax	$4,800			
Other Taxes	37,576	$68,201		
Licenses, Permits, and Fees	39,793	49,226	$32,956	
Sale of Goods and Services	3,407	974	197	$71
Grants and Contributions	32,584	131	52,519	414,260
Investment Income	6,075	(8,588)	(40)	69
Other Income	2,883	1,168	910	213
Total Revenues	127,118	111,112	86,542	414,613
EXPENDITURES				
Current:				
General Government		3,011		43,482
Public Safety and Correction		2,703		8,374
Education				233,985
Economic Development	48,318	42,948	121	72,167
Natural Resources	70,588	1,382	70,184	4,598
Capital Outlay	7,716	1,251	17,884	5,959
Intergovernmental Revenue Sharing	10,741			50,716
Debt Service:				
Principal Retirement			426	2
Interest and Other Charges	4	1	349	1
Total Expenditures	137,367	51,296	88,964	419,284
Revenues Over (Under) Expenditures	(10,249)	59,816	(2,422)	(4,671)
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Sale of Capital Assets	35	62	743	53
Transfers In	14,712		9	334
Transfers Out	(3,382)	(66,061)	(138)	(375)
Total Other Financing Sources (Uses)	11,365	(65,999)	614	12
Net Changes in Fund Balances	1,116	(6,183)	(1,808)	(4,659)
Fund Balances - Beginning of Year, as Restated	147,745	68,103	37,999	34,321
Fund Balances - End of Year	$148,861	$61,920	$36,191	$29,662

		Capital Projects		
Federal Stimulus	Miscellaneous	Building Authority	Transportation Infrastructure	Total
				$4,800
	$23,660			129,437
	23,670			145,645
$3	14,073	$37,611		56,336
4,528	80			504,102
(45)	2,425	43	$6	(55)
6	10,334		2	15,516
4,492	74,242	37,654	8	855,781
74	5,003	346		51,916
367	51,175			62,619
1	3,311			237,297
836	36,363		3,950	204,703
1,727	103			148,582
29	3,553	1,651	50,526	88,569
1,198	10,800			73,455
		26,247		26,675
	23	8,666		9,044
4,232	110,331	36,910	54,476	902,860
260	(36,089)	744	(54,468)	(47,079)
		9,045	52,302	61,347
		10,945		10,945
		1,304		1,304
		(11,441)		(11,441)
	156			1,049
	23,759			38,814
	(351)			(70,307)
	23,564	9,853	52,302	31,711
260	(12,525)	10,597	(2,166)	(15,368)
257	101,794	7,982	2,172	400,373
$517	$89,269	$18,579	$6	$385,005

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	$4,800	$4,800	$4,800	
Other Taxes	37,580	37,580	37,580	
Licenses, Permits, and Fees	39,535	39,535	39,535	
Sale of Goods and Services	3,399	3,399	3,399	
Grants and Contributions	35,210	35,210	35,210	
Investment Income	1,060	1,060	1,060	
Other Income	2,599	2,599	2,599	
Total Revenues	$124,183	$124,183	124,183	
EXPENDITURES				
General Government				
Public Safety and Correction				
Education				
Economic Development	$53,059	$53,076	49,302	$3,774
Natural Resources	109,313	113,936	88,928	25,008
Total Expenditures	$162,372	$167,012	138,230	$28,782
Revenues Over (Under) Expenditures			(14,047)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Sale of Capital Assets			35	
Transfers In			14,712	
Transfers Out			(3,382)	
Total Other Financing Sources (Uses)			11,365	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(2,682)	
Reconciling Items				
Changes Affected by Accrued Revenues			2,935	
Changes Affected by Accrued Expenditures			863	
Fund Balances - Beginning of Year			147,745	
Fund Balances - End of Year			$148,861	

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
$71,749	$71,749	$71,749					
51,406	51,406	51,406		$32,956	$32,956	$32,956	
921	921	921		197	197	197	
131	131	131		49,399	49,399	49,399	
330	330	330		376	376	376	
1,007	1,007	1,007		676	676	676	
$125,544	$125,544	125,544		$83,604	$83,604	83,604	
$3,011	$3,011	3,011					
3,253	3,264	2,779	$485				
49,700	48,220	43,715	4,505	$216	$216	121	$95
1,391	1,793	1,371	422	96,507	104,774	89,748	15,026
$57,355	$56,288	50,876	$5,412	$96,723	$104,990	89,869	$15,121
		74,668				(6,265)	
		62				743	
						9	
		(66,061)				(138)	
		(65,999)				614	
		8,669				(5,651)	
		(14,432)				2,938	
		(420)				905	
		68,103				37,999	
		$61,920				$36,191	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(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	$48	$48	$48	
Grants and Contributions	427,721	427,721	427,721	
Investment Income	183	183	183	
Other Income	203	203	203	
Total Revenues	$428,155	$428,155	428,155	
EXPENDITURES				
General Government	$80,342	$81,075	60,270	$20,805
Public Safety and Correction	19,314	19,363	13,920	5,443
Education	280,118	281,967	259,091	22,876
Economic Development	115,223	115,494	95,332	20,162
Natural Resources	18,503	18,406	9,029	9,377
Total Expenditures	$513,500	$516,305	437,642	$78,663
Revenues Over (Under) Expenditures			(9,487)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Sale of Capital Assets			53	
Transfers In			334	
Transfers Out			(375)	
Total Other Financing Sources (Uses)			12	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(9,475)	
Reconciling Items				
Changes Affected by Accrued Revenues			(13,542)	
Changes Affected by Accrued Expenditures			18,358	
Fund Balances - Beginning of Year			34,321	
Fund Balances - End of Year			$29,662	

continued

Special Revenue							
Federal Stimulus				Miscellaneous			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				$20,372	$20,372	$20,372	
				23,580	23,580	23,580	
$3	$3	$3		10,620	10,620	10,620	
3,202	3,202	3,202		845	845	845	
(45)	(45)	(45)		2,743	2,743	2,743	
3	3	3		10,173	10,173	10,173	
$3,163	$3,163	3,163		$68,333	$68,333	68,333	
$189	$189	83	$106	$6,955	$6,960	6,734	$226
2,986	2,986	1,987	999	65,100	65,272	58,030	7,242
	3		3	6,219	6,219	4,213	2,006
920	920	836	84	43,895	43,886	41,795	2,091
3,296	3,298	2,058	1,240	106	141	103	38
$7,391	$7,396	4,964	$2,432	$122,275	$122,478	110,875	$11,603
		(1,801)				(42,542)	
						156	
						23,759	
						(351)	
						23,564	
		(1,801)				(18,978)	
		1,329				5,909	
		732				544	
		257				101,794	
		$517				$89,269	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Special Revenue			
	Building Authority			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	$37,611	$37,611	$37,611	
Grants and Contributions				
Investment Income	43	43	43	
Other Income				
Total Revenues	$37,654	$37,654	37,654	
EXPENDITURES				
General Government	$36,910	$36,910	36,910	
Public Safety and Correction				
Education				
Economic Development				
Natural Resources				
Total Expenditures	$36,910	$36,910	36,910	
Revenues Over (Under) Expenditures			744	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			9,045	
Issuance of Refunding Bonds			10,945	
Premium on Bonds Issued			1,304	
Payment to Refunded Bond Escrow Agent			(11,441)	
Sale of Capital Assets				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)			9,853	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			10,597	
Reconciling Items				
Changes Affected by Accrued Revenues				
Changes Affected by Accrued Expenditures				
Fund Balances - Beginning of Year, as Restated			7,982	
Fund Balances - End of Year			$18,579	

Capital Projects Transportation Infrastructure				Total			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				$4,800	$4,800	$4,800	
				129,701	129,701	129,701	
				147,477	147,477	147,477	
				52,799	52,799	52,799	
				516,508	516,508	516,508	
$6	$6	$6		4,696	4,696	4,696	
2	2	2		14,663	14,663	14,663	
$8	$8	8		$870,644	$870,644	870,644	
				$127,407	$128,145	107,008	$21,137
				90,653	90,885	76,716	14,169
				286,337	288,189	263,304	24,885
$54,478	$54,478	54,478		317,491	316,290	285,579	30,711
				229,116	242,348	191,237	51,111
$54,478	$54,478	54,478		$1,051,004	$1,065,857	923,844	$142,013
		(54,470)				(53,200)	
		52,302				61,347	
						10,945	
						1,304	
						(11,441)	
						1,049	
						38,814	
						(70,307)	
		52,302				31,711	
		(2,168)				(21,489)	
						(14,863)	
		2				20,984	
		2,172				400,373	
		$6				$385,005	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Major Permanent Fund
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Land Endowments			
	Original Budget	**Final Budget**	**Actual Amounts Budgetary Basis**	**Variance with Final Budget**
REVENUES				
Sale of Goods and Services	$77,319	$77,319	$77,319	
Investment Income	182,554	182,554	182,554	
Total Revenues	$259,873	$259,873	259,873	
EXPENDITURES				
Natural Resources	$33,429	$33,409	29,262	$4,147
Total Expenditures	$33,429	$33,409	29,262	$4,147
Revenues Over (Under) Expenditures			230,611	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			117	
Transfers Out			(47,509)	
Total Other Financing Sources (Uses)			(47,392)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			183,219	
Reconciling Items				
Changes Affected by Accrued Expenditures			(3,080)	
Fund Balances - Beginning of Year			1,281,132	
Fund Balances - End of Year			$1,461,271	

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

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

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

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

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	$2,731			$2,731
Pooled Cash and Investments		$15,598	$3,306	18,904
Accounts Receivable, Net	1,550	95	401	2,046
Interfund Receivables			61	61
Inventories and Prepaid Items	119	11,452	2,108	13,679
Other Current Assets		143		143
Total Current Assets	4,400	27,288	5,876	37,564
Noncurrent Assets				
Restricted Cash and Cash Equivalents	48,416			48,416
Other Noncurrent Assets		7	3	10
Capital Assets, Net	215	10,084	3,541	13,840
Total Noncurrent Assets	48,631	10,091	3,544	62,266
Total Assets	$53,031	$37,379	$9,420	$99,830
LIABILITIES				
Current Liabilities				
Accounts Payable	$1,485	$9,251	$171	$10,907
Payroll and Related Liabilities	157	518	94	769
Interfund Payables		5,869		5,869
Due to Other Entities		7,340		7,340
Other Accrued Liabilities	2,515		3	2,518
Compensated Absences Payable	121	481	98	700
Bonds, Notes, and Capital Leases Payable	40			40
Total Current Liabilities	4,318	23,459	366	28,143
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	67			67
Other Long-Term Obligations		301	53	354
Total Noncurrent Liabilities	67	301	53	421
Total Liabilities	4,385	23,760	419	28,564
NET POSITION				
Net Investment in Capital Assets	108	10,083	3,542	13,733
Restricted for:				
Other Purposes	48,538	3,536	5,459	57,533
Total Net Position	48,646	13,619	9,001	71,266
Total Liabilities and Net Position	$53,031	$37,379	$9,420	$99,830

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Sale of Goods and Services	$198,123	$161,561	$7,572	$367,256
Other Income	45		365	410
Total Operating Revenues	198,168	161,561	7,937	367,666
OPERATING EXPENSES				
Personnel Costs	2,703	10,546	1,937	15,186
Services and Supplies	24,587	89,441	4,016	118,044
Benefits, Awards, and Premiums	122,888			122,888
Depreciation	122	1,080	430	1,632
Other Expenses	292	4,240	1,294	5,826
Total Operating Expenses	150,592	105,307	7,677	263,576
Operating Income (Loss)	47,576	56,254	260	104,090
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1	59	16	76
Interest Expense	(7)			(7)
Intergovernmental Distributions		(30,240)		(30,240)
Gain (Loss) on Sale of Capital Assets		(18)	7	(11)
Other Nonoperating Revenues (Expenses)			(7)	(7)
Total Nonoperating Revenues (Expenses)	(6)	(30,199)	16	(30,189)
Income (Loss) Before Transfers	47,570	26,055	276	73,901
Transfers Out	(41,500)	(27,019)		(68,519)
Change in Net Position	6,070	(964)	276	5,382
Total Net Position - Beginning of Year, as Restated	42,576	14,583	8,725	65,884
Total Net Position - End of Year	$48,646	$13,619	$9,001	$71,266

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$198,044	$161,478	$4,597	$364,119
Receipts for Interfund Services			3,771	3,771
Payments to Suppliers	(24,613)	(90,549)	(5,764)	(120,926)
Payments to Employees	(2,698)	(10,544)	(1,991)	(15,233)
Payments for Interfund Services		(523)	(133)	(656)
Payments for Benefits, Awards, and Claims	(120,843)			(120,843)
Net Cash Provided (Used) by Operating Activities	49,890	59,862	480	110,232
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(29,945)		(29,945)
Transfers Out	(41,500)	(25,975)		(67,475)
Net Cash Provided (Used) by Noncapital Financing Activities	(41,500)	(55,920)		(97,420)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments	(38)			(38)
Proceeds from Disposition of Capital Assets			7	7
Interest Payments	(7)			(7)
Acquisition and Construction of Capital Assets	(41)	(738)	(1,627)	(2,406)
Net Cash Provided (Used) by Capital and Related Financing Activities	(86)	(738)	(1,620)	(2,444)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	2	59	16	77
Net Cash Provided (Used) by Investing Activities	2	59	16	77
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	8,306	3,263	(1,124)	10,445
Beginning Cash, Cash Equivalents, and Pooled Cash, as Restated	42,841	12,335	4,430	59,606
Ending Cash, Cash Equivalents, and Pooled Cash	$51,147	$15,598	$3,306	$70,051
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$47,576	$56,254	$260	$104,090
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	122	1,080	430	1,632
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	3,112	(14)	431	3,529
Inventories and Prepaid Items		1,003	(275)	728
Other Assets	55	(68)		(13)
Accounts Payable/Interfund Payables	(975)	1,606	(167)	464
Compensated Absences		(11)	(35)	(46)
Other Accrued Liabilities		12	(164)	(152)
Net Cash Provided (Used) by Operating Activities	$49,890	$59,862	$480	$110,232

Noncash Transactions (dollars in thousands):

State Liquor recorded an interfund payable of $1,044 due on July 1, 2013, disposed of capital assets at a loss of $18, and eliminated capital assets of $3,196 in prior periods. Correctional Industries' beginning cash decreased by $138 due to a prior period adjustment.

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

The Group Insurance Fund, created by Idaho Code Section 67-5771, 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, surplus property redistribution and sale, copying, purchasing, mail, and voice and data communication services.

