

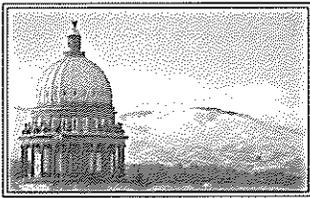
Single Audit Report

For the Fiscal Year Ended June 30, 2010



State of Idaho

Legislative Services Office - Audits Division



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 30, 2011

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

We are pleased to submit the statewide *Single Audit* of the State of Idaho covering the fiscal year ended June 30, 2010. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving \$3,355,621,466 in federal assistance (colleges and universities, Idaho Housing and Finance Association, and Idaho Individual High Risk Reinsurance Pool are reported separately).

Idaho does a good job administering its federal funds in compliance with applicable laws and regulations. Questioned costs for fiscal year 2010 totaled up to \$8,058,500, although several issues are reported for which questioned costs could not be determined.

The federal audit requirements are contained in Title 31, Chapter 75, United States Code, as amended by the Single Audit Act Amendments of 1996. The objectives of the Single Audit Act are:

- To improve the financial management of state and local governments with respect to federal financial assistance programs through improved auditing.
- To establish uniform requirements for audits of federal financial assistance provided to state and local governments.
- To promote the efficient and effective use of audit resources.
- To ensure that federal departments and agencies, to the maximum extent practicable, rely on and use audit work performed pursuant to the requirements of the Single Audit Act.

The Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, was issued to facilitate the implementation of the Single Audit Act as amended in 1996. OMB *Circular A-133* places the responsibility for identifying major programs to audit on the auditor. A risk-based approach, which considers current and prior audit experience, federal oversight, and inherent risk, is used to identify major programs. All audit issues are in the section entitled "Auditor's Results." Internal control weaknesses and compliance issues related to federal awards are included in the subsection entitled "Federal Findings and Questioned Costs." Internal control weaknesses and compliance issues related to the basic financial statements are included in the subsection entitled "State Findings and Recommendations."

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

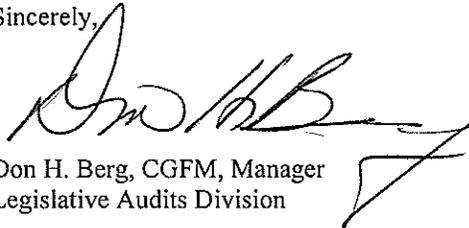
Glenn Harris, Manager
Information Technology

This document contains the following reports and schedules:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB *Circular A-133*.
- Supplementary Schedules of Expenditures of Federal Awards.
- Auditor's Results (Schedules of Current and Prior Federal Findings and Questioned Costs, as well as Current State Findings and Recommendations).

The complete *Comprehensive Annual Financial Report (CAFR)*, which includes the State's basic financial statements, can be obtained from the Idaho Office of the State Controller (208-334-3100) or accessed on its website at www.sco.idaho.gov.

Sincerely,

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

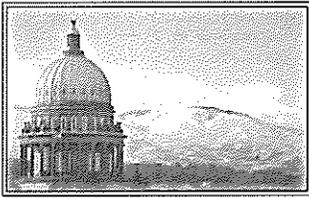
Don H. Berg, CGFM, Manager
Legislative Audits Division

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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*The State's basic financial statements are included in the *Idaho Comprehensive Annual Financial Report (CAFR)* published in conjunction with this *Single Audit Report* by the Office of the State Controller. The *CAFR* can be obtained from the Office of the State Controller (208-334-3100) or accessed on its website at www.sco.idaho.gov.



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 3, 2010

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited the basic financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Idaho, as of and for the fiscal year ended June 30, 2010, that collectively comprise the State's basic financial statements, and have issued our report thereon dated December 3, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors have audited 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, and the Endowment Fund investment Board, State Lottery Commission, Public Employees Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDEal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Petroleum Clean Water Trust Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association as described in our report on the State of Idaho's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported separately by those other auditors. The financial statements of the Idaho Housing and Finance Association, Idaho State University, University of Idaho, Eastern Idaho Technical College Foundation, Boise State University Foundation, Idaho State University Foundation, and the Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the State of Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses: 10S-1 and 10S-2.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be significant deficiencies: 10S-3, 10S-4, 10S-5, and 10S-6.

Compliance and Other Matters

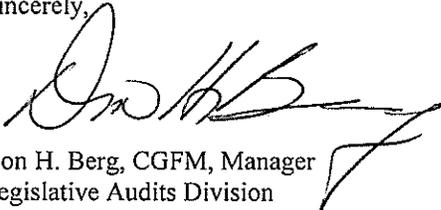
As part of obtaining reasonable assurance about whether the State of Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the State of Idaho in a separate correspondence issued at the State agency level.

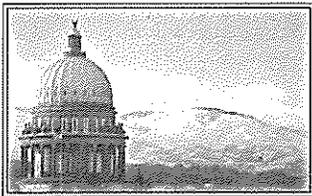
Responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Responses*. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the State of Idaho, the Governor, members of the Idaho State Legislature, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

Sincerely,



Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 30, 2011
December 3, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB *Circular A-133*

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

Compliance

We have audited the compliance of the State of Idaho with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010, except for the following programs. We did not audit the colleges and universities, Idaho Housing and Finance Association, and Idaho Individual High Risk Reinsurance Pool. These awards are not included in the Supplementary Schedules of Expenditures of Federal Awards contained in this report. These entities were audited by other auditors who have furnished their reports to the proper entities. The State of Idaho's major federal programs, except as described above, are identified in the Schedule of Federal Major Programs in the Auditor's Results section. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Idaho's management. Our responsibility is to express an opinion on the State of Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Idaho's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State of Idaho's compliance with those requirements.

As described in Findings 10F-4, 10F-12, 10F-14, and 10F-17 in the accompanying Schedule of Findings and Questioned Costs, the State of Idaho did not comply with requirements regarding maintenance of effort, reporting, cash management, and allowable costs/cost principles that are applicable to the Temporary Assistance for Needy Families Cluster (93.558 and 93.714), Child Nutrition Cluster (10.553, 10.555, and 10.559), Title I Part A Cluster (84.010 and 84.389), Special Education Cluster (84.027, 84.173, 84.391, and 84.392), Improving Teacher Quality (84.389), ARRA – State Fiscal Stabilization Fund – Education (84.394), and Vocational Rehabilitation Cluster (84.126 and 84.390). Compliance with such requirements is necessary, in our opinion, for the State of Idaho to comply with the requirements applicable to that program.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Idaho complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133*, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 10F-1, 10F-3, 10F-5, 10F-6, 10F-7, 10F-9, 10F-10, 10F-11, and 10F-16.

Internal Control Over Compliance

The management of the State of Idaho is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Idaho's internal control over compliance with the requirements that could have a direct and material effect on a major federal program, to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the entity's internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, as items 10F-4, 10F-12, 10F-14, 10F-15, and 10F-17 to be material weaknesses.

A significant deficiency in internal control over compliance is a control deficiency in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 10F-2, 10F-3, 10F-5, 10F-6, 10F-7, 10F-8, 10F-9, 10F-10, 10F-11, 10F-13, and 10F-16 to be significant deficiencies.

Responses to the findings identified in our audit are included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the responses and, accordingly, we express no opinion on them.

Schedules of Expenditures of Federal Awards

We have audited the basic 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, 2010, and have issued our report thereon dated December 3, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by OMB *Circular A-133*, is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our report contained an unqualified opinion on the basic financial statements. Our opinion expressed therein, insofar as it relates to entities' financial statements that were audited by other auditors, was based solely on the reports of the other auditors.