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

Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	$22,427	$6,824	$5,380	$3,176	$37,807
Accounts Receivable, Net			55		55
Interfund Receivables	9		128	574	711
Inventories and Prepaid Items			1,435	682	2,117
Other Current Assets	96	31			127
Total Current Assets	22,532	6,855	6,998	4,432	40,817
Noncurrent Assets					
Restricted Cash and Cash Equivalents	25,677				25,677
Investments	23,004	7,519			30,523
Loans, Notes, and Pledges Receivable, Net	95				95
Other Noncurrent Assets			4	2	6
Capital Assets, Net	3	5	15,267	781	16,056
Total Noncurrent Assets	48,779	7,524	15,271	783	72,357
Total Assets	$71,311	$14,379	$22,269	$5,215	$113,174
LIABILITIES					
Current Liabilities					
Accounts Payable			$400	$71	$471
Payroll and Related Liabilities	$20	$21	422	206	669
Interfund Payables			5		5
Unearned Revenue	12,030		165	453	12,648
Other Accrued Liabilities	1	2	157		160
Compensated Absences Payable	11	23	519	246	799
Bonds, Notes, and Capital Leases Payable			187		187
Policy Claim Liabilities	5,071	4,335			9,406
Total Current Liabilities	17,133	4,381	1,855	976	24,345
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			2,708		2,708
Policy Claim Liabilities		8,557			8,557
Other Long-Term Obligations	5	9	173	83	270
Total Noncurrent Liabilities	5	8,566	2,881	83	11,535
Total Liabilities	17,138	12,947	4,736	1,059	35,880
NET POSITION					
Net Investment in Capital Assets	3	4	12,372	781	13,160
Restricted for:					
Claims and Judgments	25,677				25,677
Other Purposes	28,493	1,428	2,148	3,375	35,444
Unrestricted			3,013		3,013
Total Net Position	54,173	1,432	17,533	4,156	77,294
Total Liabilities and Net Position	$71,311	$14,379	$22,269	$5,215	$113,174

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(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	207,670	$7,015	$23,420	$7,276	245,381
Grants and Contributions			58		58
Other Income		5	184	32	221
Total Operating Revenues	207,674	7,020	23,662	7,308	245,664
OPERATING EXPENSES					
Personnel Costs	373	414	8,287	3,962	13,036
Services and Supplies	459	3,525	14,794	1,924	20,702
Benefits, Awards, and Premiums	216,498	4,411			220,909
Depreciation	1	1	1,570	392	1,964
Other Expenses	114	154	1,128	28	1,424
Total Operating Expenses	217,445	8,505	25,779	6,306	258,035
Operating Income (Loss)	(9,771)	(1,485)	(2,117)	1,002	(12,371)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	122	109	25	7	263
Interest Expense	(4)	(1)	(166)		(171)
Gain (Loss) on Sale of Capital Assets			1		1
Other Nonoperating Revenues (Expenses)			(27)		(27)
Total Nonoperating Revenues (Expenses)	118	108	(167)	7	66
Income (Loss) Before Transfers	(9,653)	(1,377)	(2,284)	1,009	(12,305)
Capital Contributions			5		5
Transfers In			2,760		2,760
Transfers Out			(425)		(425)
Change in Net Position	(9,653)	(1,377)	56	1,009	(9,965)
Total Net Position - Beginning of Year	63,826	2,809	17,477	3,147	87,259
Total Net Position - End of Year	$54,173	$1,432	$17,533	$4,156	$77,294

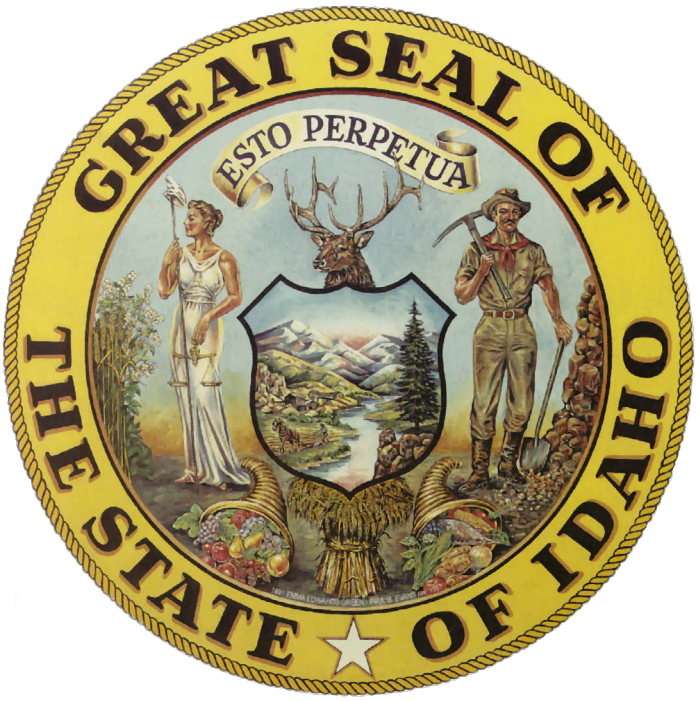
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Group Insurance	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$12,453	$213
Receipts for Interfund Services	194,322	6,814
Receipts from Grants and Contributions		
Payments to Suppliers	(404)	(3,505)
Payments to Employees	(363)	(414)
Payments for Interfund Services	(194)	(171)
Payments for Benefits, Awards, and Claims	(214,208)	(4,176)
Net Cash Provided (Used) by Operating Activities	(8,394)	(1,239)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In		
Transfers Out		
Interest Payments		
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions		
Principal Payments		
Proceeds from Disposition of Capital Assets		
Interest Payments		
Acquisition and Construction of Capital Assets		
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	768	562
Purchase of Investments	(456)	(162)
Redemption of Investments		4,644
Other Investing Activities	(6)	(3)
Net Cash Provided (Used) by Investing Activities	306	5,041
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(8,088)	3,802
Beginning Cash, Cash Equivalents and Pooled Cash	56,192	3,022
Ending Cash, Cash Equivalents, and Pooled Cash	$48,104	$6,824
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	($9,771)	($1,485)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1	1
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	9	7
Inventories and Prepaid Items		
Other Assets		
Accounts Payable/Interfund Payables	(13)	
Unearned Revenue	(908)	
Compensated Absences	5	
Policy Claim Liabilities	2,278	235
Other Accrued Liabilities	5	3
Net Cash Provided (Used) by Operating Activities	($8,394)	($1,239)

Noncash Transactions (dollars in thousands):

Investments decreased in fair value by $636 for Group Insurance and by $427 for Risk Management. General Services removed capital leases of $174 and disposed of capital assets of $145 in prior periods.

General Services	Data Processing Services	Total
$1,700	$5	$14,371
22,034	7,163	230,333
58		58
(13,632)	(1,576)	(19,117)
(8,305)	(3,977)	(13,059)
(2,185)	(114)	(2,664)
		(218,384)
(330)	1,501	(8,462)
2,760		2,760
(425)		(425)
2		2
2,337		2,337
5		5
(284)		(284)
1		1
(168)		(168)
(1,035)	(308)	(1,343)
(1,481)	(308)	(1,789)
25	7	1,362
		(618)
		4,644
		(9)
25	7	5,379
551	1,200	(2,535)
4,829	1,976	66,019
$5,380	$3,176	$63,484
($2,117)	$1,002	($12,371)
1,570	392	1,964
52	(184)	(116)
107	222	329
1	1	2
(10)	40	17
77	43	(788)
(21)	(22)	(38)
		2,513
11	7	26
($330)	$1,501	($8,462)


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

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

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

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

The Judges' Retirement Fund is a single-employer defined benefit plan that provides retirement benefits to retired justices, judges, eligible administrative directors, and allowances to surviving spouses.

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

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

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

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

The Local Government Investment Pool is an external investment pool sponsored by the State Treasurer's Office for Local Government Investment Pool participants. The purpose of the Pool is to provide a safe liquid vehicle for investing moneys not needed to meet immediate operating obligations and to obtain the best interest rate available at the time of investment.

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

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

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.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2013
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457 (b)
ASSETS				
Cash and Cash Equivalents	$669	$17	$902	
Pooled Cash and Investments	2,264	58	280	
Investments:				
Pooled Short Term	410,857	10,489		
Fixed Income Investments	2,592,350	66,184	17,743	$144,472
Marketable Securities	7,294,243	186,225	47,750	
Mutual Funds and Private Equities	963,422	24,597		150,006
Mortgages and Real Estate	924,271	23,597		
Other Investments				3,222
Receivables:				
Investments Sold	177,931	4,521		891
Contributions	4,616	58		64
Interest and Dividends	35,198	894	44	
Interfund Receivables				
Other Receivables			171	
Other Assets	53,029			
Capital Assets, Net	4,748			
Total Assets	12,463,598	316,640	66,890	298,655
LIABILITIES				
Accounts Payable	662		35	
Interfund Payables	1,675			
Investments Purchased	371,510	9,440		
Other Accrued Liabilities	9,857	243		
Total Liabilities	383,704	9,683	35	
NET POSITION				
Held in Trust for:				
Employee Pension Benefits	12,079,894	306,957	66,855	298,655
Postemployment Healthcare Benefits				
Total Net Position	$12,079,894	$306,957	$66,855	$298,655

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
				$1,588
		$25	$53	2,680
	$2,585			423,931
		33,486	47,653	2,901,888
		91,037	150,686	7,769,941
$57,979	464,826			1,660,830
				947,868
				3,222
				183,343
	367			5,105
163	1,074			37,373
		563	1,112	1,675
				171
		358	839	54,226
				4,748
58,142	468,852	125,469	200,343	13,998,589
				697
				1,675
				380,950
		12	20	10,132
		12	20	393,454
58,142	468,852			13,279,355
		125,457	200,323	325,780
$58,142	$468,852	$125,457	$200,323	$13,605,135

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457 (b)
ADDITIONS				
Contributions:				
Member	$184,652	$11	$451	$10,992
Employer	285,441	14,227	526	
Transfers In from Other Plans				8,502
Total Contributions	470,093	14,238	977	19,494
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	726,900	18,471	6,433	18,922
Interest, Dividends, and Other	289,568	7,358	1,721	5,422
Less Investment Expense:				
Investment Activity Expense	(42,045)	(1,068)	(142)	
Net Investment Income	974,423	24,761	8,012	24,344
Miscellaneous Income	16		2,135	
Total Additions	1,444,532	38,999	11,124	43,838
DEDUCTIONS				
Benefits and Refunds Paid to Plan Members	687,987	19,801	5,003	
Transfers Out to Other Plans				
Administrative Expense	6,308		78	11
Participant Withdrawals				13,031
Total Deductions	694,295	19,801	5,081	13,042
Change in Net Position Held in Trust for:				
Employee Pension Benefits	750,237	19,198	6,043	30,796
Employee Postemployment Healthcare Benefits				
Net Position - Beginning of Year	11,329,657	287,759	60,812	267,859
Net Position - End of Year	$12,079,894	$306,957	$66,855	$298,655

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
$6	$36,341			$232,453
	9,120	$6,050	$13,381	328,745
	9,132			17,634
6	54,593	6,050	13,381	578,832
3,732	31,293	15,207	24,583	845,541
1,390	9,582			315,041
(197)	(150)	(65)	(105)	(43,772)
4,925	40,725	15,142	24,478	1,116,810
		1	1	2,153
4,931	95,318	21,193	37,860	1,697,795
2,233	8,019	4,049	12,638	739,730
1,619	15,382			17,001
		40	64	6,501
				13,031
3,852	23,401	4,089	12,702	776,263
1,079	71,917			879,270
		17,104	25,158	42,262
57,063	396,935	108,353	175,165	12,683,603
$58,142	$468,852	$125,457	$200,323	$13,605,135

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2013
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Investments:			
Pooled Short Term	$410,336	$1,152	$411,488
Fixed Income Investments	978,706	83,900	1,062,606
Mortgages and Real Estate		77,557	77,557
Receivables:			
Interest and Dividends	2,498	673	3,171
Total Assets	1,391,540	163,282	1,554,822
LIABILITIES			
Accounts Payable	34	4	38
Other Accrued Liabilities	173	265	438
Total Liabilities	207	269	476
NET POSITION			
Held in Trust for:			
External Investment Pool Participants	1,391,333	163,013	1,554,346
Total Net Position	$1,391,333	$163,013	$1,554,346

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions:			
Participant Deposits	$3,150,491	$24,209	$3,174,700
Total Contributions	3,150,491	24,209	3,174,700
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(14,808)	(4,410)	(19,218)
Interest, Dividends, and Other	17,682	4,626	22,308
Securities Lending Income	571	58	629
Less Investment Expense:			
Investment Activity Expense	(408)	(307)	(715)
Securities Lending Interest Expense	(458)	(44)	(502)
Net Investment Income	2,579	(77)	2,502
Total Additions	3,153,070	24,132	3,177,202
DEDUCTIONS			
Earnings Distribution	2,674	3,070	5,744
Participant Withdrawals	3,087,305	7,953	3,095,258
Total Deductions	3,089,979	11,023	3,101,002
Change in Net Position Held in Trust for:			
External Investment Pool Participants	63,091	13,109	76,200
Net Position - Beginning of Year	1,328,242	149,904	1,478,146
Net Position - End of Year	$1,391,333	$163,013	$1,554,346

State of Idaho

Combining Statement of Assets and Liabilities
Agency Fund
June 30, 2013
(dollars in thousands)

	Custodial
ASSETS	
Cash and Cash Equivalents	$21,252
Pooled Cash and Investments	22,151
Investments:	
Fixed Income Investments	279,390
Total Assets	$322,793
LIABILITIES	
Due to Other Entities	$662
Amounts Held in Trust for Others	322,131
Total Liabilities	$322,793

Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
CUSTODIAL				
Assets				
Cash and Cash Equivalents	$9,068	$21,251	$9,067	$21,252
Pooled Cash and Investments	20,003	273,641	271,493	22,151
Fixed Income Investments	263,285	279,390	263,285	279,390
Total Assets	$292,356	$574,282	$543,845	$322,793
Liabilities				
Due to Other Entities	$757	$7,624	$7,719	$662
Amounts Held in Trust for Others	291,599	413,286	382,754	322,131
Other Accrued Liabilities		27,659	27,659	
Total Liabilities	$292,356	$448,569	$418,132	$322,793

Statistical Section



Old Rustic Barn in Idaho Falls, Idaho

Photo Courtesy of Mike Hargis

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

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

Note: The schedules presented in the Statistical Section are not audited, and component unit data is not included.

Schedule 1 - Net Position by Component

Fiscal Years 2004-2013

(accrual basis of accounting, dollars in thousands)

	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)
Governmental Activities						
Net Investment in Capital Assets	$3,779,232	$4,002,272	$4,203,011	$4,425,708	$4,469,933	$4,741,280
Restricted[1]	1,217,715	1,243,065	1,342,129	1,760,948	1,948,893	1,572,119
Unrestricted[2]	342,846	571,337	849,405	955,513	1,052,145	762,203
Total Governmental Activities Net Position	$5,339,793	$5,816,674	$6,394,545	$7,142,169	$7,470,971	$7,075,602
Business-Type Activities						
Net Investment in Capital Assets	$410,646	$446,693	$466,762	$513,071	$517,436	$559,719
Restricted[3]	637,393	619,214	720,583	813,742	829,237	640,587
Unrestricted[4]	84,174	146,942	163,636	189,577	190,656	198,573
Total Business-Type Activities Net Position	$1,132,213	$1,212,849	$1,350,981	$1,516,390	$1,537,329	$1,398,879
Primary Government						
Net Investment in Capital Assets	$4,189,878	$4,448,965	$4,669,773	$4,938,779	$4,987,369	$5,300,999
Restricted	1,855,108	1,862,279	2,062,712	2,574,690	2,778,130	2,212,706
Unrestricted	427,020	718,279	1,013,041	1,145,090	1,242,801	960,776
Total Primary Government Net Position	$6,472,006	$7,029,523	$7,745,526	$8,658,559	$9,008,300	$8,474,481

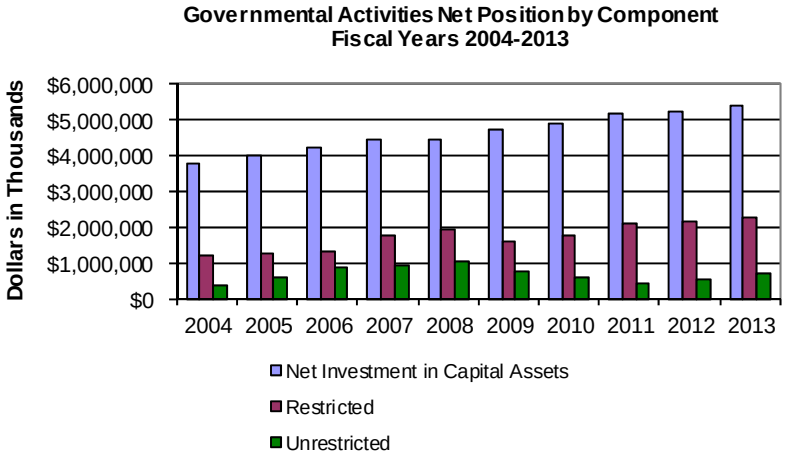
[1]In fiscal year (FY) 2007 governmental activities restricted net position increased mainly due to Land Endowment fund investment income, receipts from timber sales and land leases, and increased operating grants for health care assistance and infrastructure. In FY2008 net position increased mainly due to increased operating grants for health care assistance, education, and infrastructure. In FY2009 net position decreased primarily because of the national recession and the decrease in fair market value of investments, primarily related to the Land Endowment fund. In FY2010 and FY2011 net position increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In FY2012 net position increased due to lower Medicaid and rehabilitation service costs. In FY2013 net position increased primarily due to the increase in fair market value of investments, primarily related to the Land Endowment fund.

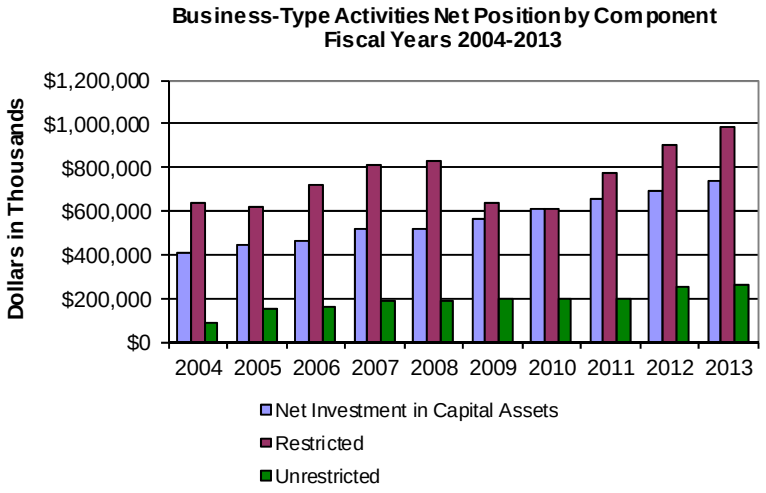
[2]Large fluctuations in governmental activities unrestricted net position balances occurred primarily as income tax and sales tax revenues increased and decreased due to significant changes in economic conditions. The Property Tax Relief Act of 2006 increased the sales tax by 1 percent and reduced property tax by shifting public schools' maintenance and operating expenses from counties to the state.

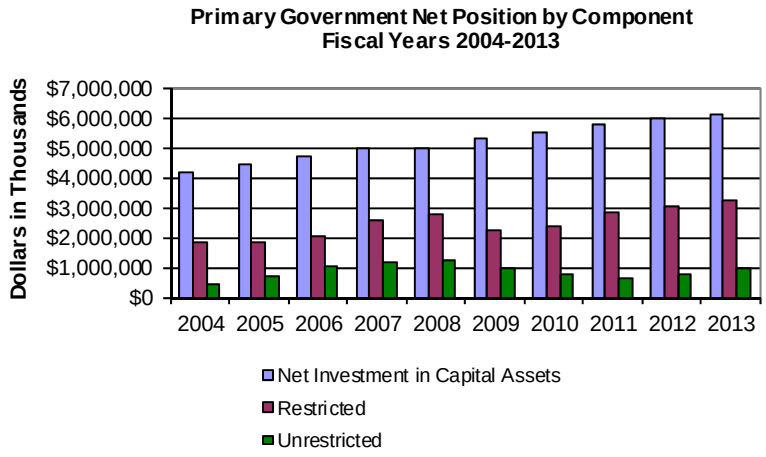
[3]Significant increases of business-type activities restricted net position were mainly due to increases in unemployment compensation assessment collections and/or decreases in unemployment claims. In fiscal year 2009 net position decreased predominantly because of increased unemployment compensation benefit payments resulting from the economic downturn.

[4]In fiscal years 2005 and 2012 net position increased primarily due to increased student tuition and fees for the colleges and universities.

2010 (as restated)	2011 (as restated)	2012 (as restated)	2013
$4,911,547	$5,143,290	$5,245,731	$5,378,941
1,782,945	2,085,542	2,133,964	2,274,707
578,255	445,911	531,537	716,953
$7,272,747	$7,674,743	$7,911,232	$8,370,601
$607,694	$656,020	$695,405	$737,208
604,851	769,555	901,322	982,739
193,027	194,364	251,802	262,868
$1,405,572	$1,619,939	$1,848,529	$1,982,815
$5,519,241	$5,799,310	$5,941,136	$6,116,149
2,387,796	2,855,097	3,035,286	3,257,446
771,282	640,275	783,339	979,821
$8,678,319	$9,294,682	$9,759,761	$10,353,416







Schedule 2 - Changes in Net Position

Fiscal Years 2004-2013

(accrual basis of accounting, dollars in thousands)

	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)
Governmental Activities:						
Expenses						
General Government[1,2]	$349,990	$393,172	$420,772	$403,506	$463,125	$450,875
Public Safety and Correction[1]	241,550	229,158	266,036	285,669	324,843	326,125
Health and Human Services[3]	1,507,865	1,600,692	1,676,706	1,750,187	1,818,932	2,115,148
Education[1]	1,287,879	1,331,795	1,385,448	1,704,447	1,796,160	1,850,258
Economic Development	600,341	616,149	629,499	673,234	756,677	743,811
Natural Resources	186,594	205,635	213,599	217,222	243,925	241,108
Interest Expense	16,556	18,175	21,130	32,232	45,530	46,767
Total Expenses	4,190,775	4,394,776	4,613,190	5,066,497	5,449,192	5,774,092
Program Revenues						
Charges for Services:						
General Government[4]	133,855	96,174	92,873	77,750	119,443	93,376
Economic Development	198,643	203,550	215,735	239,728	258,576	256,184
Natural Resources	123,613	123,183	146,481	145,349	150,752	133,138
Other Activities[5]	103,702	118,346	117,865	135,765	128,367	138,276
Operating Grants and Contributions[6]	1,787,214	1,832,487	1,899,754	2,045,958	1,955,236	2,034,795
Capital Grants and Contributions	3,284	5,211	8,624	1,481	906	8,892
Total Program Revenues	2,350,311	2,378,951	2,481,332	2,646,031	2,613,280	2,664,661
Total Governmental Activities Net Program Expense	(1,840,464)	(2,015,825)	(2,131,858)	(2,420,466)	(2,835,912)	(3,109,431)
General Revenues and Other Changes in Net Position						
Taxes:						
Sales Tax[7]	1,039,746	1,135,210	1,061,861	1,296,040	1,334,032	1,177,106
Individual and Corporate Taxes[8]	991,520	1,167,799	1,428,996	1,605,218	1,599,881	1,320,968
Fuel Tax	215,096	220,801	224,373	232,025	228,786	214,113
Other Taxes	182,606	185,375	182,112	185,748	185,874	186,489
Tobacco Settlement	23,004	23,145	21,404	27,328	28,631	31,094
Grants Not Restricted to Specific Programs	50,007					
Unrestricted Investment Earnings	12,020	15,595	34,734	35,430	51,537	36,139
Transfers	(226,193)	(255,219)	(243,751)	(213,699)	(264,027)	(251,847)
Total General Revenues and Other Changes in Net Position	2,287,806	2,492,706	2,709,729	3,168,090	3,164,714	2,714,062
Total Governmental Activities Change in Net Position	$447,342	$476,881	$577,871	$747,624	$328,802	($395,369)
Business-Type Activities:						
Expenses						
College and University	$699,674	$753,689	$780,066	$815,373	$875,586	$896,993
Unemployment Compensation[9]	164,950	142,862	109,113	109,338	171,918	338,600
Loan	913	654	719	954	2,267	5,910
State Lottery	85,046	89,424	97,605	99,307	102,065	105,780
State Liquor	75,747	79,817	93,204	105,126	112,476	117,185
Correctional Industries	5,835	5,655	6,239	6,852	7,574	8,323
Total Expenses	1,032,165	1,072,101	1,086,946	1,136,950	1,271,886	1,472,791
Revenues						
Charges for Services:						
College and University	250,417	283,463	315,924	341,823	337,699	339,989
Unemployment Compensation[10]	130,789	143,828	159,365	191,758	126,575	130,879
State Lottery	109,443	113,613	131,305	130,811	137,664	140,316
Other Activities	96,490	108,600	124,600	142,193	152,428	156,483
Operating Grants and Contributions[11]	222,013	228,049	229,902	227,620	244,954	293,673
Capital Grants and Contributions	23,833	19,965	20,231	54,455	29,478	21,154
Total Revenues	832,985	897,518	981,327	1,088,660	1,028,798	1,082,494
Total Business-Type Activities Net Program Revenue (Expense)	(199,180)	(174,583)	(105,619)	(48,290)	(243,088)	(390,297)
General Revenues and Other Changes in Net Position						
Special Item						
Transfers	226,193	255,219	243,751	213,699	264,027	251,847
Total General Revenues and Other Changes in Net Position	226,193	255,219	243,751	213,699	264,027	251,847
Total Business-Type Activities Change in Net Position	$27,014	$80,636	$138,132	$165,409	$20,939	($138,450)
Total Primary Government Change in Net Position	$474,355	$557,517	$716,003	$913,033	$349,741	($533,819)

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

[2]In fiscal year 2013 expenses increased primarily due to an increase in lease payments to the Idaho State Building Authority.

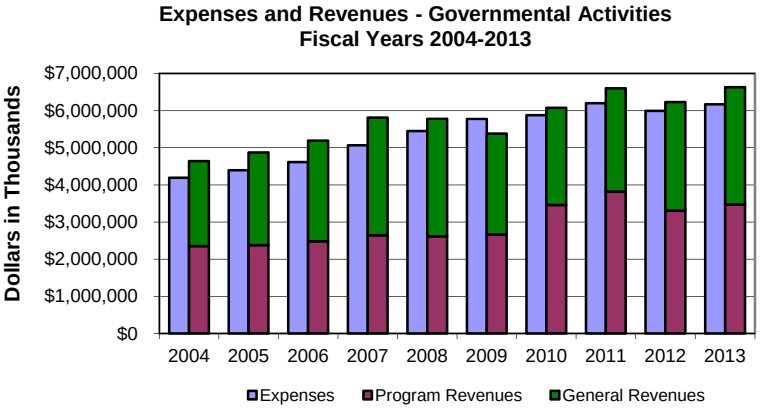
[3]In fiscal years 2011 through 2013 expenses for health and human services fluctuated due to changes in medical assistance payments related to Medicaid and rehabilitation services payments.

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

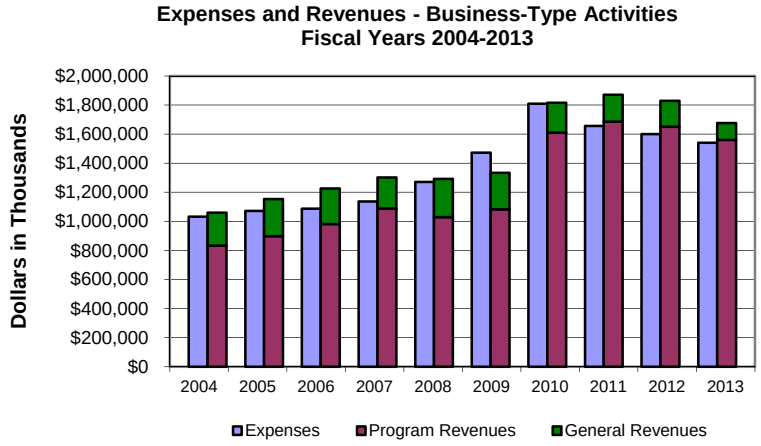
[5]In fiscal years (FY) 2010 and 2011 fluctuations in other activities revenue were caused by a change in the way revenue is recorded. In FY2012 Department of Health & Welfare grant revenue decreased due to a reduction in American Recovery and Reinvestment Act funding.

[6]In fiscal year (FY) 2007 operating grants and contributions revenue surged primarily due to increased federal health care assistance and infrastructure grants. In FY2010-2012 amounts shifted primarily because of changes in the American Recovery and Reinvestment Act stimulus funding. In FY2013 revenues from operating grants and contributions increased primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income.

2010 (as restated)	2011 (as restated)	2012 (as restated)	2013
$548,757	$426,506	$413,832	$470,836
320,423	296,034	335,493	353,585
2,092,319	2,577,700	2,396,437	2,532,626
1,830,608	1,777,026	1,712,567	1,707,233
799,054	829,130	820,530	811,193
241,508	241,203	264,080	245,452
45,782	50,773	50,372	49,961
5,878,451	6,198,372	5,993,311	6,170,886
79,833	109,387	97,411	104,973
239,107	248,199	266,320	252,221
127,037	133,317	159,633	151,126
76,575	163,505	118,255	127,082
2,935,393	3,160,919	2,664,743	2,828,808
4,660	6,058	2,568	10,492
3,462,605	3,821,385	3,308,930	3,474,702
(2,415,846)	(2,376,987)	(2,684,381)	(2,696,184)
1,127,013	1,165,095	1,213,623	1,315,002
1,242,032	1,296,558	1,390,226	1,533,850
221,142	231,732	216,249	237,647
186,130	227,075	240,757	220,507
26,120	24,576	21,103	24,912
16,800	18,516	17,365	19,142
(206,246)	(184,569)	(178,453)	(195,507)
2,612,991	2,778,983	2,920,870	3,155,553
$197,145	$401,996	$236,489	$459,369



$898,012	$923,760	$969,419	$986,269
666,808	482,087	358,283	252,666
9,624	14,571	7,112	8,487
110,204	112,003	134,055	150,599
118,022	117,039	123,656	135,565
6,553	6,727	8,030	7,677
1,809,223	1,656,187	1,600,555	1,541,263
368,504	405,450	436,208	445,649
255,278	337,479	351,781	314,630
147,931	147,849	176,547	198,169
156,407	160,749	175,435	180,645
637,456	606,597	485,777	383,575
44,094	27,861	24,944	38,364
1,609,670	1,685,985	1,650,692	1,561,032
(199,553)	29,798	50,137	19,769
			(80,990)
206,246	184,569	178,453	195,507
206,246	184,569	178,453	114,517
$6,693	$214,367	$228,590	$134,286
$203,838	$616,363	$465,079	$593,655



[7]The state sales tax increased from 5 percent to 6 percent on May 1, 2003, and reverted to 5 percent on July 1, 2005. In fiscal year (FY) 2007 the state sales tax permanently increased from 5 percent to 6 percent. In FY2009-2010 and FY2012-2013 sales tax revenue increased and decreased due to swings in the economy and changes of employment and personal income levels.

[8]In fiscal years 2006-2013 individual and corporate income tax revenues increased and decreased due to changes in the economy and levels of employment and personal income.

[9]Decreases and increases in unemployment compensation in fiscal years 2008-2013 relate to the degradation and improvement of economic conditions.

[10]In fiscal years 2010-2012 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits. In FY2013 unemployment compensation revenues decreased due to a lower employer contribution rate.

[11]In fiscal year 2010 operating grants and contributions grew because of increased federal grant revenue for unemployment benefits.

Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2004-2013

(modified accrual basis of accounting, dollars in thousands)

	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)
General Fund						
Nonspendable						
Restricted[1]	$56,400	$66,793	$31,818	$62,997	$85,637	$98,802
Committed[2]	31,943	46,230	57,283	355,735	369,896	213,835
Assigned	22,180	22,529	23,389	34,870	40,949	35,221
Unassigned[3]	224,873	402,069	676,152	649,565	704,776	426,885
Total General Fund	335,396	537,621	788,642	1,103,167	1,201,258	774,743
All Other Governmental Funds						
Nonspendable[4]	770,481	845,563	952,488	1,140,718	1,128,417	923,217
Restricted[5]	355,875	299,795	324,076	489,564	510,715	451,173
Committed	55,484	78,399	49,956	59,079	77,621	83,527
Assigned	1,525	1,726	1,402	1,115	1,012	1,298
Unassigned[6]						
Total All Other Governmental Funds	1,183,365	1,225,483	1,327,922	1,690,476	1,717,765	1,459,215
Total Fund Balances - Governmental Funds	$1,518,761	$1,763,104	$2,116,564	$2,793,643	$2,919,023	$2,233,958

Note: GASB Statement No. 54 was implemented in fiscal year 2011. The standard required the reclassification of fund balances. Prior years have been restated.

[1]Increases and decreases in the General Fund restricted fund balance in each fiscal year occurred primarily due to changes in sales tax revenue caused by prevailing economic conditions. In fiscal year (FY) 2007 the fund balance also increased due to the funding of the Millennium Permanent Endowment fund and the Capitol restoration project.

[2]Fluctuations in the General Fund committed fund balance in each fiscal year resulted primarily from changes in personal and corporate income tax revenue. Significant variances occurred in response to prevailing economic conditions.

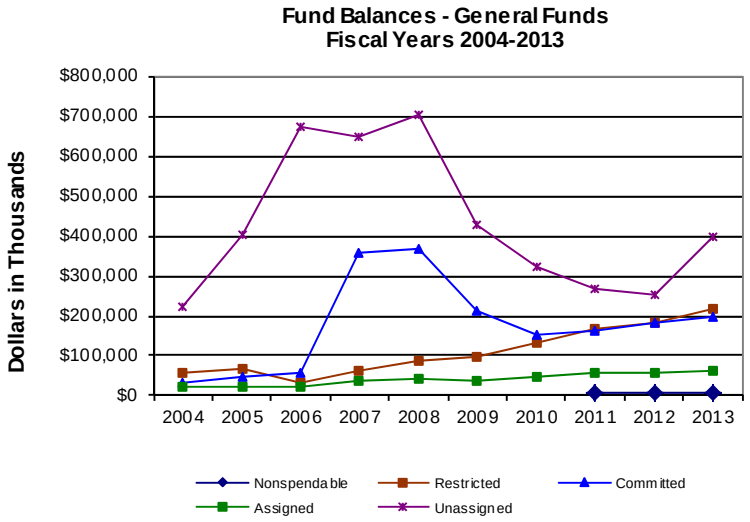
[3]Increases and decreases in the General Fund unassigned fund balance resulted from surging and weakening economic conditions.

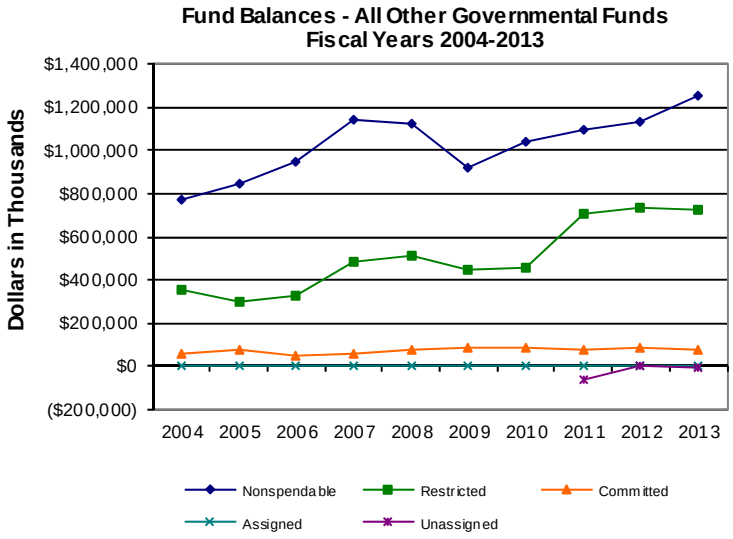
[4]Large changes in the Governmental Funds nonspendable fund balance occurred primarily because of significant variances in Land Endowment fund fair market value.