This report is intended solely for the information and use of the management of the State of Idaho, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

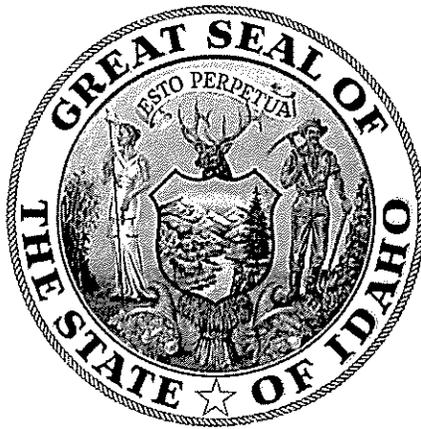
Sincerely,

A handwritten signature in black ink, appearing to read 'D. Berg', with a stylized flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS**



**SCHEDULE
OF
EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY**

STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
DEPARTMENT OF AGRICULTURE				
SNAP CLUSTER:				
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	\$277,145,759	NC
10.561	ARRA - State Administrative Matching Grants - Supple. Nutrition Assist. Program	Health and Welfare, Department of	861,600	
10.561	State Administrative Matching Grants - Supple. Nutrition Assist. Program	Health and Welfare, Department of	8,731,930	
	TOTAL SNAP CLUSTER		<u>\$286,739,289</u>	
CHILD NUTRITION CLUSTER:				
10.553	School Breakfast Program	Superintendent of Public Instruction	\$14,526,573	
10.555	National School Lunch Program	Superintendent of Public Instruction	5,911,568	NC
10.555	National School Lunch Program	Superintendent of Public Instruction	44,467,863	
10.556	Special Milk Program for Children	Superintendent of Public Instruction	177,119	
10.559	Summer Food Service Program for Children	Superintendent of Public Instruction	4,342,493	
	TOTAL CHILD NUTRITION CLUSTER		<u>\$69,425,616</u>	
EMERGENCY FOOD ASSISTANCE CLUSTER:				
10.568	ARRA - Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	\$120,565	
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	182,914	
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	2,275,299	NC
	TOTAL EMERGENCY FOOD ASSISTANCE CLUSTER		<u>\$2,578,778</u>	
NON-CLUSTERED PROGRAMS:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	\$2,424,612	
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Fish and Game, Department of	81,188	
10.028	Wildlife Services	Fish and Game, Department of	145,943	
10.086	ARRA - Aquaculture Grants Program	Agriculture, Department of	1,252,541	
10.156	Federal-State Marketing Improvement Program	Agriculture, Department of	26,963	
10.162	Inspection Grading and Standardization	Agriculture, Department of	81,844	
10.163	Market Protection and Promotion	Agriculture, Department of	108,256	
10.169	Specialty Crop Block Grant Program	Agriculture, Department of	50,807	
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	446,765	
10.304	Homeland Security - Agricultural	Agriculture, Department of	3,000	PT
10.446	Rural Community Development Initiative	Commerce, Department of	81,784	
10.557	Supplemental Nutrition for Women, Infants, and Children (WIC)	Health and Welfare, Department of	29,160,661	
10.558	Child and Adult Care Food Program	Superintendent of Public Instruction	6,414,333	
10.560	State Administrative Expenses for Child Nutrition	Superintendent of Public Instruction	910,917	
10.574	Team Nutrition Grants	Superintendent of Public Instruction	224,263	
10.578	ARRA - WIC Grants to State	Health and Welfare, Department of	590,221	
10.579	ARRA - Child Nutrition Discretionary Grants Limited Availability	Superintendent of Public Instruction	478,599	
10.579	Child Nutrition Discretionary Grants Limited Availability	Superintendent of Public Instruction	211,346	
10.582	Fresh Fruit and Vegetable Program	Superintendent of Public Instruction	794,325	
10.604	Technical Assistance for Specialty Crops	Agriculture, Department of	2,752	PT
10.604	Technical Assistance for Specialty Crops	Agriculture, Department of	4,711	
10.664	Cooperative Forestry Assistance	Agriculture, Department of	327,937	
10.664	Cooperative Forestry Assistance	Lands, Department of	4,300,774	
10.672	Rural Development, Forestry, and Communities	Lands, Department of	13,138	
10.676	Forest Legacy Program	Lands, Department of	813,626	
10.677	Forest Land Enhancement Program	Lands, Department of	10,716	
10.687	ARRA - Capital Improvement and Maintenance	Environmental Quality, Department of	42,284	
10.688	ARRA - Wildland Fire Management	Agriculture, Department of	476,065	
10.688	ARRA - Wildland Fire Management	Lands, Department of	1,564,196	
10.769	Rural Business Enterprise Grant	Commerce, Department of	3,500	
10.861	Public Television Station Digital Transition Grant Program	Public Television, Idaho	65,294	
10.902	Soil and Water Conservation	Water Resources, Department of	45,914	
10.912	Environmental Quality Incentives Program	Lands, Department of	94,284	
10.950	Agricultural Statistics Reports	Agriculture, Department of	31,000	
10.999	Forest Service Aquatic Invasive Species Monitoring	Agriculture, Department of	10,605	
10.999	Miscellaneous Forest Service Grants	Fish and Game, Department of	351,934	
10.999	Miscellaneous Natural Resources Conservation Service Grants	Fish and Game, Department of	45,765	
10.999	Marijuana Eradication Forest Service Grants	Police, Idaho State	4,723	
10.999	Forest Service Wolf Management CCS Agreement	Species Conservation, Office of	18,264	
10.999	Roadless - Implementation of Roadless Rule	Species Conservation, Office of	7,687	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$51,723,537</u>	
	TOTAL DEPARTMENT OF AGRICULTURE		<u>\$410,467,220</u>	