[5]In FY2007 the Governmental Funds restricted fund balance increased predominantly because of additional investment income, timber sales, and land leases receipts. In FY2011 the fund balance increased largely due to receiving American Recovery and Reinvestment Act funds for the Idaho Transportation Department.

[6]In FY2011 and FY2013 the Department of Health and Welfare reported a negative unassigned fund balance due to increased expenditures for health and human services.

2010 (as restated)	2011 (as restated)	2012 (as restated)	2013
	$7,922	$8,837	$9,292
$130,262	169,754	184,438	219,271
154,168	162,583	185,098	195,479
45,936	55,778	57,271	63,806
320,487	269,251	251,023	395,816
650,853	665,288	686,667	883,664
1,043,787	1,097,816	1,135,746	1,255,497
461,572	709,521	735,415	729,526
86,434	78,794	85,124	77,505
1,320	1,651	2,238	2,689
	(57,026)		(6,361)
1,593,113	1,830,756	1,958,523	2,058,856
$2,243,966	$2,496,044	$2,645,190	$2,942,520





Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2004-2013

(modified accrual basis of accounting, dollars in thousands)

	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)
Revenues						
Sales Tax[1]	$1,040,448	$1,137,138	$1,060,612	$1,300,416	$1,333,018	$1,174,802
Individual and Corporate Taxes[2]	997,454	1,176,903	1,436,168	1,598,702	1,587,694	1,325,996
Other Taxes	397,950	406,620	406,336	417,763	414,671	398,639
Licenses, Permits, and Fees	240,323	244,165	256,900	273,223	279,156	277,354
Sale of Goods and Services	252,291	231,728	235,410	235,750	231,885	232,526
Grants and Contributions[3]	1,719,520	1,757,713	1,806,749	1,880,049	1,962,931	2,251,714
Investment Income[4]	135,718	104,557	144,559	225,717	63,406	(123,820)
Tobacco Settlement	22,848	23,151	21,253	23,712	28,504	30,965
Other Income	47,658	48,047	47,606	65,538	61,530	61,943
Total Revenues	4,854,210	5,130,022	5,415,593	6,020,870	5,962,795	5,630,119
Expenditures						
General Government[5]	122,876	143,584	147,445	151,358	177,312	186,119
Public Safety and Correction	219,417	233,598	253,504	269,874	300,106	305,141
Health and Human Services[6]	1,468,736	1,561,765	1,641,421	1,701,863	1,775,609	2,096,507
Education[5, 7]	1,279,486	1,324,069	1,379,775	1,683,254	1,777,690	1,843,401
Economic Development	307,312	346,256	358,814	368,439	390,424	406,694
Natural Resources	163,769	178,401	188,784	186,179	217,214	212,398
Capital Outlay[5, 8]	436,133	433,096	423,582	452,755	545,059	634,187
Intergovernmental Revenue Sharing	385,698	393,195	425,414	441,421	452,089	436,866
Debt Service:						
Principal	8,061	10,880	10,751	12,403	92,377	55,645
Interest	8,069	17,671	20,736	25,576	45,365	49,368
Total Expenditures	4,399,557	4,642,515	4,850,226	5,293,122	5,773,245	6,226,326
Revenues Over (Under) Expenditures	454,653	487,507	565,367	727,748	189,550	(596,207)
Other Financing Sources (Uses)						
Bonds and Notes Issued	64,795	26	10,790	155,463	187,603	152,641
Issuance of Refunding Bonds						
Premium/(Discount) on Bonds Issued	(864)		(23)	6,533		
Payment to Refunded Bond Escrow Agent[9]				(4,765)		
Capital Lease Acquisitions		3,757	5,697		1,039	22
Sale of Capital Assets	6,909	8,037	17,193	7,066	11,590	11,947
Transfers In	553,181	594,877	640,776	713,275	731,774	700,654
Transfers Out	(779,283)	(849,861)	(886,340)	(928,241)	(996,176)	(954,122)
Total Other Financing Sources (Uses)	(155,262)	(243,164)	(211,907)	(50,669)	(64,170)	(88,858)
Net Changes in Fund Balances	$299,391	$244,343	$353,460	$677,079	$125,380	($685,065)
Debt Service as a Percentage of Noncapital Expenditures	<1	<1	<1	<1	2.5	1.8

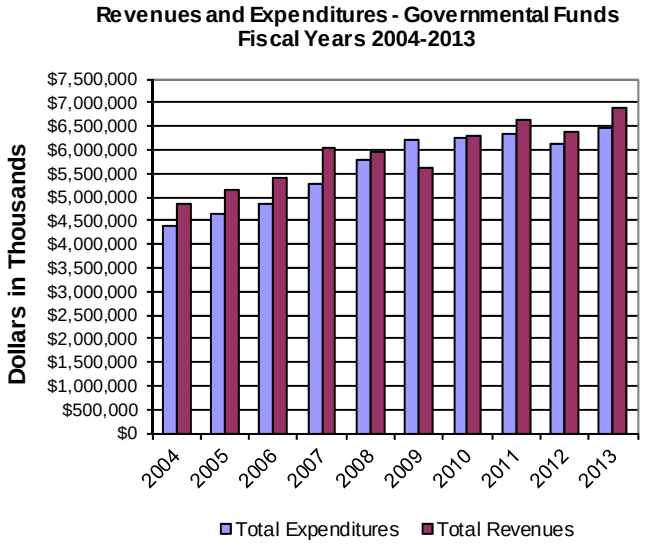
[1]From May 1, 2003, to July 1, 2005, the Legislature imposed a temporary sales tax increase from 5 percent to 6 percent. On October 1, 2006, the state sales tax rate permanently increased from 5 percent to 6 percent. In fiscal years 2009-2013 sales tax revenue changed in response to fluctuating levels of employment and personal income.

[2]Individual and corporate income tax revenues increased and decreased due to the relative strengthening and weakening of the economy.

[3]In fiscal years 2009-2011 grants and contributions increased primarily due to American Recovery and Reinvestment Act funds for health, transportation, and education.

[4]Investment income increased and decreased primarily due to changes in the fair values of investments in the Land Endowment fund.

2010 (as restated)	2011 (as restated)	2012	2013
$1,122,384	$1,163,526	$1,214,491	$1,318,383
1,228,463	1,288,869	1,389,291	1,531,975
409,924	459,162	456,720	458,291
275,018	296,827	310,828	317,854
137,947	168,369	198,438	237,268
2,808,307	2,850,294	2,638,570	2,695,371
191,596	302,488	51,264	217,357
25,990	24,445	24,922	24,912
78,565	65,361	101,828	69,185
6,278,194	6,619,341	6,386,352	6,870,596
208,784	172,779	157,283	182,338
284,457	284,208	302,809	324,717
2,111,265	2,346,165	2,329,848	2,546,075
1,810,276	1,768,616	1,687,084	1,685,252
416,776	418,866	392,242	432,534
214,291	213,912	215,354	215,120
677,097	574,305	501,522	497,087
459,716	448,249	453,799	471,269
33,222	45,871	47,954	49,679
46,648	51,689	50,804	49,100
6,262,532	6,324,660	6,138,699	6,453,171
15,662	294,681	247,653	417,425
163,562	125,862	146,219	61,347
			10,945
		7,219	1,304
		(88,044)	(11,441)
23,745	2,603		178
13,436	14,462	16,871	15,414
630,563	678,794	815,041	858,585
(836,960)	(864,324)	(995,813)	(1,056,427)
(5,654)	(42,603)	(98,507)	(120,095)
$10,008	$252,078	$149,146	$297,330
1.3	1.7	1.7	1.6



[5]In fiscal years 2011 and 2012 decreases in expenditures were necessary to balance the State's budget.
[6]In fiscal years 2007-2013 health and human services expenditures increased and decreased due to changes in medical assistance payments related to Medicaid and rehabilitation services.
[7]In fiscal years 2007-2009 education expenditures increased because of an increased public school distribution for facilities improvements, salaries, and operating expenses.
[8]In fiscal years 2008-2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.
[9]In fiscal years 2007, 2012, and 2013 the Idaho State Building Authority defeased bond debt to achieve better interest rates.

Schedule 5 - Revenue Base

Fiscal/Calendar Years 2004-2013 *(dollars in thousands)*

Taxable Sales by Industry	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Commercial Farms	$7,265	$8,687	$10,093	$11,416	$11,680	$10,055
Agricultural/Forestry, Fishing, and Other	75,997	85,183	99,736	124,479	127,115	111,833
Mining	47,589	53,612	67,655	72,407	74,440	54,148
Construction	315,977	410,645	484,901	572,823	583,884	486,661
Manufacturing	1,012,159	1,026,589	998,714	1,403,805	1,050,425	813,738
Transportation and Public Utilities	226,260	253,306	250,375	347,677	390,536	361,449
Wholesale Trade	1,063,094	1,246,743	1,481,922	1,766,289	1,870,820	1,679,196
Retail Trade	11,968,267	12,769,055	14,083,361	15,364,551	14,963,180	13,418,803
Finance, Insurance, and Real Estate	116,476	117,091	153,983	149,466	155,362	143,607
Services	1,855,726	1,884,819	2,105,191	2,330,698	2,409,065	2,161,247
State and Local Government	620,550	671,249	690,509	782,729	817,606	703,459
Total Taxable Sales	$17,309,360	$18,526,979	$20,426,440	$22,926,340	$22,454,113	$19,944,196
Direct Sales Tax Rate	6.0%	6.0%	5.0%	6.0%	6.0%	6.0%

Personal Income by Industry[1]	Calendar Year					
	2004	2005	2006	2007	2008	2009
Farm Earnings	$1,374,654	$1,202,030	$1,085,570	$1,591,125	$1,823,055	$1,366,363
Agricultural/Forestry, Fishing, and Other	344,791	345,296	379,364	373,973	361,417	352,993
Mining	141,202	182,012	233,072	239,232	319,744	185,683
Construction/Utilities	2,677,879	3,088,852	3,673,526	3,773,992	3,235,926	2,638,291
Manufacturing	3,394,298	3,515,127	3,889,119	4,004,136	3,867,773	3,365,946
Transportation	925,322	985,092	1,061,798	1,106,691	1,080,915	1,041,550
Wholesale Trade	1,280,976	1,415,956	1,544,873	1,706,671	1,690,140	1,602,449
Retail Trade	2,463,462	2,730,176	3,066,526	3,119,639	2,811,959	2,715,982
Finance, Insurance, and Real Estate	1,712,669	1,853,182	2,093,951	1,896,450	1,607,335	2,265,254
Services	9,548,176	10,057,942	11,163,223	11,645,674	11,993,099	11,889,608
Federal, Civilian	930,265	957,187	985,868	1,011,167	1,031,864	1,074,102
Military	430,008	453,741	452,533	473,785	504,056	535,822
State and Local Government	4,167,611	4,322,951	4,554,748	4,724,819	4,943,661	5,034,804
Other[2]	10,916,985	11,698,664	12,840,428	14,058,576	15,049,023	15,096,473
Total Personal Income	$40,308,298	$42,808,208	$47,024,599	$49,725,930	$50,319,967	$49,165,320
Total Direct Personal Income Tax Rate	7.6%	7.7%	7.7%	7.7%	7.6%	7.6%

Corporate Income by Category[3]	Calendar Year					
	2004	2005	2006	2007	2008	2009
Corporations	$62,838	$54,837	$6,080	$146,513	($759,563)	($1,025,574)
Sub-S Corporations	74,857	126,174	87,233	72,520	(35,677)	41,005
Partnerships	(16,627)	(2,182)	(1,257)	(82,978)	(125,039)	(126,283)
Fiduciary	23,806	57,112	42,999	70,944	22,495	(5,038)
Total Corporate Income	$144,874	$235,941	$135,055	$206,999	($897,784)	($1,115,890)
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%

Vehicle Fuel Sales by Category *(in thousands of gallons)*	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Diesel	239,784	241,079	258,715	284,009	282,616	237,206
Gasoline	629,499	625,453	636,565	647,363	636,125	584,872
Propane	138	98	77	62	53	107
Natural Gas[4]	12	16	13			
Aviation	2,926	2,512	2,512	2,598	2,461	1,864
Jet	26,921	28,250	31,038	33,591	36,217	29,697
Total Fuel Sales	899,280	897,408	928,920	967,623	957,472	853,746
Total Direct Fuel Tax Rate *(per gallon of fuel)*	$0.243	$0.243	$0.243	$0.242	$0.242	$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 State Tax Commission.

[1]Personal income data for calendar years 2004-2013 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts for all calendar years shown to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

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

[3]Corporate income data is currently not available for calendar years 2012 and 2013.

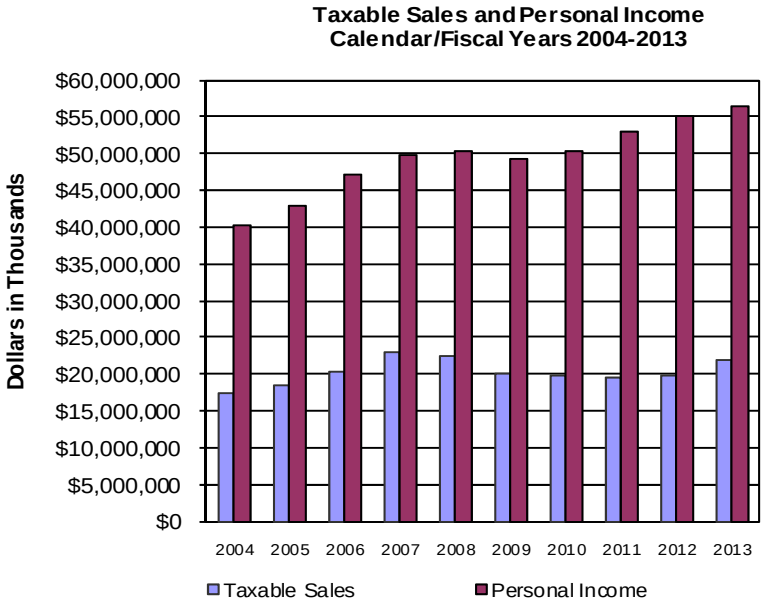
[4]The natural gas distributors reported no vehicle fuel sales for fiscal years 2007-2011.

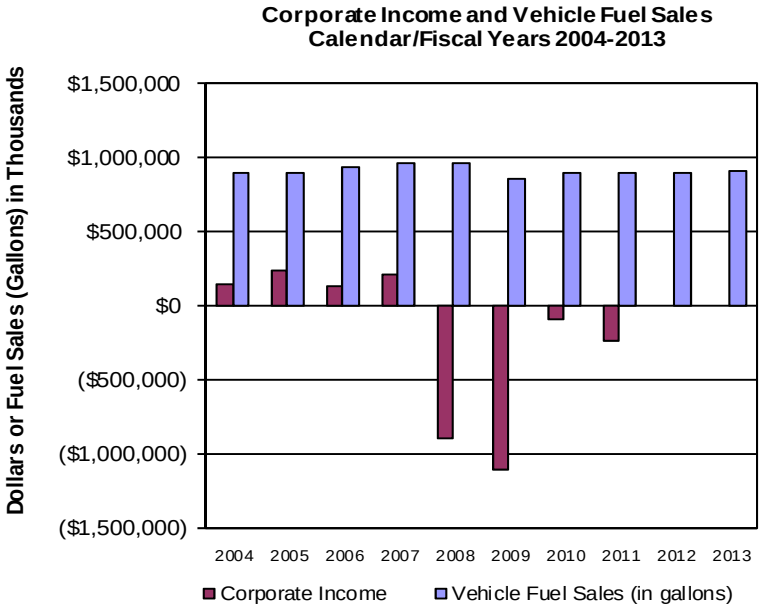
2010	2011	2012	2013
$9,005	$10,847	$14,204	$11,733
101,936	94,138	100,206	106,731
43,224	43,947	47,129	52,671
427,769	409,010	489,893	434,218
755,948	996,988	819,403	807,950
361,995	700,557	546,466	705,692
1,632,263	1,641,485	1,765,478	2,033,097
13,360,965	12,752,289	13,221,360	14,568,624
136,907	133,522	136,687	142,282
2,213,003	2,099,386	2,101,112	2,225,229
680,446	657,346	646,121	751,309
$19,723,461	$19,539,515	$19,888,059	$21,839,536
6.0%	6.0%	6.0%	6.0%

2010	2011	2012	2013
$1,587,029	$2,299,320	$2,394,297	$2,412,092
405,010	404,855	416,836	462,149
233,241	280,299	306,161	308,010
2,567,013	2,439,784	2,525,515	2,712,942
3,463,221	3,574,996	3,739,715	3,828,859
1,064,776	1,139,881	1,220,687	1,251,544
1,635,513	1,716,781	1,796,043	1,870,410
2,742,623	2,811,181	2,929,633	3,027,980
2,334,763	2,213,906	2,270,906	2,407,464
12,060,556	12,454,367	12,691,430	13,178,390
1,115,828	1,114,602	1,129,858	1,095,328
531,786	501,992	495,339	505,767
5,073,379	4,998,870	5,137,027	5,249,718
15,570,453	17,002,961	17,968,508	17,991,186
$50,385,191	$52,953,795	$55,021,955	$56,301,839
7.6%	7.6%	NA	NA

2010	2011	2012	2013
($28,603)	$49,806	NA	NA
43,487	24,196	NA	NA
(115,646)	(287,303)	NA	NA
6,843	(28,687)	NA	NA
($93,919)	($241,988)	NA	NA
7.6%	7.6%	7.4%	7.4%

2010	2011	2012	2013
236,002	239,708	242,616	250,299
632,004	633,337	629,252	631,697
32	79	23	61
		33	97
1,814	1,797	1,811	1,720
23,347	23,225	25,903	28,995
893,199	898,146	899,638	912,869
$0.245	$0.245	$0.244	$0.244





Schedule 6 - Revenue Rates

Fiscal/Calendar Years 2004-2013

Personal Income Tax Rates[1]

Calendar Year

	2004	2005	2006	2007	2008	2009
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS)[2]	$0-1,129	$0-1,159	$0-1,197	$0-1,236	$0-1,272	$0-1,321
Income Levels (MFJ, HoH, QW)[2]	$0-2,258	$0-2,318	$0-2,395	$0-2,474	$0-2,544	$0-2,642
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	$1,130-2,258	$1,160-2,318	$1,198-2,395	$1,237-2,473	$1,273-2,544	$1,322-2,642
Income Levels (MFJ, HoH, QW)	$2,259-4,516	$2,319-4,636	$2,396-4,791	$2,475-4,948	$2,545-5,088	$2,643-5,284
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	$2,259-3,387	$2,319-3,477	$2,396-3,593	$2,474-3,709	$2,545-3,816	$2,643-3,963
Income Levels (MFJ, HoH, QW)	$4,517-6,774	$4,637-6,953	$4,792-7,187	$4,949-7,420	$5,089-7,632	$5,285-7,926
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	$3,388-4,515	$3,478-4,636	$3,594-4,792	$3,710-4,946	$3,817-5,088	$3,964-5,284
Income Levels (MFJ, HoH, QW)	$6,775-9,030	$6,954-9,271	$7,188-9,585	$7,421-9,894	$7,633-10,176	$7,927-10,568
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	$4,516-5,644	$4,637-5,794	$4,793-5,990	$4,947-6,183	$5,089-6,360	$5,285-6,604
Income Levels (MFJ, HoH, QW)	$9,031-11,288	$9,272-11,589	$9,586-11,981	$9,895-12,368	$10,177-12,720	$10,569-13,208
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	$5,645-8,466	$5,795-8,692	$5,991-8,995	$6,184-9,275	$6,361-9,540	$6,605-9,907
Income Levels (MFJ, HoH, QW)	$11,289-16,932	$11,590-17,383	$11,982-17,971	$12,369-18,552	$12,721-19,080	$13,209-19,814
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	$8,467-22,577	$8,693-23,178	$8,996-23,962	$9,276-24,735	$9,541-25,441	$9,908-26,418
Income Levels (MFJ, HoH, QW)	$16,933-45,154	$17,384-46,356	$17,972-47,925	$18,553-49,472	$19,081-50,882	$19,815-52,836
Tax Rate[3]	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Income Levels (S, MFS)	$22,578 +	$23,179 +	$23,963 +	$24,736 +	$25,442 +	$26,419 +
Income Levels (MFJ, HoH, QW)	$45,155 +	$46,357 +	$47,926 +	$49,473 +	$50,883 +	$52,837 +
Total Direct Rate[4]	7.6%	7.7%	7.7%	7.7%	7.6%	7.6%

Vehicle Fuel Tax Rates per Gallon

Fiscal Year

	2004	2005	2006	2007	2008	2009
Diesel	$0.250	$0.250	$0.250	$0.250	$0.250	$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.055	0.055	0.055	0.055	0.070	0.070
Jet	0.045	0.045	0.045	0.045	0.060	0.060
Total Direct Rate (*per gallon of fuel*)	$0.243	$0.243	$0.243	$0.242	$0.242	$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 per Idaho Constitution Art. VII Section 16, and Idaho Code Sections 63-3024 and 63-2402.

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

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

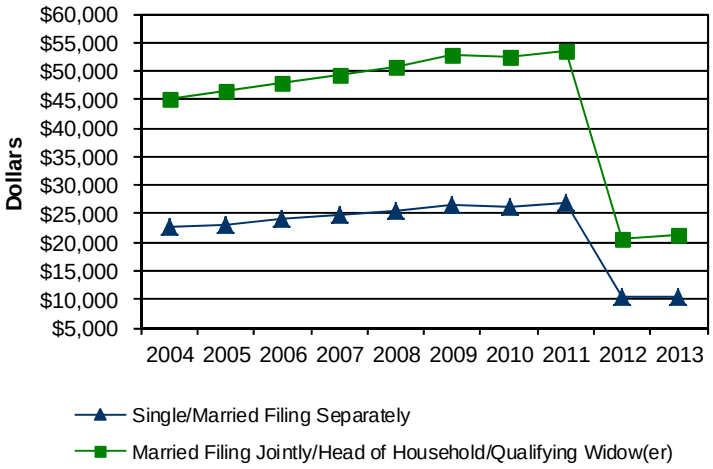
[3]Fiscal year 2012 legislative action reduced the top personal income tax rate from 7.8% to 7.4%.

[4]Personal Income data is currently not available for calendar years 2012 and 2013.

2010	2011	2012	2013
1.6% $0-1,316 $0-2,632	1.6% $0-1,338 $0-2,676	1.6% $0-1,379 $0-2,759	1.6% $0-1,408 $0-2,817
3.6% $1,317-2,632 $2,633-5,264	3.6% $1,339-2,676 $2,677-5,352	3.6% $1,380-2,759 $2,760-5,519	3.6% $1,409-2,817 $2,818-5,635
4.1% $2,633-3,948 $5,265-7,896	4.1% $2,677-4,014 $5,353-8,028	4.1% $2,760-4,139 $5,520-8,279	4.1% $2,818-4,226 $5,636-8,453
5.1% $3,949-5,264 $7,897-10,528	5.1% $4,015-5,352 $8,029-10,704	5.1% $4,140-5,519 $8,280-11,039	5.1% $4,227-5,635 $8,454-11,271
6.1% $5,265-6,580 $10,529-13,160	6.1% $5,353-6,690 $10,705-13,380	6.1% $5,520-6,899 $11,040-13,799	6.1% $5,636-7,044 $11,272-14,089
7.1% $6,581-9,870 $13,161-19,740	7.1% $6,691-10,035 $13,381-20,070	7.1% $6,900-10,349 $13,800-20,699	7.1% $7,045-10,567 $14,090-21,135
7.4% $9,871-26,320 $19,741-52,640	7.4% $10,036-26,760 $20,071-53,520	7.4% $10,350+ $20,700+	7.4% $10,568+ $21,136+
7.8% $26,321+ $52,641+	7.8% $26,761+ $53,521+		
7.6%	7.6%	NA	NA

2010	2011	2012	2013
$0.250	$0.250	$0.250	$0.250
0.250	0.250	0.250	0.250
0.181	0.181	0.181	0.181
0.197	0.197	0.197	0.197
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
$0.245	$0.245	$0.244	$0.244

Personal Taxable Income Level for Top Rate Payers
Calendar Years 2004-2013[4]



Schedule 7 - Revenue Payers by Industry/Category

Historical Comparison and Most Current Fiscal/Calendar Year

(dollars in thousands)

Sales Tax	As of June 30, 2003				As of June 30, 2012			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings	313	0.5	$383	0.1	526	0.8	$663	0.1
Agricultural	926	1.6	3,753	0.4	1,064	1.7	5,971	0.5
Mining	117	0.2	2,195	0.3	151	0.2	2,892	0.2
Construction	3,394	5.8	14,811	1.8	3,975	6.4	22,645	1.9
Manufacturing	3,745	6.4	54,552	6.5	5,555	8.9	44,603	3.7
Transportation & Utilities	1,166	2.0	9,331	1.1	1,233	2.0	28,054	2.3
Wholesale trade	1,976	3.4	50,927	6.0	3,894	6.2	108,504	9.0
Retail trade	26,962	46.3	582,866	69.1	23,457	37.6	816,283	67.7
Finance, Insurance, and Real Estate	622	1.1	6,122	0.7	820	1.3	8,239	0.7
Services	18,495	31.8	93,237	11.0	20,222	32.4	127,445	10.6
Government	529	0.9	25,664	3.0	1,557	2.5	39,332	3.3
Total	58,245	100.0	$843,841	100.0	62,454	100.0	$1,204,631	100.0

Personal Income Tax	As of December 31, 2002				As of December 31, 2011			
Income Level	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Under $50,000	528,247	89.3	$361,009	43.4	602,446	85.2	$386,549	29.9
$50,000 - $99,999	48,208	8.1	218,124	26.2	73,932	10.5	351,123	27.2
$100,000 - $249,999	11,929	2.0	118,617	14.2	24,495	3.5	255,209	19.8
$250,000 - $999,999	2,830	0.5	82,699	9.9	5,171	0.7	164,641	12.8
$1,000,000 and higher	344	0.1	52,744	6.3	631	0.1	133,024	10.3
Total	591,558	100.0	$833,193	100.0	706,675	100.0	$1,290,546	100.0

Corporate Income Tax	As of Tax Year 2002				As of Tax Year 2011			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	14,866	24.0	$72,172	88.5	13,224	16.1	$100,389	82.6
Sub-S Corporations	20,972	33.9	4,891	6.0	29,801	36.2	8,682	7.2
Partnerships	17,536	28.4	1,622	2.0	29,527	35.9	3,643	3.0
Fiduciary	8,449	13.7	2,865	3.5	9,702	11.8	8,781	7.2
Total	61,823	100.0	$81,550	100.0	82,254	100.0	$121,495	100.0

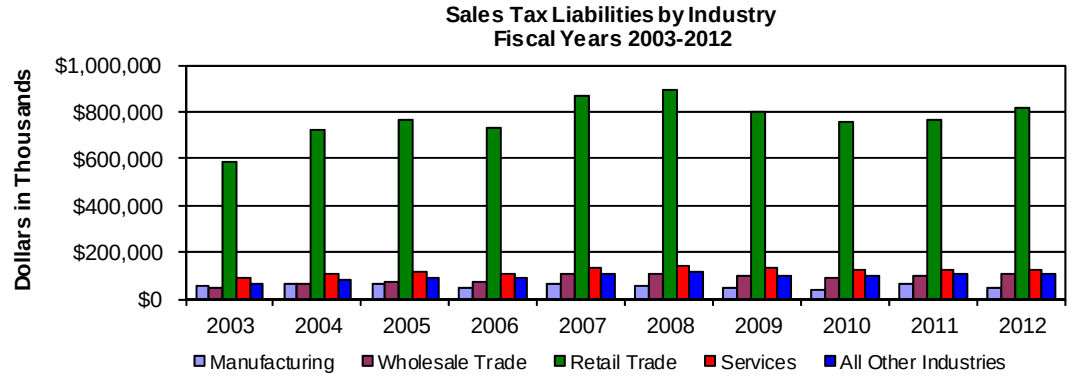
Vehicle Fuel Tax	As of June 30, 2004				As of June 30, 2013			
	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total	Number of Filers[1]	Percent of Total	Tax Liability	Percent of Total
Diesel	120	40.0	$59,917	27.4	103	40.3	$62,575	28.1
Gasoline	118	39.4	157,353	71.9	106	41.4	157,924	71.0
Propane	28	9.3	50	0.0	18	7.0	26	0.0
Natural Gas	2	0.7	8	0.0	3	1.2	35	0.0
Aviation	13	4.3	161	0.1	7	2.7	120	0.1
Jet	19	6.3	1,211	0.6	19	7.4	1,740	0.8
Total	300	100.0	$218,700	100.0	256	100.0	$222,420	100.0

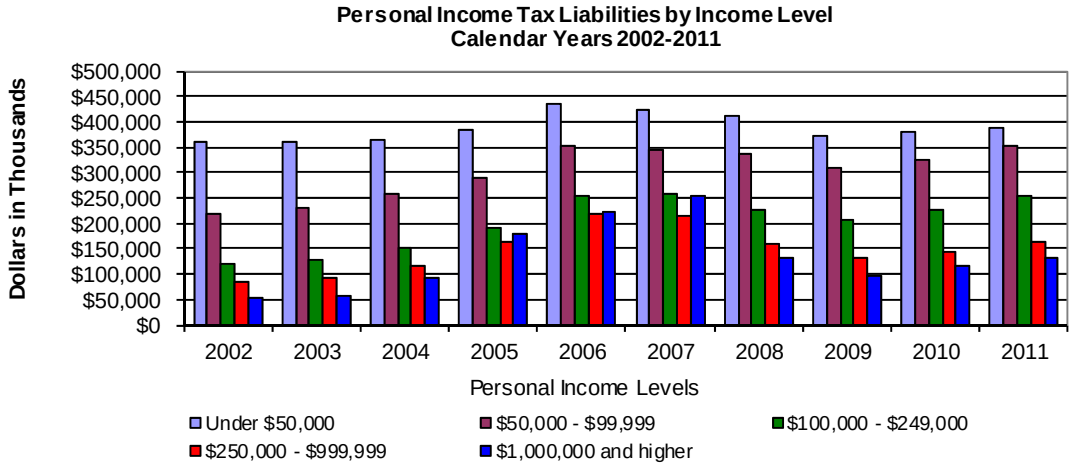
Source: Idaho State Tax Commission.

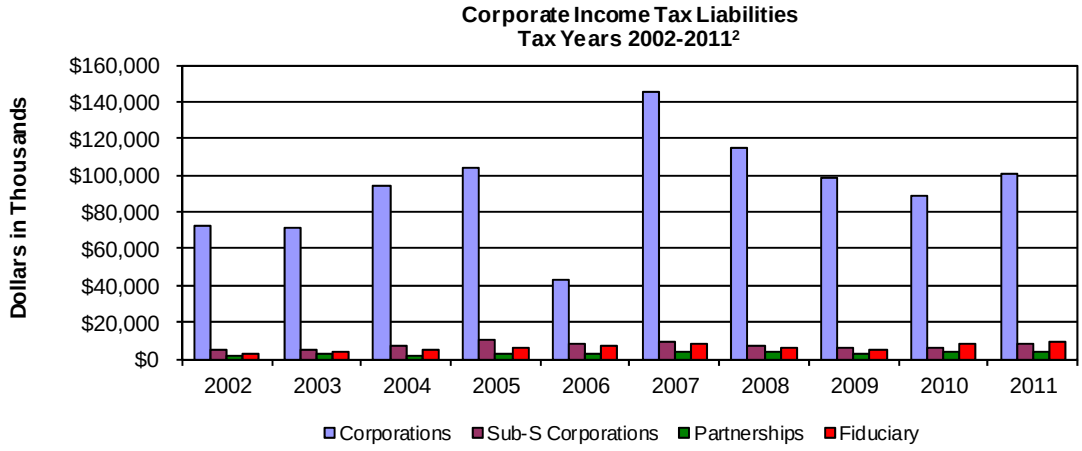
Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2011.

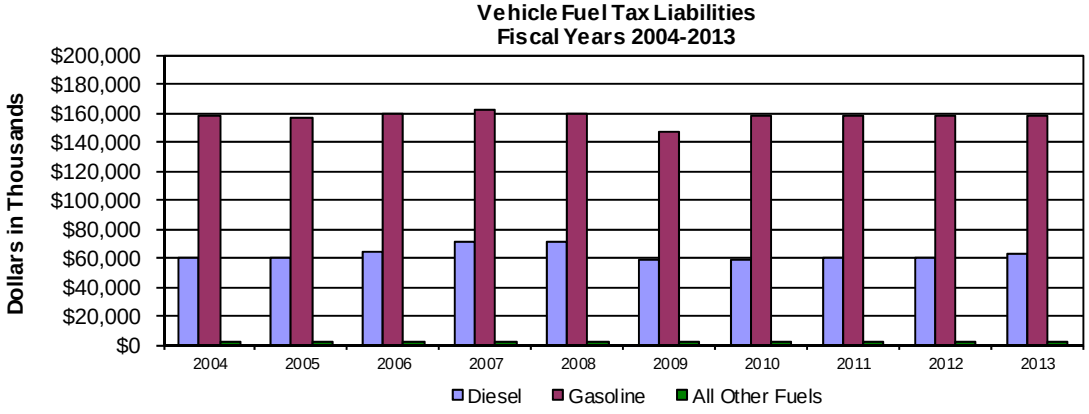
[1]The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.