*Type of assistance other than direct cash: NC = non-cash; PT = pass-through.
 The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
DEPARTMENT OF COMMERCE				
11.407	Interjurisdictional Fisheries Act of 1986	Fish and Game, Department of	\$14,250	
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	1,431,933	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	100,354	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	3,266,474	
11.441	Regional Fishery Management Councils	Fish and Game, Department of	21,612	
11.555	Public Safety Interoperable Communications Grant Program	Military, Division of	1,305,098	
11.999	Miscellaneous NOAA Grants	Fish and Game, Department of	868,511	
	TOTAL DEPARTMENT OF COMMERCE		<u>\$7,008,232</u>	
DEPARTMENT OF DEFENSE				
12.002	Procurement Technical Assistance for Business Firms	Commerce, Department of	\$211,226	
12.113	Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	146,433	
12.401	ARRA - National Guard Military Operations and Maintenance Projects	Military, Division of	2,240,387	
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	22,509,186	
12.610	Community Economic Adjustment Planning Assistance - Joint Land Use Studies	Commerce, Department of	116,272	
12.999	Miscellaneous Army Corps of Engineers Grants	Fish and Game, Department of	17,797	
	TOTAL DEPARTMENT OF DEFENSE		<u>\$25,241,301</u>	
HOUSING AND URBAN DEVELOPMENT				
CDBG - STATE ADMINISTERED SMALL CITIES PROGRAM CLUSTER:				
14.228	Community Development Block Grants/State's Program	Commerce, Department of	\$7,614,468	
14.255	ARRA - Community Development Block Grants/State's Program	Commerce, Department of	1,200,655	
	TOTAL CDBG - STATE ADMINISTERED SMALL CITIES PROGRAM CLUSTER:		<u>\$8,815,123</u>	
NON-CLUSTERED PROGRAMS				
14.171	Manufactured Home Construction and Safety Standards	Building Safety, Division of	\$21,695	
14.246	CDBG/Brownfields Economic Development Initiative	Historical Society, Idaho State	12,895	PT
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$34,590</u>	
	TOTAL HOUSING AND URBAN DEVELOPMENT		<u>\$8,849,713</u>	
DEPARTMENT OF THE INTERIOR				
FISH AND WILDLIFE CLUSTER:				
15.605	Sport Fish Restoration	Fish and Game, Department of	\$6,724,575	
15.611	Wildlife Restoration	Fish and Game, Department of	6,239,271	
	TOTAL FISH AND WILDLIFE CLUSTER		<u>\$12,963,846</u>	
NON-CLUSTERED PROGRAMS				
15.130	Indian Education - Assistance to Schools	Superintendent of Public Instruction	\$55,067	
15.224	Cultural Resource Management	Historical Society, Idaho State	27,633	
15.225	Recreation Resource Management	Parks and Recreation, Department of	7,000	
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Lands, Department of	50,893	
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Transportation Department, Idaho	112,782	
15.230	Invasive and Noxious Plant Management	Agriculture, Department of	299,575	
15.231	ARRA - Fish, Wildlife and Plant Conservation Resource Management	Agriculture, Department of	75,703	
15.231	Fish, Wildlife, and Plant Conservation Resource Management	Fish and Game, Department of	817,597	
15.231	Fish, Wildlife, and Plant Conservation Resource Management	Species Conservation, Office of	10,000	
15.524	Recreation Resources Management	Parks and Recreation, Department of	151,015	
15.608	Fish and Wildlife Management Assistance	Fish and Game, Department of	110,092	
15.608	Fish and Wildlife Management Assistance	Species Conservation, Office of	334,167	
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	481,323	
15.615	Cooperative Endangered Species Conservation Fund	Species Conservation, Office of	1,924,007	
15.616	Clean Vessel Act	Parks and Recreation, Department of	39,075	
15.622	Sportfishing and Boating Safety Act	Parks and Recreation, Department of	87,130	
15.630	Coastal Program	Agriculture, Department of	52,280	
15.633	Landowner Incentive	Fish and Game, Department of	1,688,639	
15.634	State Wildlife Grants	Fish and Game, Department of	865,010	
15.647	Migratory Bird Conservation	Fish and Game, Department of	47,343	
15.649	Service Training and Technical Assistance	Fish and Game, Department of	5,123,502	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Species Conservation, Office of	542,797	
15.808	U.S. Geological Survey - Research and Data Collection	Administration, Department of	3,159	
15.808	U.S. Geological Survey - Research and Data Collection	Water Resources, Department of	29,462	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	\$716,438	
15.916	Outdoor Recreation - Acquisition, Development, and Planning	Parks and Recreation, Department of	140,658	
15.999	Miscellaneous Fish and Wildlife Service Grants	Fish and Game, Department of	140,301	
15.999	Miscellaneous Bureau of Reclamation Grants	Fish and Game, Department of	633,873	
15.999	Miscellaneous National Park Services Grants	Fish and Game, Department of	41,722	
15.999	Fort Hall Water Rights Agreement	Water Resources, Department of	(538)	
15.999	Water Bank Program	Water Resources, Department of	54,508	
15.999	Landsat Data Continuity	Water Resources, Department of	1,293	
15.DAH	Hazards/Hazmat	Environmental Quality, Department of	47,525	
15.FFB	Gray Wolf Recovery	Species Conservation, Office of	279,645	
15.SFB	Herbivory Effects on Slickspot Peppergrass	Agriculture, Department of	39,661	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$15,030,337</u>	
	TOTAL DEPARTMENT OF THE INTERIOR		<u>\$27,994,183</u>	
DEPARTMENT OF JUSTICE				
16.017	Sexual Assault Services	Police, Idaho State	\$3,533	
16.523	Juvenile Accountability Block Grants	Juvenile Corrections, Department of	401,963	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Juvenile Corrections, Department of	536,482	
16.543	Missing Children's Assistance	Attorney General, Office of the	236,616	
16.548	Title V - Delinquency Prevention Program	Juvenile Corrections, Department of	49,701	
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	85,477	
16.575	Crime Victim Assistance	Health and Welfare, Department of	1,803,354	
16.576	Crime Victim Compensation	Industrial Commission	339,000	
16.579	Edward Byrne Memorial Formula Grant Program	Police, Idaho State	49,897	
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Correction, Department of	474,789	
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Police, Idaho State	277,793	
16.585	Drug Court Discretionary Grant Program	Judicial Department	23,603	
16.588	ARRA - Violence Against Women Formula Grants	Police, Idaho State	331,146	
16.588	Violence Against Women Formula Grants	Police, Idaho State	950,321	
16.590	Grants to Encourage Arrest Policies and Protection Orders	Judicial Department	480,482	
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	65,789	
16.601	Corrections - Training and Staff Development	Correction, Department of	8,153	
16.606	State Criminal Alien Assistance Program	Correction, Department of	834,851	
16.609	Project Safe Neighborhoods	Police, Idaho State	82,997	
16.710	Public Safety Partnership and Community Policing Grants	Correction, Department of	4,300	
16.710	Public Safety Partnership and Community Policing Grants	Police, Idaho State	409,664	
16.727	Enforcing Underage Drinking Laws Program	Juvenile Corrections, Department of	223,299	
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant	Correction, Department of	316,750	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	1,519,174	
16.741	Forensic DNA Capacity Enhancement Program	Police, Idaho State	116,844	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	153,054	
16.744	Anti-Gang Initiative	Police, Idaho State	9,884	
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	Judicial Department	5,854	
16.756	Court Appointed Special Advocates	Judicial Department	62,045	PT
16.800	ARRA - Internet Crimes against Children Task Force Program	Attorney General, Office of the	66,963	
16.801	ARRA - State Victim Assistance	Health and Welfare, Department of	92,292	
16.802	ARRA - State Victim Compensation	Industrial Commission	343,009	
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	1,700,816	
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs	Correction, Department of	1,522	
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs	Police, Idaho State	157,034	
16.999	Joint Terrorism Task Force	Police, Idaho State	7,432	
16.999	Organized Crime and Drug Task Force	Police, Idaho State	22,202	
	TOTAL DEPARTMENT OF JUSTICE		<u>\$12,268,085</u>	
DEPARTMENT OF LABOR				
EMPLOYMENT SERVICE CLUSTER:				
17.207	ARRA - Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	\$2,335,692	
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	6,974,584	
17.801	Disabled Veterans' Outreach Program	Labor, Department of	630,788	
17.804	Local Veterans' Employment Representative Program	Labor, Department of	237,214	
	TOTAL EMPLOYMENT SERVICE CLUSTER		<u>\$10,178,278</u>	

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STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY
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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
	WIA CLUSTER:			
17.258	ARRA - WIA Adult Program	Labor, Department of	\$1,043,341	
17.258	WIA Adult Program	Labor, Department of	2,007,377	
17.259	ARRA - WIA Youth Activities	Labor, Department of	1,879,145	
17.259	WIA Youth Activities	Labor, Department of	1,956,534	
17.260	ARRA - WIA Dislocated Workers	Labor, Department of	3,497,599	
17.260	WIA Dislocated Workers	Labor, Department of	3,274,075	
	TOTAL WIA CLUSTER		\$13,658,071	
	NON-CLUSTERED PROGRAMS			
17.002	Labor Force Statistics	Labor, Department of	\$682,694	
17.005	Compensation and Working Conditions	Industrial Commission	3,649	
17.151	ARRA - Employee Benefits Security Administration	Administration, Department of	473,995	
17.225	Unemployment Insurance	Labor, Department of	698,942,169	
17.235	Senior Community Service Employment Program	Aging, Commission on	545,306	
17.235	ARRA - Senior Community Service Employment Program	Aging, Commission on	92,344	
17.235	Senior Community Service Employment Program	Labor, Department of	790,171	
17.245	Trade Adjustment Assistance	Labor, Department of	8,802,792	
17.266	Work Incentive Grants	Labor, Department of	407,044	
17.268	H-1B Job Training Grants	Labor, Department of	2,784,391	
17.275	ARRA - Worker Training and Placement in High Growth and Emerging Industry Sectors	Labor, Department of	185,991	
17.807	Transition Assistance Program	Labor, Department of	14,576	
	TOTAL NON-CLUSTERED PROGRAMS		\$713,725,122	
	TOTAL DEPARTMENT OF LABOR		\$737,561,471	
	DEPARTMENT OF TRANSPORTATION			
	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:			
20.205	ARRA - Highway Planning and Construction	Transportation Department, Idaho	\$68,300,378	
20.205	Highway Planning and Construction	Transportation Department, Idaho	202,146,327	
20.219	Recreational Trails Program	Parks and Recreation, Department of	567,093	
	TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		\$271,013,798	
	FEDERAL TRANSIT CLUSTER:			
20.500	Federal Transit - Capital Investment Grants	Transportation Department, Idaho	\$57,395	
	TOTAL FEDERAL TRANSIT CLUSTER		\$57,395	
	TRANSIT SERVICES PROGRAMS CLUSTER:			
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Transportation Department, Idaho	\$398,891	
20.516	Job Access - Reverse Commute	Transportation Department, Idaho	78,828	
20.521	New Freedom Program	Transportation Department, Idaho	8,753	
	TOTAL TRANSIT SERVICES PROGRAM CLUSTER		\$486,472	
	HIGHWAY SAFETY CLUSTER:			
20.600	State and Community Highway Safety	Transportation Department, Idaho	\$1,730,690	
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Transportation Department, Idaho	897,570	
20.610	State Traffic Safety Information System Improvement Grants	Transportation Department, Idaho	379,852	
20.611	Incentive Grant Program to Prohibit Racial Profiling	Transportation Department, Idaho	542,095	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	Transportation Department, Idaho	65,726	
	TOTAL HIGHWAY SAFETY CLUSTER		\$3,615,933	
	NON-CLUSTERED PROGRAMS:			
20.106	Airport Improvement Program	Transportation Department, Idaho	\$419,477	
20.218	National Motor Carrier Safety	Police, Idaho State	1,837,394	
20.218	National Motor Carrier Safety	Transportation Department, Idaho	24,405	
20.231	Performance and Registration Information Systems Management	Transportation Department, Idaho	26,328	
20.232	Commercial Driver's License Program Improvement Grant	Transportation Department, Idaho	591,139	
20.234	Safety Data Improvement Program	Transportation Department, Idaho	175,786	
20.237	Commercial Vehicle Information Systems and Networks	Transportation Department, Idaho	555,286	
20.509	ARRA - Formula Grants for Other Than Urbanized Areas	Transportation Department, Idaho	2,202,333	
20.509	Formula Grants for Other Than Urbanized Areas	Transportation Department, Idaho	6,420,367	
20.514	Public Transportation Research	Transportation Department, Idaho	12,215	