[2]The corporate tax liability amounts for tax years 2006 through 2010 are revised based on data provided by Idaho State Tax Commission.


Sales Tax Liabilities by Industry
Fiscal Years 2003-2012
Dollars in Thousands
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Manufacturing
Wholesale Trade
Retail Trade
Services
All Other Industries


Personal Income Tax Liabilities by Income Level
Calendar Years 2002-2011
Dollars in Thousands
$500,000
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Personal Income Levels
Under $50,000
$50,000 - $99,999
$100,000 - $249,000
$250,000 - $999,999
$1,000,000 and higher


Corporate Income Tax Liabilities
Tax Years 2002-2011[2]
Dollars in Thousands
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Corporations
Sub-S Corporations
Partnerships
Fiduciary


Vehicle Fuel Tax Liabilities
Fiscal Years 2004-2013
Dollars in Thousands
$200,000
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
Diesel
Gasoline
All Other Fuels

Schedule 8 - Outstanding Debt Ratios

Fiscal Years 2004-2013

(dollars in thousands, except per capita amount)

	2004	2005	2006 (as restated)	2007	2008 (as restated)	2009 (as restated)	2010 (as restated)	2011	2012 (as restated)	2013
Governmental Activities										
Revenue Bonds[1]	$211,031	$203,067	$205,203	$324,657	$306,159	$281,322	$257,088	$233,246	$207,106	$197,624
Capital Leases[2]	5,915	9,428	13,929	12,209	11,997	11,475	33,229	32,761	28,967	27,394
Notes Payable	3,167	1,189	3,776	3,679	3,543	5,118	4,914	4,709	4,476	4,228
Notes Payable to Component Unit[3]				25,947	94,643	215,045	370,430	475,355	520,337	550,664
Total Governmental Activities	$220,113	$213,684	$222,908	$366,492	$416,342	$512,960	$665,661	$746,071	$760,886	$779,910
Business-Type Activities										
Revenue Bonds[4]	$318,138	$329,835	$319,308	$402,181	$443,016	$449,410	$473,667	$457,631	$457,113	$455,097
Capital Leases	5,928	1,450	1,709	1,369	1,139	627	468	271	539	211
Capital Leases to Component Unit[5]		3,657	3,422	3,172	2,917	2,652	2,377	2,082	1,777	1,452
Notes Payable[6]	11,841	17,104	16,284	16,802	20,155	50,195	216,183	214,144	17,175	12,304
Notes Payable to Component Unit[6]									187,570	144,145
Total Business-Type Activities	$335,907	$352,046	$340,723	$423,524	$467,227	$502,884	$692,695	$674,128	$664,174	$613,209
Total Primary Government	$556,020	$565,730	$563,631	$790,016	$883,569	$1,015,844	$1,358,356	$1,420,199	$1,425,060	$1,393,119
Debt as a Percentage of Personal Income[7]	1.4%	1.3%	1.2%	1.6%	1.8%	2.1%	2.7%	2.7%	2.6%	2.5%
Amount of Debt Per Capita[7]	$399.4	$396.5	$384.4	$525.9	$577.2	$655.2	$863.9	$897.0	$893.1	$863.3

Note: The Idaho Constitution Article VIII Section 1 amended in 1998 specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 12 to the financial statements.

[1]In fiscal years 2004, 2006, and 2007 the Idaho State Building Authority issued revenue bonds for state building projects.

[2]In fiscal year 2010 the increase in capital leases is mainly attributable to new leases for land and buildings at the Department of Correction and the Department of Fish and Game.

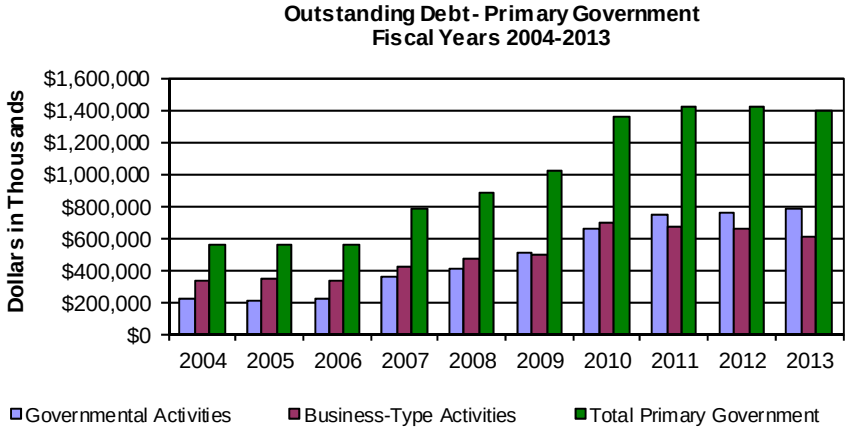
[3]From fiscal years 2007-2013 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association for road and infrastructure improvements.

[4]For fiscal years 2004-2005 and 2007-2010 the colleges and universities issued revenue bonds for various projects.

[5]Prior to fiscal year 2005 capital leases to component units were not reported separately.

[6]In fiscal years 2009 and 2010 the increases in notes payable are mainly attributable to unemployment compensation loan funds received from the federal government. In fiscal year 2012 the Idaho Housing and Finance Association loaned funds to pay off the balance of the unemployment compensation loan owed to the federal government. This resulted in a decrease in Business-Type Activities notes payable and an increase in notes payable to component unit.

[7]These ratios are calculated using personal income and population for the current calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2004-2013

(dollars in thousands)

	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010	2011 (as restated)	2012	2013
Governmental Activities										
Compensated Absences	$52,806	$54,664	$56,245	$56,629	$56,599	$54,893	$51,996	$61,095	$62,775	$56,470
Policy Claim Liabilities	35,174	37,263	36,002	17,867	20,164	19,753	16,956	13,869	15,450	17,963
Claims and Judgments[1, 2]	44,129	36,990	34,486	33,825	141,777	113,115	79,970	180,773	178,173	96,324
Net Pension Obligation[3]	375	621	1,071	1,714	2,375	2,711	11,140	12,508	13,596	13,989
Net OPEB Obligation[4]					20,018	20,373	22,169	23,851	24,720	24,607
Total Governmental Activities	$132,484	$129,538	$127,804	$110,035	$240,933	$210,845	$182,231	$292,096	$294,714	$209,353
Business-Type Activities										
Compensated Absences	$19,507	$16,814	$16,986	$18,381	$20,067	$20,814	$20,882	$21,041	$22,648	$22,239
Claims and Judgments[2]					445	528	1			
Net OPEB Obligation[4]					7,858	9,233	11,267	13,707	15,513	17,143
Voluntary Termination Benefits[5]							894			
Other Long-Term Liabilities							124	416	633	1,004
Total Business-Type Activities	$19,507	$16,814	$16,986	$18,381	$28,370	$30,575	$33,168	$35,164	$38,794	$40,386
Total Primary Government	$151,991	$146,352	$144,790	$128,416	$269,303	$241,420	$215,399	$327,260	$333,508	$249,739

Note: Details regarding the liabilities listed above can be found in Note 12 to the financial statements.

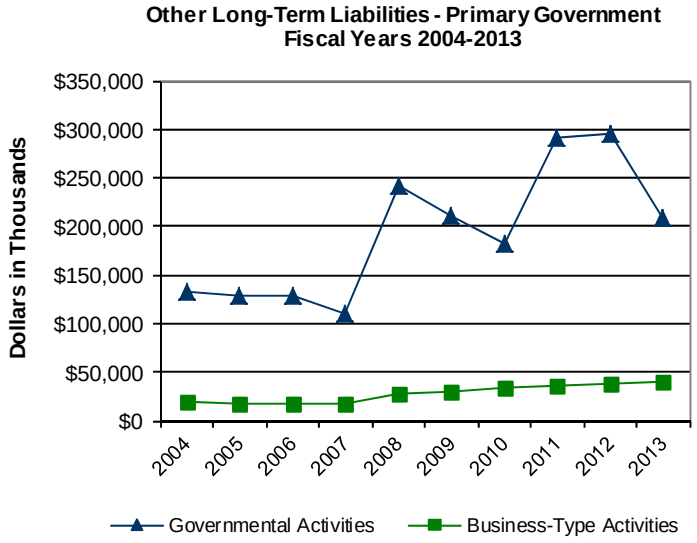
[1]In fiscal year (FY) 2008 the Department of Health and Welfare changed its method of reporting Medicaid claims to include an estimate for incurred but not reported claims from providers. The changes between FY2008 and FY2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.

[2]Claims and Judgments include arbitrage liabilities for fiscal years 2007-2010.

[3]In fiscal year 2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.

[4]Net OPEB obligation was not required to be reported prior to fiscal year 2008.

[5]In fiscal year 2010 the University of Idaho established a voluntary Exit Incentive Program for eligible employees to leave University employment with an economic incentive.



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2004-2013

(dollars in thousands)

	2004	2005	2006	2007	2008	2009
Governmental Activities						
Notes Payable - Idaho Transportation Department[1]						
Revenue:						
Federal Highway Grants[2]				$282,848	$300,680	$234,667
State Funds				2,059	3,349	2,439
Available Revenue				$284,907	$304,029	$237,106
Debt Service:						
Principal				$2,426	$20,240	$30,589
Interest				6,766	8,245	11,787
Coverage				31.0	10.7	5.6
Business-Type Activities						
Revenue Bonds - Colleges and Universities						
Revenue:						
Student Fees Pledged	$120,060	$131,669	$138,670	$144,471	$179,630	$197,711
Sale of Goods and Services Pledged	63,650	66,414	66,000	71,770	85,348	84,327
Other Income Pledged[3]			7,178	9,867	31,174	25,337
Less: Operating Expenses	(43,052)	(50,720)	(51,842)	(52,020)	(58,259)	(59,487)
Net Available Revenue	$140,658	$147,363	$160,006	$174,088	$237,893	$247,888
Debt Service:						
Principal	$14,850	$8,940	$10,725	$11,890	$15,610	$9,755
Interest	14,056	15,220	15,217	13,728	20,793	19,473
Coverage	4.9	6.1	6.2	6.8	6.5	8.5
Revenue Bonds - Idaho Water Resources Board[4]						
Revenue:						
Sale of Goods and Services	$905	$926	$876	$908	$816	$886
Less: Operating Expenses	(233)	(191)	(101)	(162)	(117)	(149)
Net Available Revenue	$672	$735	$775	$746	$699	$737
Debt Service:						
Principal	$60	$80	$100	$290	$305	$325
Interest	366	363	357	310	294	277
Coverage	1.6	1.7	1.7	1.2	1.2	1.2
Notes Payable - Colleges and Universities[5]						
Revenue:						
Student Fees Pledged		$157	$147	$148	$148	$146
Housing Fees Pledged		NA	NA	NA	NA	417
Other Income Pledged						
Less: Operating Expenses		NA	NA	NA	NA	(297)
Net Available Revenue		$157	$147	$148	$148	$266
Debt Service:						
Principal		$94	$98	$102	$106	$127
Interest		45	41	37	33	63
Coverage		1.1	1.1	1.1	1.1	1.4

Note: Details regarding the State's outstanding bonds can be found in Note 12 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

[1]For fiscal years 2007-2013 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

[2]Fiscal year (FY) 2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, the delay of related federal awards reimbursements, and decreased construction costs. FY2010 grants increased because of the delayed reimbursement of FY2009 federal construction awards. Fiscal years 2012 and 2013 grants decreased due to the near-term completion of the American Recovery and Reinvestment Act stimulus program.

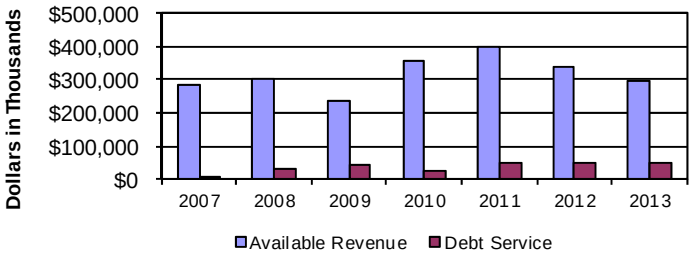
[3]In fiscal year 2008 other pledged income increased mainly due to revenues pledged as collateral for all outstanding bond issuances by the University of Idaho.

[4]In fiscal year (FY) 2006 the Board issued Series 2006 Refunding Bonds, defeasing the 1999 Series, accounting for the increase in debt service for FY2007.

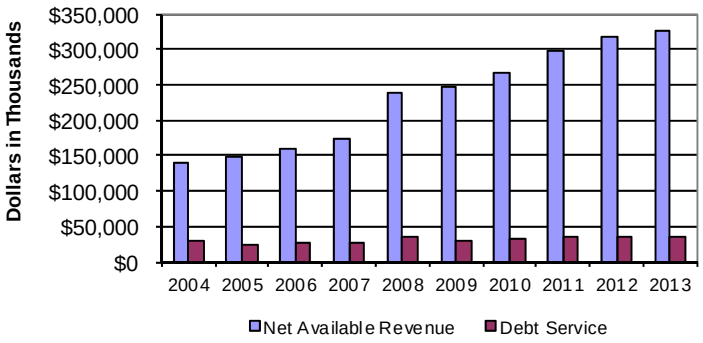
[5]In fiscal year (FY) 2004 Lewis-Clark State College issued notes payable to construct a student activity center; the first payment was due in FY2005. In FY2009 Lewis-Clark issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In fiscal years 2012 and 2013 Lewis-Clark issued notes payable to refinance Student Fee Refunding Revenue Bonds.

2010	2011	2012	2013
$355,288	$399,049	$334,747	$292,619
3,255	3,509	3,829	4,033
$358,543	$402,558	$338,576	$296,652
$8,176	$20,936	$19,957	$21,975
19,074	25,862	26,836	28,188
13.2	8.6	7.2	5.9
$212,768	$236,690	$257,850	$268,014
91,258	84,978	90,136	93,356
22,641	36,803	35,990	35,828
(61,226)	(61,342)	(65,802)	(69,901)
$265,441	$297,129	$318,174	$327,297
$13,190	$15,085	$14,090	$16,585
20,339	20,243	21,524	19,440
7.9	8.4	8.9	9.1
$983	$990	$1,059	$993
(117)	(124)	(136)	(161)
$866	$866	$923	$832
$340	$360	$380	$400
259	240	220	198
1.4	1.4	1.5	1.4
$142	$169	$1,001	$1,062
445	430	429	441
	76	110	101
(154)	(107)	(410)	(402)
$433	$568	$1,130	$1,202
$114	$366	$334	$786
25	176	138	171
3.1	1.0	2.4	1.3

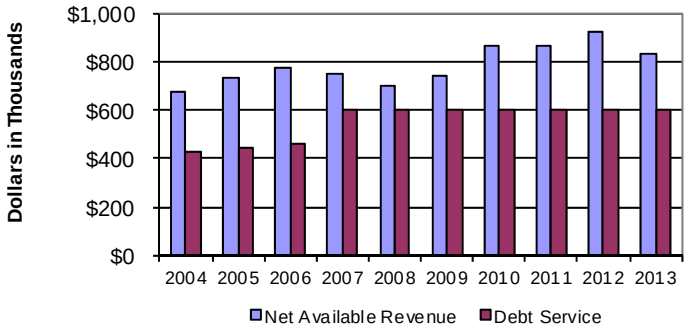
Idaho Transportation Department, Notes Payable
Revenue and Debt Service
Fiscal Years 2007-2013



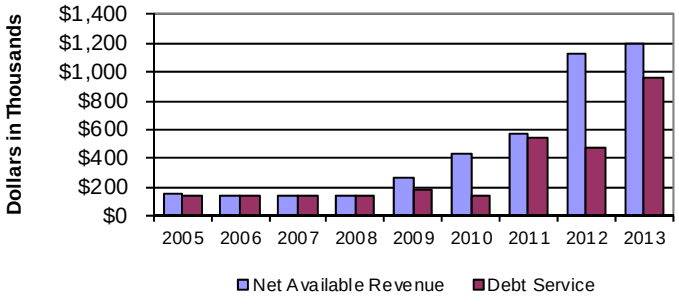
Colleges and Universities, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2004-2013



Idaho Water Resources Board, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2004-2013



Colleges and Universities, Notes Payable
Revenue and Debt Service
Fiscal Years 2005-2013



Schedule 11 - Demographic and Economic Indicators

Calendar Years 2004-2013

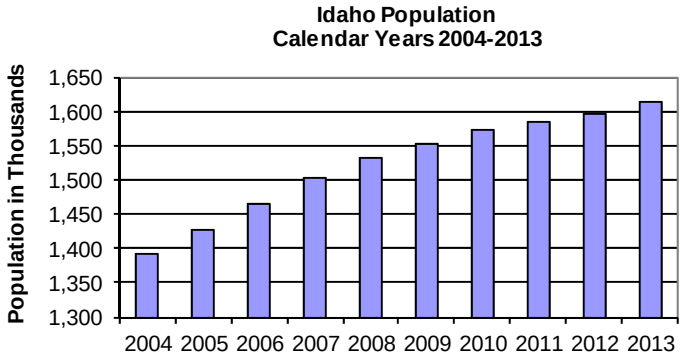
	2004	2005	2006	2007	2008	2009
Population						
Idaho *(in thousands)*	1,392	1,427	1,466	1,502	1,531	1,551
Change	2.0%	2.5%	2.8%	2.4%	1.9%	1.3%
National *(in thousands)*	293,758	296,460	299,282	302,227	304,948	307,580
Change	0.9%	0.9%	1.0%	1.0%	0.9%	0.9%
Total Personal Income[1]						
Idaho *(in billions)*	$40	$43	$47	$50	$50	$49
Change	9.2%	6.2%	9.8%	5.7%	1.2%	-2.3%
National *(in billions)*	$10,049	$10,610	$11,390	$11,996	$12,431	$12,082
Change	7.2%	5.6%	7.4%	5.3%	3.6%	-2.8%
Per Capita Personal Income[2]						
Idaho	$28,951	$29,993	$32,060	$33,089	$32,854	$31,657
Change	9.6%	3.6%	6.9%	3.2%	-0.7%	-3.6%
National	$34,208	$35,789	$38,058	$39,692	$40,764	$39,281
Change	6.2%	4.6%	6.3%	4.3%	2.7%	-3.6%
Median Age - Idaho[3]	33.7	33.9	33.9	33.9	34.0	34.1
Educational Attainment[4]						
8th Grade or Less	5.2%	4.5%	4.5%	3.9%	5.0%	4.5%
Some High School, No Diploma	10.1%	8.7%	8.2%	7.8%	7.1%	7.1%
High School Diploma	28.5%	29.6%	30.1%	29.9%	27.7%	28.8%
Some College, No Degree	27.3%	25.8%	25.4%	25.4%	27.6%	27.3%
Associate, Bachelor or Graduate Degree	28.9%	31.2%	31.7%	33.1%	32.5%	32.2%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	698,123	722,190	740,105	749,993	757,756	751,565
Employed	666,080	695,428	718,077	727,728	721,876	695,476
Unemployed	32,043	26,762	22,028	22,265	35,880	56,090
Unemployment Rate	4.6%	3.7%	3.0%	3.0%	4.7%	7.5%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	1,931	2,160	2,373	2,665	2,759	2,196
Logging and Wood Products	9,298	9,625	10,043	9,593	9,157	5,859
Computer and Electronics	16,286	16,182	16,663	16,217	14,306	11,082
Construction	39,840	45,129	52,046	52,592	45,364	34,531
Manufacturing-Durable Goods[5]	14,964	16,303	17,904	18,399	17,530	15,230
Manufacturing-Nondurable Goods	23,131	22,927	23,234	23,861	24,581	23,674
Total Goods Producing Industries	105,450	112,326	122,263	123,327	113,697	92,572
Non-Goods Producing Industries						
Trade	99,132	103,678	107,469	111,656	110,473	102,658
Service	269,010	280,734	292,705	304,454	306,398	295,486
State and Local Government	101,144	101,859	103,519	103,962	106,053	106,036
Federal Government	13,315	13,083	12,879	12,821	13,210	13,337
Total Non-Goods Producing Industries	482,601	499,354	516,572	532,893	536,134	517,517
Total Nonfarm Wage and Salary Employment	588,051	611,680	638,835	656,220	649,831	610,089

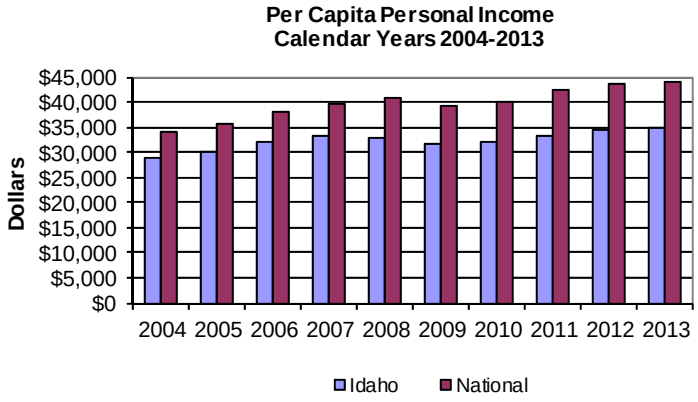
Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

Note: Amounts for calendar years 2011-2013 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

[1]Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.
[2]Per capita personal income is calculated by dividing total personal income by population.
[3]Median age data for Idaho is not currently available for calendar year 2013.
[4]Educational attainment information is not currently available for calendar year 2013. Figures for 2005 through 2012 are revised.
[5]Manufacturing-Durable Goods" amounts are net of "Logging and Wood Products" and "Computer and Electronics" amounts, which are presented separately in this schedule.

2010	2011	2012	2013
1,572	1,583	1,596	1,614
1.4%	0.7%	0.8%	1.1%
310,064	312,324	314,581	317,008
0.8%	0.7%	0.7%	0.8%
$50	$53	$55	$56
2.5%	5.1%	3.9%	2.4%
$12,435	$13,191	$13,744	$13,993
2.9%	6.1%	4.2%	1.8%
$31,997	$33,418	$34,461	$34,882
1.1%	4.4%	3.1%	1.2%
$40,105	$42,235	$43,690	$44,141
2.1%	5.3%	3.4%	1.0%
34.6	34.9	35.2	NA
4.2%	4.5%	4.1%	NA
7.5%	6.9%	6.1%	NA
28.6%	27.5%	27.7%	NA
27.0%	26.9%	27.6%	NA
32.7%	34.2%	34.5%	NA
761,198	766,601	773,300	773,199
694,976	702,920	718,679	723,399
66,221	63,681	54,621	49,799
8.7%	8.3%	7.1%	6.4%
2,295	2,581	2,679	2,564
5,727	6,186	6,489	7,259
10,591	11,200	11,633	11,396
31,198	30,667	31,490	33,399
14,794	15,311	16,069	16,993
23,191	23,537	23,966	25,309
87,796	89,482	92,326	96,920
100,918	101,878	104,529	106,738
296,389	302,523	308,621	317,675
104,651	103,928	104,058	105,259
13,573	12,653	12,655	12,489
515,531	520,982	529,863	542,161
603,327	610,464	622,189	639,081







Schedule 12 - Principal Employers

Current Year and Nine Years Ago

	As of June 30, 2004			As of June 30, 2013		
Major Idaho Employers	Number of Employees	Rank	Percent of Total State Employment	Number of Employees	Rank	Percent of Total State Employment
State of Idaho[1]	17,500-18,000	1	2.7	18,500-19,000	1	2.6
Federal Government	13,000-13,500	2	2.0	12,000-12,500	2	1.7
St Luke's Health System	4,000-4,500	7	0.6	10,500-11,000	3	1.5
Wal-Mart Associates, Inc.	6,000-6,500	4	0.9	6,500-7,000	4	0.9
Micron Technology, Inc.	9,500-10,000	3	1.5	5,500-6,000	5	0.8
Brigham Young University-Idaho				4,500-5,000	6	0.7
Meridian Joint School District #2	3,500-4,000	10	0.6	4,000-4,500	7	0.6
Boise Independent School District #1	3,500-4,000	8	0.6	3,500-4,000	8	0.5
Battelle Energy Alliance[2]	5,000-5,500	5	0.8	3,500-4,000	9	0.5
St Alphonsus Regional Medical Center				3,000-3,500	10	0.4
J.R. Simplot Co.	3,000-3,500	11	0.5	3,000-3,500	11	0.4
Albertsons / Supervalu	4,500-5,000	6	0.7	3,000-3,500	12	0.4
Hewlett-Packard Co.	3,500-4,000	9	0.6			
Total	75,250		11.4	80,500		11.0

Source: Idaho Department of Labor, except state employee data, which comes from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

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

[2]Battelle Energy Alliance was formerly known as Bechtel BWXT Idaho.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2003/04-2012/13

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Elementary	135,245	137,606	141,921	146,253	150,094	151,902	154,368	153,298	154,691	156,742
Secondary	116,875	118,478	120,061	121,347	122,025	123,252	124,236	125,237	126,149	127,576
Total All Grades	252,120	256,084	261,982	267,600	272,119	275,154	278,604	278,535	280,840	284,318

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount[1] (Calendar Years 2004-2013)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Boise State University	18,418	18,650	18,880	19,542	19,670	18,936	19,993	19,664	22,638	21,981
Idaho State University	13,803	13,977	12,679	13,362	12,644	13,493	12,595	12,587	13,860	13,351
University of Idaho	12,824	12,476	11,739	11,636	11,791	11,957	12,302	12,312	12,493	11,884
Lewis-Clark State College	3,145	3,222	3,211	3,269	3,334	3,521	3,822	3,761	3,830	3,585
Eastern Idaho Technical College	788	753	758	762	768	870	862	829	709	725
Total Colleges and Universities	48,978	49,078	47,267	48,571	48,207	48,777	49,574	49,153	53,530	51,526

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

[1]Figures are based on fall enrollment numbers for each year.

Schedule 14 - State Employees by Function

Fiscal Years 2004-2013

Full-Time Employees

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Tax Commission	391	383	387	389	392	393	368	373	406	426
Department of Administration	153	157	153	164	138	142	139	141	137	136
All Other	1,025	1,069	1,069	1,093	1,144	1,161	1,133	1,098	1,058	1,091
Public Safety and Correction										
Department of Correction	1,365	1,407	1,454	1,516	1,560	1,586	1,543	1,529	1,517	1,550
Idaho State Police	454	455	462	467	469	485	465	452	458	479
Department of Juvenile Corrections	327	328	333	342	350	396	381	382	387	384
All Other	321	333	333	339	336	349	327	362	354	373
Health and Human Services										
Department of Health and Welfare	2,657	2,687	2,764	2,885	2,917	2,922	2,887	2,642	2,606	2,611
Education										
Colleges and Universities	5,723	5,776	5,878	6,004	6,063	6,124	6,242	6,093	6,436	6,548
All Other	517	538	540	480	456	468	469	473	361	371
Economic Development										
Idaho Transportation Department	1,786	1,774	1,745	1,717	1,726	1,758	1,772	1,742	1,714	1,683
Department of Commerce and Labor[1]	584	580	553	496						
Department of Labor[1]					440	436	506	532	514	547
Department of Agriculture	305	281	302	307	301	293	279	245	249	253
All Other	712	819	840	840	933	932	909	981	966	992
Natural Resources										
Department of Environmental Quality	353	352	345	352	356	365	340	328	331	332
Department of Fish and Game	504	497	500	506	502	513	504	535	545	534
Department of Lands	221	231	225	234	244	242	235	227	231	239
Department of Parks and Recreation	137	147	146	141	146	155	147	131	132	136
All Other	160	182	182	181	193	195	182	174	171	167
State Total	17,695	17,996	18,211	18,453	18,666	18,915	18,828	18,440	18,573	18,852

Part-Time and Temporary Employees[2]

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	346	356	363	361	405	334	385	362	388	342
Public Safety and Correction	187	186	207	195	223	192	159	174	202	178
Health and Human Services	671	589	654	591	620	400	286	256	229	257
Education	2,766	2,779	2,638	2,740	3,347	2,880	2,532	2,509	2,587	2,655
Economic Development	970	984	936	900	896	907	838	884	774	732
Natural Resources	548	591	590	608	686	603	518	440	433	431
State Total	5,488	5,485	5,388	5,395	6,177	5,316	4,718	4,625	4,613	4,595

Source: Office of the Idaho State Controller.

[1]In fiscal year (FY) 2004 legislative action combined the Department of Commerce with the Department of Labor. In FY2008 legislative action seperated the Department of Commerce from the Department of Labor.

[2]Part-time and temporary employees are those working less than full-time, including board and commission members.

Schedule 15 - Operating Indicators by Function

Calendar/Fiscal Years 2004-2013

	2004	2005	2006	2007	2008	2009
General Government						
Tax Commission						
Number of Returns Filed *(in thousands)*	2,046	2,117	2,204	2,180	2,292	2,220
Number of Returns Filed Electronically *(in thousands)*	258	310	345	386	436	457
Department of Administration						
Construction Projects Administered	143	186	424	538	529	443
Employees Covered by Benefit Plans	18,076	18,495	18,829	19,045	19,319	19,507
Public Safety and Correction						
Department of Correction[1]						
Incarcerated Offenders	6,312	6,526	6,976	7,357	7,338	7,283
Supervised Offenders	9,955	10,926	11,825	12,581	13,361	13,756
Idaho State Police						
Drug Related Arrests[2]	967	779	598	989	850	895
DUI Arrests[2]	1,708	1,461	817	1,744	1,654	1,977
All Other Arrests[2]	1,098	849	724	811	1,278	1,281
Department of Juvenile Corrections						
Number of Juveniles in the System	676	709	725	710	744	659
Rate of Recommitment to DJC Custody	11.4%	15.2%	11.0%	11.6%	11.7%	18.4%
Health and Human Services						
Department of Health and Welfare[1]						
Medicaid Enrollees[3]	169,511	178,694	178,858	184,508	184,465	191,989
Percent of Population	12.2%	12.6%	12.2%	12.3%	12.1%	12.4%
Food Stamp Recipients	92,963	94,956	91,032	86,946	95,433	124,826
Percent of Population	6.7%	6.7%	6.2%	5.8%	6.3%	8.1%
Education						
Colleges and Universities[1]						
Enrollment	48,978	49,078	47,267	48,571	48,207	48,777
Number of Certificates and Degrees Awarded	7,231	8,506	8,386	8,733	8,550	8,739
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient[1]	19%	19%	19%	20%	19%	20%
Vehicles Weighed *(in thousands)*	2,630	2,760	3,090	2,800	2,700	2,400
Department of Labor						
Individuals Registered for Employment	191,346	206,422	184,178	175,178	222,606	284,205
Job Openings Received	68,533	83,951	101,502	96,239	77,012	46,967
Department of Agriculture						
Conduct Disease Tests on Animals[4]	422,751	253,960	118,821	208,338	303,184	367,698
Inspections of Dairy Farms	4,282	3,378	6,866	6,632	5,897	7,919
Natural Resources						
Department of Environmental Quality						
Air Quality Sites Monitored	64	37	42	35	31	42
Water Sites Monitored[5]	442	673	658	506	610	0
Department of Fish and Game						
Citations and Warnings Issued	5,744	4,681	4,790	6,140	5,411	5,435
Hatchery Fish Raised *(in thousands)* [2]	38,099	41,740	40,649	35,502	29,573	22,676
Hunting and Fishing Licenses Sold[2]	527,164	539,590	521,489	572,617	536,681	571,179
Department of Lands[1]						
Forest Products Harvested *(in million board feet)*	254	188	206	215	225	190
Fires Responded to on IDL Land	292	228	445	349	247	352
Department of Parks and Recreation						
Park Visitation *(in thousands)* [1, 2, 6]	2,358	2,648	2,738	4,248	4,203	4,460
Recreational Registrations *(in thousands)* [6]	233	237	256	273	274	286

Sources: Idaho Division of Financial Management; Idaho State Tax Commission; Office of the Idaho State Controller; Idaho State Police; Idaho State Board of Education; and the Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Environmental Quality, Fish and Game, Lands, and Parks and Recreation.

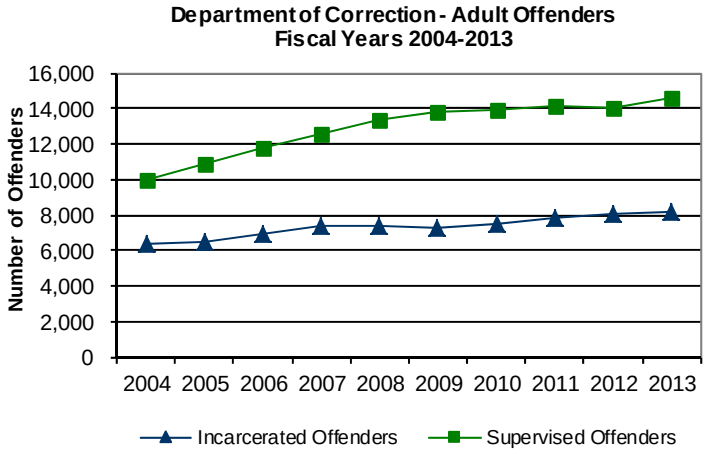
Note: Operating indicators for fiscal years 2012 and 2013 are estimates unless otherwise noted below.