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STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE ^A
20.515	State Planning and Research	Transportation Department, Idaho	\$129,871	
20.700	Pipeline Safety	Public Utilities Commission	85,972	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Military, Division of	132,350	
	TOTAL NON-CLUSTERED PROGRAMS		\$12,612,923	
	TOTAL DEPARTMENT OF TRANSPORTATION		\$287,786,521	
DEPARTMENT OF THE TREASURY				
21.999	Equitable Sharing for Law Enforcement Agencies	Police, Idaho State	\$361,431	
	TOTAL DEPARTMENT OF THE TREASURY		\$361,431	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION				
30.002	Employment Discrimination - Fair Employment Practices Contracts	Human Rights, Commission on	\$267,621	
	TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		\$267,621	
GENERAL SERVICES ADMINISTRATION				
39.003	Donation of Federal Surplus Personal Property	Administration, Department of	\$917,553	NC
39.011	Election Reform	Secretary of State	683,300	
	TOTAL GENERAL SERVICES ADMINISTRATION		\$1,600,853	
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
43.AAA	Aerospace Education Services Program	Superintendent of Public Instruction	\$7,144	
	TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION		\$7,144	
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
45.025	ARRA - Promotion of the Arts - Partnership Agreements	Arts, Commission on the	\$286,747	
45.025	Promotion of the Arts - Partnership Agreements	Arts, Commission on the	778,420	
45.129	Promotion of the Humanities - Federal/State Partnership	Historical Society, Idaho State	11,567	PT
45.129	Promotion of the Humanities - Federal/State Partnership	Libraries, Idaho Commission for	8,516	PT
45.149	Promotion of the Humanities - Division of Preservation and Access	Historical Society, Idaho State	5,880	PT
45.310	Grants to States	Libraries, Idaho Commission for	1,498,138	
	TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		\$2,589,268	
DEPARTMENT OF VETERANS AFFAIRS				
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	\$7,876,900	
64.101	Burial Expenses Allowances for Veterans	Veterans Services, Division of	126,000	
	TOTAL DEPARTMENT OF VETERANS AFFAIRS		\$8,002,900	
ENVIRONMENTAL PROTECTION AGENCY				
66.001	Air Pollution Control Program Support	Environmental Quality, Department of	\$614,621	
66.032	State Indoor Radon Grants	Health and Welfare, Department of	62,200	
66.034	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act	Environmental Quality, Department of	434,204	
66.034	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act	Environmental Quality, Department of	75,872	NC
66.036	Clean School Bus USA	Environmental Quality, Department of	223,733	
66.039	National Clean Diesel Emissions Reduction Program	Environmental Quality, Department of	338,431	
66.040	ARRA - State Clean Diesel Grant Program	Environmental Quality, Department of	850,479	
66.040	State Clean Diesel Grant Program	Environmental Quality, Department of	161,363	
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	121,484	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	961,017	
66.432	State Public Water System Supervision	Environmental Quality, Department of	931,204	
66.433	State Underground Water Source Protection	Water Resources, Department of	67,591	
66.436	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Water Act	Environmental Quality, Department of	229	
66.454	ARRA - Water Quality Management Planning	Environmental Quality, Department of	133,357	
66.454	Water Quality Management Planning	Environmental Quality, Department of	105,269	
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality, Department of	3,396,148	
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Quality, Department of	3,274,300	
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	2,023,875	
66.461	Regional Wetland Program Development Grants	Fish and Game, Department of	44,271	
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds	Environmental Quality, Department of	7,833,637	
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Quality, Department of	13,493,731	
66.471	State Grants to Reimburse Oper. of Sm. Water Sys. for Training & Cert. Costs	Environmental Quality, Department of	270,211	
66.474	Water Protection Grants to the States	Environmental Quality, Department of	256,827	

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STATE OF IDAHO
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BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Quality, Department of	\$66,322	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Water Resources, Department of	71,847	
66.608	Environmental Information Exchange Network Grant Program	Environmental Quality, Department of	175,757	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	488,695	
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	64,661	
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	(63,500)	
66.802	ARRA - Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts.	Environmental Quality, Department of	12,981,847	
66.802	Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts.	Environmental Quality, Department of	19,931,358	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	397,329	
66.805	ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	421,730	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	935,526	
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	169,723	
66.817	State and Tribal Response Program Grants	Environmental Quality, Department of	968,781	
66.818	ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Quality, Department of	16,016	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Quality, Department of	154,686	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	Parks and Recreation, Department of	75,023	
	TOTAL ENVIRONMENTAL PROTECTION AGENCY		<u>\$72,529,855</u>	
	DEPARTMENT OF ENERGY			
81.000	Columbia River Basin Fish and Wildlife Program	Agriculture, Department of	\$90,257	
81.041	ARRA - State Energy Program	Energy Resources, Office of	8,007,384	
81.041	State Energy Program	Energy Resources, Office of	356,590	
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	2,456,455	
81.042	ARRA - Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	18,590,601	
81.117	ARRA - Energy Efficiency/Renew. Energy Info. Dissem./Outreach/Training/Tech. Assist.	Energy Resources, Office of	68,725	
81.119	State Energy Program Special Projects	Energy Resources, Office of	9,519	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	Energy Resources, Office of	38,275	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	Public Utilities Commission	31,854	
81.127	ARRA - Energy Efficient Appliance Rebate Program	Energy Resources, Office of	310,686	
81.128	ARRA - Energy Efficiency and Conservation Community Block Grant	Energy Resources, Office of	547,757	
81.502	Idaho National Laboratory Oversight	Environmental Quality, Department of	3,164,869	
81.502	Idaho National Laboratory Oversight	Environmental Quality, Department of	433,987	PT
81.999	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	8,102,781	
81.999	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	1,482,000	NC
81.999	Weatherization Conference	Health and Welfare, Department of	577,485	
81.999	Idaho OSC Accord Planning and Development	Species Conservation, Office of	69,005	
81.999	Idaho MOA - Water Transactions	Species Conservation, Office of	138,447	
81.999	Upper Salmon Screen Tributary Passage	Species Conservation, Office of	565,687	
81.999	Exp-Lemhi River Restoration Planning	Species Conservation, Office of	1,540	
81.999	Tributary Water Conservation	Water Resources, Department of	159,105	
	TOTAL DEPARTMENT OF ENERGY		<u>\$45,203,009</u>	
	DEPARTMENT OF EDUCATION			
	TITLE I, PART A CLUSTER:			
84.010	Title I Grants to Local Educational Agencies	Superintendent of Public Instruction	\$41,266,277	
84.389	ARRA - Title I Grants to Local Educational Agencies	Superintendent of Public Instruction	13,419,137	
	TOTAL TITLE I, PART A CLUSTER		<u>\$54,685,414</u>	
	SPECIAL EDUCATION (IDEA) CLUSTER:			
84.027	Special Education - Grants to States	Superintendent of Public Instruction	\$47,456,646	
84.173	Special Education - Preschool Grants	Superintendent of Public Instruction	1,578,002	
84.391	ARRA - Special Education Grants to States	Superintendent of Public Instruction	17,474,891	
84.392	ARRA - Special Education - Preschool Grants	Superintendent of Public Instruction	793,897	
	TOTAL SPECIAL EDUCATION (IDEA) CLUSTER		<u>\$67,303,436</u>	
	VOCATIONAL REHABILITATION CLUSTER:			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	\$1,979,326	
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	13,865,955	
84.390	ARRA - Vocational Rehabilitation Grants to State	Blind and Visually Impaired, Commission for the	168,605	
84.390	ARRA - Vocational Rehabilitation Grants to State	Vocational Rehabilitation, Division of	1,128,799	
	TOTAL VOCATIONAL REHABILITATION CLUSTER		<u>\$17,142,685</u>	