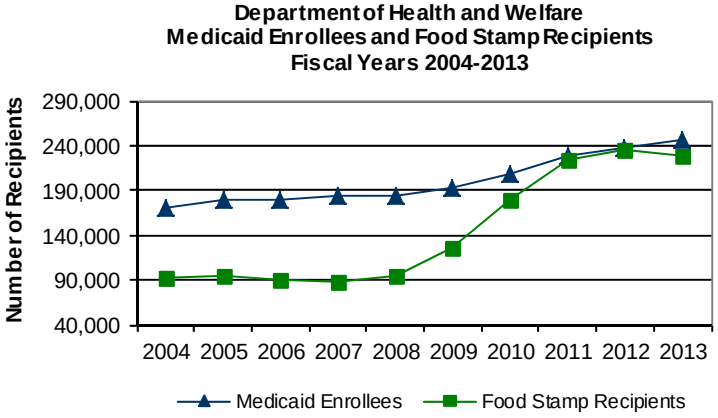
[1]Operating indicators for 2012 are actual amounts, not estimates.

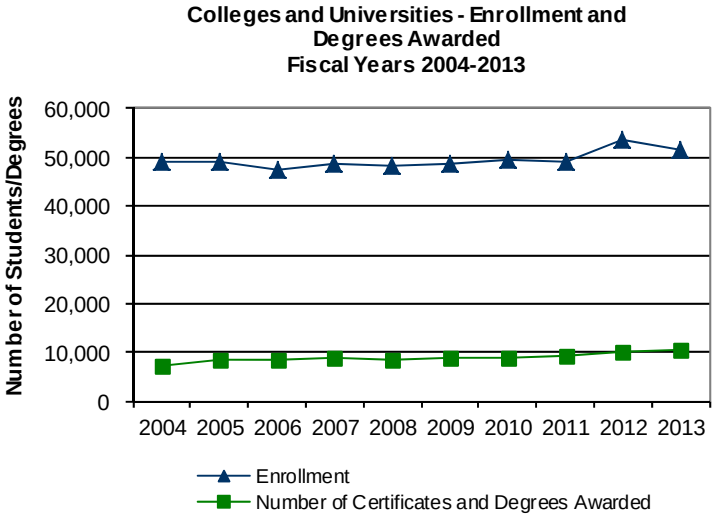
[2]Operating indicators are reported on a calendar year basis.

[3]In fiscal year 2007 the Department of Health and Welfare changed methods for calculating the number of Medicaid enrollees.

2010	2011	2012	2013
2,226	2,260	2,316	2,350
492	543	568	587
431	399	345	293
19,343	18,942	19,018	19,247
7,504	7,800	8,097	8,221
13,902	14,175	14,052	14,632
982	1,021	1,454	1,411
2,441	2,003	1,845	1,659
1,163	1,262	1,145	1,101
568	529	553	550
17.0%	15.0%	12.0%	18.2%
209,126	227,991	238,165	247,151
13.4%	14.4%	14.9%	15.3%
179,074	223,370	235,502	229,586
11.4%	14.1%	14.8%	14.2%
49,574	49,153	53,530	51,526
8,760	9,306	9,980	10,382
18%	16%	13%	14%
2,400	2,400	2,314	2,281
334,896	331,449	301,338	277,111
47,956	69,323	57,189	80,283
362,905	676,604	100,454	110,944
6,932	7,653	8,024	8,786
41	43	39	40
128	101	237	237
4,799	4,053	4,175	3,480
27,085	32,351	23,007	23,837
548,949	523,698	573,714	566,460
212	273	287	NA
183	249	187	NA
4,389	4,783	4,638	NA
272	268	262	NA







[4]In fiscal years 2011 and 2012 the increase and decrease in disease testing on animals are attributed to brucellosis testing.
[5]In fiscal year (FY) 2009 the Department of Environmental Quality suspended surface water monitoring activities due to the FY2009 budget cuts.
[6]Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

Schedule 16 - Capital Assets by Function

Fiscal Years 2004-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Department of Administration										
Buildings *(square footage in thousands)*	661	733	741	741	728	728	728	728	728	728
Public Safety and Correction										
Department of Correction										
Buildings	85	93	94	97	97	98	101	104	105	80
Vehicles	330	334	339	353	392	342	359	367	384	401
Idaho State Police										
Vehicles	454	425	422	441	431	443	431	459	419	430
Machinery and Equipment	807	812	783	846	867	928	810	915	857	886
Department of Juvenile Corrections										
Buildings *(square footage in thousands)*	252	252	252	252	250	250	239	239	242	224
Vehicles	46	53	53	52	54	53	56	56	54	56
Health and Human Services										
Department of Health and Welfare										
Buildings *(square footage in thousands)* [1]	928	928	928	914	914	978	934	801	1,395	1,287
Vehicles	518	490	517	539	518	520	501	485	480	431
Education										
Colleges and Universities										
Buildings (*square footage in thousands*)	11,743	11,919	12,265	12,539	12,890	13,612	13,931	14,198	15,024	15,098
Economic Development										
Idaho Transportation Department										
Highway Lane Miles[2]	11,852	11,874	11,874	11,877	11,930	11,944	11,989	11,998	12,222	12,222
Vehicles[3]	849	755	804	818	801	837	848	823	841	823
Heavy Equipment[3]	1,428	1,443	1,382	1,444	1,494	1,535	1,536	1532	1543	1407
Department of Agriculture										
Scientific and Laboratory Equipment	145	147	156	162	165	176	165	153	160	152
Vehicles	158	166	191	209	201	195	196	177	195	203
Natural Resources										
Department of Environmental Quality[4]										
Air Monitoring Instruments	125	126	131	119	124	166	167	171	196	185
Water Sampling/Quality Equipment	82	88	94	87	88	76	78	78	80	81
Department of Fish and Game										
Hatcheries	19	19	19	19	22	22	23	23	23	23
Vehicles	722	766	692	646	621	670	636	638	665	682
Boats	302	302	296	289	286	287	281	280	279	287
Wildlife Management Areas	33	33	33	33	33	33	32	32	32	32
Department of Lands										
Acres of Land (*in thousands*)[2]	2,462	2,460	2,460	2,460	2,461	2,460	2,446	2,449	2,448	2,448
Vehicles	361	341	346	353	351	350	356	343	362	359
Department of Parks and Recreation										
State Parks	34	34	34	35	35	35	30	30	30	30
Acres of State Park Land (*in thousands*)	60	60	60	61	61	61	60	60	60	60
Buildings	273	282	288	317	322	329	344	341	357	360
Vehicles	232	240	257	288	312	343	329	320	313	327

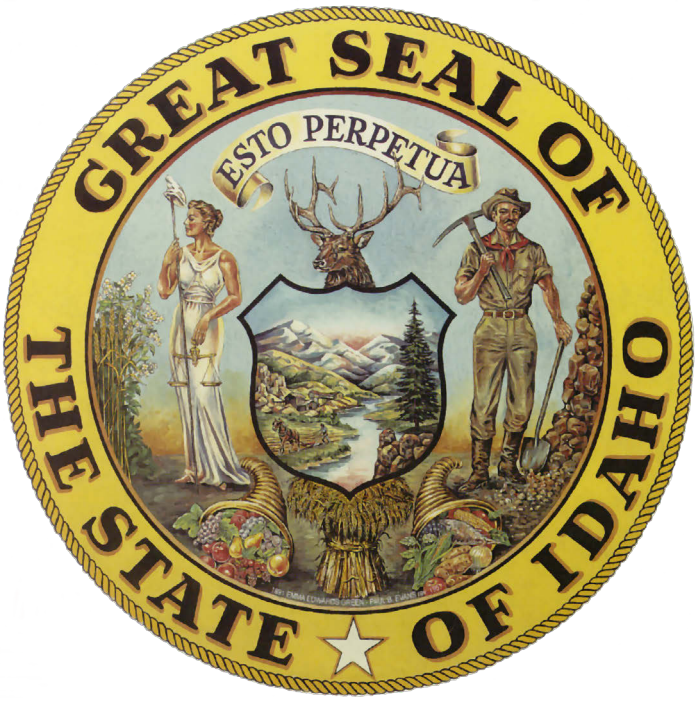
Sources: Office of the Idaho State Controller; Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Environmental Quality, Fish and Game, Lands, and Parks and Recreation; and Idaho colleges and universities.

Note: The Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital-asset intensive.

[1]Fiscal years 2012 and 2013 include leased buildings.

[2]Highway lane miles and acres of land for fiscal year 2013 are based on estimates.

[3]Vehicle and heavy equipment figures for fiscal years 2004-2012 are revised.


GREAT SEAL OF
THE STATE OF IDAHO
ESTO PERPETUA

Schedule 17 - Assets, Liabilities, and Fund Balances
General Fund Accounts
June 30, 2013
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	$2				
Pooled Cash and Investments	343,884	$34,042	$136,143	$25,347	$98,603
Investments		10,793			276
Securities Lending Collateral	489,942				
Accounts Receivable, Net	427	9		12,500	
Taxes Receivable, Net	276,352	2,170			343
Interfund Receivables	5,613	4,846			
Inventories and Prepaid Items	2,034	67			
Loans, Notes, and Pledges Receivable, Net					
Other Assets	6	45			2
Restricted Assets:					
Cash and Cash Equivalents				111	
Investments				173,182	
Total Assets	$1,118,260	$51,972	$136,143	$211,140	$99,224
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$262,597	$2,727		$108	$13
Payroll and Related Liabilities	12,444	89			33
Interfund Payables	1,807				61
Due to Other Entities					
Deferred Revenue	81,835	6,266		12,500	3
Amounts Held in Trust for Others	770				
Obligations Under Securities Lending	489,942				
Other Accrued Liabilities	310	995			
Total Liabilities	849,705	10,077		12,608	110
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	2,034	67			
Noncurrent Receivables					
Restricted				179,739	
Committed		41,828			99,114
Assigned	2,067				
Unassigned	264,454		$136,143	18,793	
Total Fund Balances	268,555	41,895	136,143	198,532	99,114
Total Liabilities and Fund Balances	$1,118,260	$51,972	$136,143	$211,140	$99,224

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
					$1,241	$1,243
$42,288	$1,969	$236	$3,648	($11,875)	110,228	784,513
					4,917	15,986
						489,942
				7,287	1,240	21,463
17,837	39,953				324	336,979
					329	10,788
				6,933	208	9,242
					1,264	1,264
					41	94
240					3,872	4,223
					1,087	174,269
$60,365	$41,922	$236	$3,648	$2,345	$124,751	$1,850,006
	$84			$69	$601	$266,199
			$137	416	1,417	14,536
				6	9	1,883
$47,876						47,876
1,548	17,351				3,455	122,958
					20,756	21,526
						489,942
					117	1,422
49,424	17,435		137	491	26,355	966,342
				6,933	208	9,242
					50	50
10,941	24,487				4,104	219,271
		$236			54,301	195,479
			3,511		58,228	63,806
				(5,079)	(18,495)	395,816
10,941	24,487	236	3,511	1,854	98,396	883,664
$60,365	$41,922	$236	$3,648	$2,345	$124,751	$1,850,006

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts
For the Fiscal Year Ended June 30, 2013
(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	$1,111,995	$5,000			
Individual and Corporate Taxes	1,489,960	6,880			$719
Other Taxes	31,522	18,392			4,422
Licenses, Permits, and Fees	9,447				1,345
Sale of Goods and Services	690	135			4,245
Grants and Contributions	46				32
Investment Income	11,926	188	$5	$17,960	602
Tobacco Settlement				24,912	
Other Income	3,606	81			67
Total Revenues	2,659,192	30,676	5	42,872	11,432
EXPENDITURES					
Current:					
General Government	81,728	28,994		722	753
Public Safety and Correction	248,003			2,572	1,482
Health and Human Services				2,673	3,661
Education	104,586				1,293,260
Economic Development	20,813				613
Natural Resources	15,769				
Capital Outlay	5,912	27,570	153		388
Intergovernmental Revenue Sharing	21,162			94	2,400
Debt Service:					
Principal Retirement	843	186			
Interest and Other Charges	11,687	156			
Total Expenditures	510,503	56,906	153	6,061	1,302,557
Revenues Over (Under) Expenditures	2,148,689	(26,230)	(148)	36,811	(1,291,125)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	178				
Sale of Capital Assets	138				
Transfers In	2,789,655	47,942	111,841	14,215	1,408,437
Transfers Out	(4,906,906)	(33,256)	(1)	(14,215)	(102,914)
Total Other Financing Sources (Uses)	(2,116,935)	14,686	111,840		1,305,523
Net Changes in Fund Balances	31,754	(11,544)	111,692	36,811	14,398
Fund Balances - Beginning of Year	236,801	53,439	24,451	161,721	84,716
Fund Balances - End of Year	$268,555	$41,895	$136,143	$198,532	$99,114

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
$182,656	$11,105				$2,827		$1,313,583
	15,911				18,505		1,531,975
	7,248				692		62,276
		$127		$89	8,440		19,448
				38	22,948		28,056
					23,794		23,872
		107			3,570		34,358
							24,912
		3,563		9,774	33,202		50,293
182,656	34,264	3,797		9,901	113,978		3,088,773
			$6,116	48	12,061		130,422
					6,330		258,387
		30,710					37,044
					50,109		1,447,955
				1,459	15,013		37,898
				14,933	3,699		34,401
		2	95	132	3,846		38,098
190,836	719				5,931		221,142
							1,029
					1		11,844
190,836	719	30,712	6,211	16,572	96,990		2,218,220
(8,180)	33,545	(26,915)	(6,211)	(6,671)	16,988		870,553
							178
					167		305
		36,533	6,046	6,390	62,075	($4,273,965)	209,169
	(22,047)	(9,033)			(68,797)	4,273,965	(883,204)
	(22,047)	27,500	6,046	6,390	(6,555)		(673,552)
(8,180)	11,498	585	(165)	(281)	10,433		197,001
19,121	12,989	(349)	3,676	2,135	87,963		686,663
$10,941	$24,487	$236	$3,511	$1,854	$98,396		$883,664

Schedule 19 - Miscellaneous Statistics

State Facts

State Capital	Boise
Admitted to the Union	July 3, 1890
Nickname	The Gem State
Motto	Esto Perpetua (Let It Be Perpetual)
Population	1,613,700
Highest Elevation Point	Mt. Borah
	12,662 Feet Above Sea Level
Lowest Elevation Point	Snake River at Lewiston
	710 Feet Above Sea Level
Number of Lakes	More Than 2,000
State Bird	Mountain Bluebird
State Fish	Cutthroat Trout
State Flower	Syringa
State Gem Stone	Idaho Star Garnet
State Horse	Appaloosa
State Insect	Monarch Butterfly
State Song	"Here We Have Idaho"
State Tree	Western White Pine

Source: *Idaho Blue Book, 2013-2014*
Idaho Fiscal Facts, 2013

Twenty Largest Communities in Idaho

Boise	212,303
Nampa	83,930
Meridian	80,386
Idaho Falls	57,899
Pocatello	54,777
Caldwell	47,668
Coeur d'Alene	45,579
Twin Falls	45,158
Lewiston	32,051
Post Falls	28,651
Rexburg	25,732
Moscow	24,499
Eagle	21,025
Kuna	16,189
Chubbuck	14,199
Ammon	14,166
Mountain Home	13,791
Hayden	13,549
Blackfoot	11,852
Garden City	11,251

Source: *Idaho Fiscal Facts, 2013*

Land Area and Use

(in square miles)

Land Area	83,557
Water Area	880
Federal Land	52,715
Total Non-Federal Land	30,842
Total Rural Land	79,379
Agricultural Land	12,534
Range Land	34,258
Forest Land	32,587

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: *Idaho Blue Book, 2013-2014*
Idaho Fiscal Facts, 2013

Idaho Commodity Rankings

Commodity	U.S. Rank	U.S. %
Potatoes	1	30
Austrian Winter Peas	1	47
Barley	1	30
Wrinkled Seed Peas	2	27
Sugarbeets	2	21
All Mint	3	20
Hops	3	8
Lentils	4	7
Dry Edible Peas	4	5
Dry Edible Beans	5	9
Sweet Cherries	5	1
All Wheat	5	6
All Hay	9	4
Apples	11	1

Source: *Idaho Fiscal Facts, 2013*



Old Barn on York Road near Idaho Falls, Idaho Photo Courtesy of Mike Hargis



Caribou County Homestead Courtesy of Jake Putnam

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