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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
INDEPENDENT LIVING STATE GRANTS CLUSTER:				
84.169	Independent Living - State Grants	Blind and Visually Impaired, Commission for the	\$122,048	
84.169	Independent Living - State Grants	Vocational Rehabilitation, Division of	135,039	
84.398	ARRA - Independent Living - State Grants	Blind and Visually Impaired, Commission for the	23,037	
84.398	ARRA - Independent Living - State Grants	Vocational Rehabilitation, Division of	36,862	
	TOTAL INDEPENDENT LIVING STATE GRANTS CLUSTER		<u>\$316,986</u>	
INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER:				
84.177	Independent Living Services for Older Individuals Who Are Blind	Blind and Visually Impaired, Commission for the	\$225,000	
84.399	ARRA - Independent Living for Older Individuals Who Are Blind	Blind and Visually Impaired, Commission for the	35,109	
	TOTAL INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER		<u>\$260,109</u>	
EARLY INTERVENTION SERVICES (IDEA) CLUSTER:				
84.181	Special Education - Grants for Infants and Families	Health and Welfare, Department of	\$2,553,348	
84.393	ARRA - Special Education - Grants for Infants and Families	Health and Welfare, Department of	842,341	
	TOTAL EARLY INTERVENTION SERVICES (IDEA) CLUSTER		<u>\$3,395,689</u>	
EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER:				
84.196	Education for Homeless Children and Youth	Superintendent of Public Instruction	\$210,701	
84.387	ARRA - Education for Homeless Children and Youth	Superintendent of Public Instruction	124,962	
	TOTAL EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER		<u>\$335,663</u>	
EDUCATION TECHNOLOGY STATE GRANTS CLUSTER:				
84.318	Education Technology State Grants	Superintendent of Public Instruction	\$789,839	
84.386	ARRA - Education Technology State Grants	Superintendent of Public Instruction	173,892	
	TOTAL EDUCATION TECHNOLOGY STATE GRANTS CLUSTER		<u>\$963,731</u>	
STATEWIDE DATA SYSTEMS CLUSTER:				
84.372	Statewide Data Systems	Superintendent of Public Instruction	\$1,866,451	
	TOTAL STATEWIDE DATA SYSTEMS CLUSTER		<u>\$1,866,451</u>	
SCHOOL IMPROVEMENT GRANTS CLUSTER:				
84.377	School Improvement Grants	Superintendent of Public Instruction	\$1,278,557	
	TOTAL SCHOOL IMPROVEMENT GRANTS CLUSTER		<u>\$1,278,557</u>	
STATE FISCAL STABILIZATION FUND CLUSTER:				
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	Superintendent of Public Instruction	\$179,248,800	
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Environmental Quality, Department of	4,839,700	
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Administration, Department of	1,333,727	
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Transportation Department, Idaho	991,760	
	TOTAL STATE FISCAL STABILIZATION FUND CLUSTER		<u>\$186,415,987</u>	
NON-CLUSTERED PROGRAMS				
84.002	Adult Education - Basic Grants to States	Professional-Technical Education, Division of	\$2,280,030	
84.011	Migrant Education - State Grant Program	Superintendent of Public Instruction	2,944,120	
84.013	Title I Program for Neglected and Delinquent Children	Superintendent of Public Instruction	398,028	
84.048	Career and Technical Education - Basic Grants to States	Professional-Technical Education, Division of	6,964,371	
84.069	Leveraging Educational Assistance Partnership	Education, State Board of	150,702	
84.144	Migrant Education - Coordination Program	Superintendent of Public Instruction	26,171	
84.185	Byrd Honors Scholarships	Education, State Board of	205,125	
84.186	Safe and Drug-Free Schools and Communities - State Grants	Superintendent of Public Instruction	1,287,297	
84.187	Supported Employment Services for Individuals with Significant Disabilities	Blind and Visually Impaired, Commission for the	2,295	
84.187	Supported Employment Services for Individuals with Significant Disabilities	Vocational Rehabilitation, Division of	165,682	
84.213	Even Start - State Educational Agencies	Superintendent of Public Instruction	355,946	
84.243	Tech-Prep Education	Professional-Technical Education, Division of	623,977	
84.265	State Vocational Rehabilitation Unit In-Service Training	Blind and Visually Impaired, Commission for the	19,931	
84.265	State Vocational Rehabilitation Unit In-Service Training	Vocational Rehabilitation, Division of	76,946	
84.282	Charter Schools	Superintendent of Public Instruction	3,244,413	
84.287	Twenty-First Century Community Learning Centers	Superintendent of Public Instruction	5,064,340	
84.298	State Grants for Innovative Programs	Superintendent of Public Instruction	36,702	
84.323	Special Education - State Personnel Development	Superintendent of Public Instruction	566,543	

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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
84.330	Advanced Placement Program	Superintendent of Public Instruction	\$45,491	
84.331	Workplace and Community Transition Training for Incarcerated Individuals	Correction, Department of	54,402	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Superintendent of Public Instruction	1,324,881	
84.350	Transition to Teaching	Education, State Board of	101,875	
84.357	Reading First State Grants	Superintendent of Public Instruction	2,183,566	
84.358	Rural Education	Superintendent of Public Instruction	221,013	
84.365	English Language Acquisition Grants	Superintendent of Public Instruction	1,527,149	
84.366	Mathematics and Science Partnerships	Superintendent of Public Instruction	780,395	
84.367	Improving Teacher Quality State Grants	Education, State Board of	424,998	
84.367	Improving Teacher Quality State Grants	Superintendent of Public Instruction	11,330,554	
84.368	Grants for Enhanced Assessment Instruments	Superintendent of Public Instruction	51,645	
84.369	Grants for State Assessments and Related Activities	Superintendent of Public Instruction	3,827,843	
84.373	Special Education - Technical Assistance on State Data Collection	Superintendent of Public Instruction	468,503	
84.378	College Access Challenge Grant Program	Education, State Board of	219,779	
84.929	Civic Education	Superintendent of Public Instruction	50,893	PT
	TOTAL NON-CLUSTERED PROGRAMS		\$47,025,606	
	TOTAL DEPARTMENT OF EDUCATION		\$380,990,314	
	NATIONAL ARCHIVES AND RECORDS ADMINISTRATION			
89.003	National Historical Publications and Records Grants	Historical Society, Idaho State	\$36,960	
	TOTAL NATIONAL ARCHIVES AND RECORDS ADMINISTRATION		\$36,960	
	ELECTION ASSISTANCE COMMISSION			
90.401	Help America Vote Act Requirements Payments	Secretary of State	\$485,517	
	TOTAL ELECTION ASSISTANCE COMMISSION		\$485,517	
	HEALTH AND HUMAN SERVICES			
	AGING CLUSTER:			
93.044	Grants for Supportive Services and Senior Centers	Aging, Commission on	\$2,223,814	
93.045	Nutrition Services	Aging, Commission on	2,695,558	
93.053	Nutrition Services Incentive Program	Aging, Commission on	624,984	
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	Aging, Commission on	160,000	
93.707	ARRA - Aging Congregate Nutrition Services for States	Aging, Commission on	325,000	
	TOTAL AGING CLUSTER		\$6,029,356	
	IMMUNIZATION CLUSTER:			
93.268	Immunization Grants	Health and Welfare, Department of	\$1,791,520	
93.268	Immunization Grants	Health and Welfare, Department of	23,084,133	NC
93.712	ARRA - Immunization Grants	Health and Welfare, Department of	1,014,606	NC
	TOTAL IMMUNIZATION CLUSTER		\$25,890,259	
	TANF CLUSTER:			
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	\$26,119,665	
93.714	ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	Health and Welfare, Department of	227,929	
	TOTAL TANF CLUSTER		\$26,347,594	
	CSBG CLUSTER:			
93.569	Community Services Block Grant	Health and Welfare, Department of	\$3,799,425	
93.710	ARRA - Community Services Block Grant	Health and Welfare, Department of	3,498,039	
	TOTAL CSBG CLUSTER		\$7,297,464	
	CCDF CLUSTER:			
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	\$9,178,829	
93.596	Child Care Mandatory & Matching Funds of the Child Care and Develop. Fund	Health and Welfare, Department of	393,672	
93.713	ARRA - Child Care and Development Block Grant	Health and Welfare, Department of	10,210,242	
	TOTAL CCDF CLUSTER		\$19,782,743	
	HEAD START CLUSTER:			
93.600	Head Start	Health and Welfare, Department of	\$116,073	
	TOTAL HEAD START CLUSTER		\$116,073	
	MEDICAID CLUSTER:			
93.775	State Medicaid Fraud Control Units	Attorney General, Office of the	\$486,027	
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	2,454,108	
93.778	ARRA - Medical Assistance Program	Health and Welfare, Department of	122,715,304	
93.778	Medical Assistance Program	Health and Welfare, Department of	939,400,972	
	TOTAL MEDICAID CLUSTER		\$1,065,056,411	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE ^A
NON- CLUSTERED PROGRAMS:				
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Aging, Commission on	\$21,122	
93.042	Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	103,899	
93.043	Disease Prevention and Health Promotion Services	Aging, Commission on	100,168	
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	356,817	
93.048	Special Programs for the Aging - Discretionary Projects	Health and Welfare, Department of	255,647	
93.051	Alzheimer's Disease Demonstration Grants to States	Aging, Commission on	31,126	
93.052	National Family Caregiver Support	Aging, Commission on	699,439	
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	11,125,607	
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	28,575	
93.087	Enhance Safety of Children Affected by Parental Meth. or Other Substance Abuse	Health and Welfare, Department of	367,733	
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	Health and Welfare, Department of	9,310	
93.104	Comp. Community Mental Health Svcs. - Children w/Serious Emotional Disturb.	Health and Welfare, Department of	52	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	248,141	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	15,000	PT
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control	Health and Welfare, Department of	192,620	
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	131,662	
93.130	Cooperative Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs.	Health and Welfare, Department of	98,066	
93.136	Injury Prevent. & Control Research/State and Community Based Prog.	Health and Welfare, Department of	140,350	
93.150	Projects for Assistance in Transition from Homelessness	Health and Welfare, Department of	300,000	
93.217	Family Planning - Services	Health and Welfare, Department of	1,840,333	
93.240	State Capacity Building	Health and Welfare, Department of	201,317	
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	469,317	
93.243	Substance Abuse & Mental Health Svcs. - Projects of Regional & Natl. Significance	Health and Welfare, Department of	293,066	
93.251	Universal Newborn Hearing Screening	Health and Welfare, Department of	208,399	
93.283	Centers for Disease Control & Prevention - Investigations & Technical Assistance	Health and Welfare, Department of	5,009,060	
93.283	Centers for Disease Control & Prevention - Investigations & Technical Assistance	Health and Welfare, Department of	7,027	PT
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	222,971	
93.307	Minority Health and Health Disparities Research	Hispanic Affairs, Commission on	5,499	PT
93.414	ARRA - State Primary Care Offices	Health and Welfare, Department of	16,179	
93.556	Promoting Safe and Stable Families	Health and Welfare, Department of	1,268,458	
93.563	ARRA - Child Support Enforcement	Health and Welfare, Department of	1,726,990	
93.563	Child Support Enforcement	Health and Welfare, Department of	17,147,996	
93.566	Refugee and Entrant Assistance - State Administered Programs	Health and Welfare, Department of	2,353,372	
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	24,601,310	
93.586	State Court Improvement Program	Judicial Department	302,927	
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	196,056	
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	131,415	
93.599	Chafee Education and Training Vouchers Program	Health and Welfare, Department of	205,358	
93.603	Adoption Incentive Payments	Health and Welfare, Department of	400,219	
93.617	Voting Access for Individuals with Disabilities - Grants to States	Secretary of State	28,664	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	473,911	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	104,790	
93.645	Child Welfare Services - State Grants	Health and Welfare, Department of	1,812,816	
93.658	ARRA - Foster Care-Title IV-E	Health and Welfare, Department of	285,417	
93.658	Foster Care-Title IV-E	Health and Welfare, Department of	9,463,238	
93.659	ARRA - Adoption Assistance	Health and Welfare, Department of	387,595	
93.659	Adoption Assistance	Health and Welfare, Department of	5,527,817	
93.667	Social Services Block Grant	Health and Welfare, Department of	6,231,157	
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	153,124	
93.671	Family Violence Prevention & Services/Grants for Battered Women's Shelters	Health and Welfare, Department of	956,946	
93.674	Chafee Foster Care Independence Program	Health and Welfare, Department of	422,091	
93.717	ARRA - Preventing Healthcare-Associated Infections	Health and Welfare, Department of	33,541	
93.719	ARRA - State Grants to Promote Health Information Technology	Health and Welfare, Department of	50,024	
93.720	ARRA - Survey and Certification Ambulatory Surgical Center Healthcare (ASC-HAI)	Health and Welfare, Department of	31,143	
93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands	Health and Welfare, Department of	124,384	
93.725	ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management	Health and Welfare, Department of	2,156	
93.767	Children's Health Insurance Program	Health and Welfare, Department of	35,888,742	
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	Aging, Commission on	19,521	
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	Health and Welfare, Department of	284,475	
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	Insurance, Department of	421,955	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	2,646,176	
93.913	Grants to States for Operation of Offices of Rural Health	Health and Welfare, Department of	151,519	
93.917	HIV Care Formula Grants	Health and Welfare, Department of	1,367,426	
93.938	Comprehensive Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob.	Superintendent of Public Instruction	568,692	

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STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY FEDERAL AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	AMOUNT	TYPE*
93.940	HIV Prevention Activities - Health Department Based	Health and Welfare, Department of	\$776,543	
93.944	HIV/AIDS Surveillance	Health and Welfare, Department of	74,115	
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	2,030,625	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	7,316,592	
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	Health and Welfare, Department of	372,301	
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	326,468	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	3,202,235	
93.999	Clinical Laboratory Improvement Amendments	Health and Welfare, Department of	138,009	
93.999	Drug Alcohol Information	Health and Welfare, Department of	37,372	
93.999	Mammography Quality	Health and Welfare, Department of	49,374	
93.999	State EPI Outcomes	Health and Welfare, Department of	151,632	
93.999	State Outcomes Measurement and Management System	Health and Welfare, Department of	6	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$152,745,195</u>	
	TOTAL HEALTH AND HUMAN SERVICES		<u>\$1,303,265,095</u>	
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.003	State Commissions	Labor, Department of	\$147,912	
94.004	Learn and Serve America - School and Community Based Programs	Superintendent of Public Instruction	117,012	
94.006	AmeriCorps	Labor, Department of	827,418	
94.007	Program Development and Innovation Grants	Labor, Department of	11,452	
94.009	Training and Technical Assistance	Labor, Department of	676,757	
94.013	Volunteers in Service to America	Superintendent of Public Instruction	51,271	
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		<u>\$1,831,822</u>	
SOCIAL SECURITY ADMINISTRATION				
DISABILITY INSURANCE/SSI CLUSTER				
96.001	Social Security - Disability Insurance	Labor, Department of	\$8,651,251	
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		<u>\$8,651,251</u>	
NON-CLUSTERED PROGRAMS:				
96.999	Vital Statistics Grants	Health and Welfare, Department of	\$48,815	
96.999	Vital Statistics Cooperative Program	Health and Welfare, Department of	176,167	
96.999	Electronic Death Registration	Health and Welfare, Department of	98,908	
96.999	Social Security Birth and Death Reports	Health and Welfare, Department of	15,000	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$338,890</u>	
	TOTAL SOCIAL SECURITY ADMINISTRATION		<u>\$8,990,141</u>	
DEPARTMENT OF HOMELAND SECURITY				
HOMELAND SECURITY CLUSTER:				
97.067	Homeland Security Grant Program	Military, Division of	\$6,782,988	
	TOTAL HOMELAND SECURITY CLUSTER		<u>\$6,782,988</u>	
NON-CLUSTERED PROGRAMS:				
97.004	State Domestic Preparedness Equipment Support Program	Military, Division of	(\$11,682)	
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	853,490	
97.023	Community Assistance Program - State Support Services Element	Water Resources, Department of	83,582	
97.029	Flood Mitigation Assistance	Military, Division of	10,013	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	247,804	
97.039	Hazard Mitigation Grant	Military, Division of	107,606	
97.041	National Dam Safety Program	Water Resources, Department of	38,432	
97.042	Emergency Management Performance Grants	Military, Division of	3,381,242	
97.043	State Fire Training Systems Grants	Professional-Technical Education, Division of	24,249	
97.045	Cooperating Technical Partners	Water Resources, Department of	78,417	
97.046	Fire Management Assistance Grant	Military, Division of	165,408	
97.047	Pre-Disaster Mitigation	Military, Division of	354,382	
97.055	Interoperable Emergency Communications	Military, Division of	57,719	
97.070	Map Modernization Management Support	Water Resources, Department of	47,453	
97.073	State Homeland Security Program	Environmental Quality, Department of	(1,568)	PT
97.078	Buffer Zone Protection Plan	Military, Division of	24,754	
97.082	Earthquake Consortium	Military, Division of	1,696	
97.086	Homeland Security Outreach, Education, and Technical Assistance	Military, Division of	36,349	
97.089	Driver's License Security Grant Program	Transportation Department, Idaho	476	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$5,499,822</u>	
	TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>\$12,282,810</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$3,355,621,466</u>	

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**SCHEDULE
OF
EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY**

STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY STATE AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
ADMINISTRATION, DEPARTMENT OF				
15.808	U.S. Geological Survey - Research and Data Collection	Department of the Interior	\$3,159	
17.151	ARRA - Employee Benefits Security Administration	Department of Labor	473,995	
39.003	Donation of Federal Surplus Personal Property	General Services Administration	917,553	NC
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Department of Education	1,335,727	
	TOTAL ADMINISTRATION, DEPARTMENT OF		<u>\$2,730,434</u>	
AGING, COMMISSION ON				
17.235	Senior Community Service Employment Program	Department of Labor	\$545,306	
17.235	ARRA - Senior Community Service Employment Program	Department of Labor	92,344	
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Health and Human Services	21,122	
93.042	Long Term Care Ombudsman Services for Older Individuals	Health and Human Services	103,899	
93.043	Disease Prevention and Health Promotion Services	Health and Human Services	100,168	
93.044	Grants for Supportive Services and Senior Centers	Health and Human Services	2,223,814	
93.045	Nutrition Services	Health and Human Services	2,695,558	
93.048	Special Programs for the Aging - Discretionary Projects	Health and Human Services	356,817	
93.051	Alzheimer's Disease Demonstration Grants to States	Health and Human Services	31,126	
93.052	National Family Caregiver Support	Health and Human Services	699,439	
93.053	Nutrition Services Incentive Program	Health and Human Services	624,984	
93.071	Medicare Enrollment Assistance Program	Health and Human Services	28,575	
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	Health and Human Services	160,000	
93.707	ARRA - Aging Congregate Nutrition Services for States	Health and Human Services	325,000	
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations & Evaluations	Health and Human Services	19,521	
	TOTAL AGING, IDAHO COMMISSION ON		<u>\$8,027,673</u>	
AGRICULTURE, DEPARTMENT OF				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Department of Agriculture	\$2,424,612	
10.086	ARRA - Aquaculture Grants Program	Department of Agriculture	1,252,541	
10.156	Federal-State Marketing Improvement Program	Department of Agriculture	26,963	
10.162	Inspection Grading and Standardization	Department of Agriculture	81,844	
10.163	Market Protection and Promotion	Department of Agriculture	108,256	
10.169	Specialty Crop Block Grant Program	Department of Agriculture	50,807	
10.170	Specialty Crop Block Grant Program - Farm Bill	Department of Agriculture	446,765	
10.304	Homeland Security - Agricultural	Department of Agriculture	3,000	PT
10.604	Technical Assistance for Specialty Crops	Department of Agriculture	2,752	PT
10.604	Technical Assistance for Specialty Crops	Department of Agriculture	4,711	
10.664	Cooperative Forestry Assistance	Department of Agriculture	327,937	
10.688	ARRA - Wildland Fire Management	Department of Agriculture	476,065	
10.950	Agricultural Statistics Reports	Department of Agriculture	31,000	
10.999	Forest Service Aquatic Invasive Species Monitoring	Department of Agriculture	10,605	
15.230	Invasive and Noxious Plant Management	Department of the Interior	299,575	
15.231	ARRA - Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	75,703	
15.630	Coastal Program	Department of the Interior	52,280	
15.SFB	Herbivory Effects on Slickspot Peppergrass	Department of the Interior	39,661	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Environmental Protection Agency	488,695	
81.000	Columbia River Basin Fish and Wildlife Program	Department of Energy	90,257	
	TOTAL AGRICULTURE, DEPARTMENT OF		<u>\$6,294,029</u>	
ARTS, COMMISSION ON THE				
45.025	ARRA - Promotion of the Arts - Partnership Agreements	Natl. Found. on the Arts & Humanities	\$286,747	
45.025	Promotion of the Arts - Partnership Agreements	Natl. Found. on the Arts & Humanities	778,420	
	TOTAL ARTS, COMMISSION ON THE		<u>\$1,065,167</u>	
ATTORNEY GENERAL, OFFICE OF THE				
16.543	Missing Children's Assistance	Department of Justice	\$256,616	
16.800	ARRA - Internet Crimes against Children Task Force Program	Department of Justice	66,963	
93.775	State Medicaid Fraud Control Units	Health and Human Services	486,027	
	TOTAL ATTORNEY GENERAL, OFFICE OF THE		<u>\$809,606</u>	
BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	\$1,979,326	
84.169	Independent Living - State Grants	Department of Education	122,048	
84.177	Independent Living Services for Older Individuals Who Are Blind	Department of Education	225,000	
84.187	Supported Employment Services for Individuals with Significant Disabilities	Department of Education	2,295	
84.265	State Vocational Rehabilitation Unit In-Service Training	Department of Education	19,931	

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STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY STATE AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
84.390	ARRA - Vocational Rehabilitation Grants to State	Department of Education	\$168,605	
84.398	ARRA - Independent Living - State Grants	Department of Education	23,037	
84.399	ARRA - Independent Living for Older Individuals Who are Blind	Department of Education	35,109	
	TOTAL BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE		\$2,575,351	
	BUILDING SAFETY, DIVISION OF			
14.171	Manufactured Home Construction and Safety Standards	Housing and Urban Development	\$21,695	
	TOTAL BUILDING SAFETY, DIVISION OF		\$21,695	
	COMMERCE, DEPARTMENT OF			
10.446	Rural Community Development Initiative	Department of Agriculture	\$81,784	
10.769	Rural Business Enterprise Grant	Department of Agriculture	3,500	
12.002	Procurement Technical Assistance for Business Firms	Department of Defense	211,226	
12.610	Community Economic Adjustment Planning Assistance - Joint Land Use Studies	Department of Defense	116,272	
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	7,614,468	
14.255	ARRA - Community Development Block Grants/State's Program	Housing and Urban Development	1,200,655	
	TOTAL COMMERCE, DEPARTMENT OF		\$9,227,905	
	CORRECTION, DEPARTMENT OF			
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Department of Justice	\$474,789	
16.601	Corrections - Training and Staff Development	Department of Justice	8,153	
16.606	State Criminal Alien Assistance Program	Department of Justice	834,851	
16.710	Public Safety Partnership and Community Policing Grants	Department of Justice	4,300	
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant	Department of Justice	316,750	
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs	Department of Justice	1,522	
84.331	Workplace and Community Transition Training for Incarcerated Individuals	Department of Education	54,402	
	TOTAL CORRECTION, DEPARTMENT OF		\$1,694,767	
	EDUCATION, STATE BOARD OF			
84.069	Leveraging Educational Assistance Partnership	Department of Education	\$150,702	
84.185	Byrd Honors Scholarships	Department of Education	205,125	
84.350	Transition to Teaching	Department of Education	101,875	
84.367	Improving Teacher Quality State Grants	Department of Education	424,998	
84.378	College Access Challenge Grant Program	Department of Education	219,779	
	TOTAL EDUCATION, STATE BOARD OF		\$1,102,479	
	ENERGY RESOURCES, OFFICE OF			
81.041	ARRA - State Energy Program	Department of Energy	\$8,007,384	
81.041	State Energy Program	Department of Energy	356,590	
81.117	ARRA - Energy Efficiency/Renew. Energy Info. Dissem./Outreach/Training/Tech. Assist.	Department of Energy	68,725	
81.119	State Energy Program Special Projects	Department of Energy	9,519	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	Department of Energy	38,275	
81.127	ARRA - Energy Efficient Appliance Rebate Program	Department of Energy	310,686	
81.128	ARRA - Energy Efficiency and Conservation Community Block Grant	Department of Energy	547,757	
	TOTAL ENERGY RESOURCES, OFFICE OF		\$9,338,936	
	ENVIRONMENTAL QUALITY, DEPARTMENT OF			
10.687	ARRA - Capital Improvement and Maintenance	Department of Agriculture	\$42,284	
12.113	Agreement Program for the Reimbursement of Technical Services	Department of Defense	146,433	
15.DAH	Hazards/Hazmat	Department of the Interior	47,525	
66.001	Air Pollution Control Program Support	Environmental Protection Agency	614,621	
66.034	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act	Environmental Protection Agency	434,204	
66.034	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Air Act	Environmental Protection Agency	75,872	NC
66.036	Clean School Bus USA	Environmental Protection Agency	223,733	
66.039	National Clean Diesel Emissions Reduction Program	Environmental Protection Agency	338,431	
66.040	ARRA - State Clean Diesel Grant Program	Environmental Protection Agency	850,479	
66.040	State Clean Diesel Grant Program	Environmental Protection Agency	161,363	
66.202	Congressionally Mandated Projects	Environmental Protection Agency	121,484	
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency	961,017	
66.432	State Public Water System Supervision	Environmental Protection Agency	931,204	
66.436	Surveys, Studies, Research, Invest. Demos & Special Purpose Activities - Clean Water Act	Environmental Protection Agency	229	
66.454	ARRA - Water Quality Management Planning	Environmental Protection Agency	133,357	
66.454	Water Quality Management Planning	Environmental Protection Agency	105,269	
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	3,396,148	
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	3,274,300	

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STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
66.460	Nonpoint Source Implementation Grants	Environmental Protection Agency	\$2,023,875	
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency	7,833,637	
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency	13,493,731	
66.471	State Grants to Reimburse Oper. of Sm. Water Sys. for Training & Cert. Costs	Environmental Protection Agency	270,211	
66.474	Water Protection Grants to the States	Environmental Protection Agency	256,827	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Protection Agency	66,322	
66.608	Environmental Information Exchange Network Grant Program	Environmental Protection Agency	175,757	
66.708	Pollution Prevention Grants Program	Environmental Protection Agency	64,661	
66.801	Hazardous Waste Management State Program Support	Environmental Protection Agency	(63,500)	
66.802	ARRA - Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts.	Environmental Protection Agency	12,981,847	
66.802	Superfund State, Political Sub. & Indian Tribe Site - Specific Cooperative Agmts.	Environmental Protection Agency	19,931,358	
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency	397,329	
66.805	ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Protection Agency	421,730	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Protection Agency	935,526	
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Protection Agency	169,723	
66.817	State and Tribal Response Program Grants	Environmental Protection Agency	968,781	
66.818	ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Protection Agency	16,016	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Protection Agency	154,686	
81.502	Idaho National Laboratory Oversight	Department of Energy	3,164,869	
81.502	Idaho National Laboratory Oversight	Department of Energy	433,987	PT
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Department of Education	4,839,700	
97.073	State Homeland Security Program	Department of Homeland Security	(1,568)	PT
	TOTAL ENVIRONMENTAL QUALITY, DEPARTMENT OF		\$80,393,458	
	FISH AND GAME, DEPARTMENT OF			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Department of Agriculture	\$81,188	
10.028	Wildlife Services	Department of Agriculture	145,943	
10.999	Miscellaneous Forest Service Grants	Department of Agriculture	351,934	
10.999	Miscellaneous Natural Resources Conservation Service Grants	Department of Agriculture	45,765	
11.407	Interjurisdictional Fisheries Act of 1986	Department of Commerce	14,250	
11.436	Columbia River Fisheries Development Program	Department of Commerce	1,431,933	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	100,354	
11.441	Regional Fishery Management Councils	Department of Commerce	21,612	
11.999	Miscellaneous NOAA Grants	Department of Commerce	868,511	
12.999	Miscellaneous Army Corps of Engineers Grants	Department of Defense	17,797	
15.231	Fish, Wildlife, and Plant Conservation Resource Management	Department of the Interior	817,597	
15.605	Sport Fish Restoration	Department of the Interior	6,724,575	
15.608	Fish and Wildlife Management Assistance	Department of the Interior	110,092	
15.611	Wildlife Restoration	Department of the Interior	6,239,271	
15.615	Cooperative Endangered Species Conservation Fund	Department of the Interior	481,323	
15.633	Landowner Incentive	Department of the Interior	1,688,639	
15.634	State Wildlife Grants	Department of the Interior	865,010	
15.647	Migratory Bird Conservation	Department of the Interior	47,343	
15.649	Service Training and Technical Assistance	Department of the Interior	5,123,502	
15.999	Miscellaneous Fish and Wildlife Service Grants	Department of the Interior	140,301	
15.999	Miscellaneous Bureau of Reclamation Grants	Department of the Interior	633,873	
15.999	Miscellaneous National Park Services Grants	Department of the Interior	41,722	
66.461	Regional Wetland Program Development Grants	Environmental Protection Agency	44,271	
81.999	Miscellaneous Bonneville Power Administration Grants	Department of Energy	8,102,781	
81.999	Miscellaneous Bonneville Power Administration Grants	Department of Energy	1,482,000	NC
	TOTAL FISH AND GAME, DEPARTMENT OF		\$35,621,587	
	HEALTH AND WELFARE, DEPARTMENT OF			
10.551	Supplemental Nutrition Assistance Program (SNAP)	Department of Agriculture	\$277,145,759	NC
10.557	Supplemental Nutrition for Women, Infants, and Children (WIC)	Department of Agriculture	29,160,661	
10.561	ARRA - State Administrative Matching Grants - Supple. Nutrition Assist. Program	Department of Agriculture	861,600	
10.561	State Administrative Matching Grants - Supple. Nutrition Assist. Program	Department of Agriculture	8,731,930	
10.568	ARRA - Emergency Food Assistance Program (Administrative Costs)	Department of Agriculture	120,565	
10.568	Emergency Food Assistance Program (Administrative Costs)	Department of Agriculture	182,914	
10.569	Emergency Food Assistance Program (Food Commodities)	Department of Agriculture	2,275,299	NC
10.578	ARRA - WIC Grants to State	Department of Agriculture	590,221	
16.575	Crime Victim Assistance	Department of Justice	1,803,354	
16.801	ARRA - State Victim Assistance	Department of Justice	92,292	
66.032	State Indoor Radon Grants	Environmental Protection Agency	62,200	
81.042	Weatherization Assistance for Low-Income Persons	Department of Energy	2,456,455	

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STATE OF IDAHO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 BY STATE AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
81.042	ARRA - Weatherization Assistance for Low-Income Persons	Department of Energy	\$18,590,601	
81.999	Weatherization Conference	Department of Energy	577,485	
84.181	Special Education - Grants for Infants and Families	Department of Education	2,553,348	
84.393	ARRA - Special Education - Grants for Infants and Families	Department of Education	842,341	
93.048	Special Programs for the Aging - Discretionary Projects	Health and Human Services	255,647	
93.069	Public Health Emergency Preparedness	Health and Human Services	11,125,607	
93.087	Enhance Safety of Children Affected by Parental Meth. or Other Substance Abuse	Health and Human Services	367,733	
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	Health and Human Services	9,310	
93.104	Comp. Community Mental Health Svcs. - Children w/Serious Emotional Disturb.	Health and Human Services	52	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Human Services	248,141	
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Human Services	15,000	PT
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control	Health and Human Services	192,620	
93.127	Emergency Medical Services for Children	Health and Human Services	131,662	
93.130	Cooperative Agmts. - States/Territories - Coord. & Develop. of Primary Care Ofcs.	Health and Human Services	98,066	
93.136	Injury Prevent. & Control Research/State and Community Based Prog.	Health and Human Services	140,350	
93.150	Projects for Assistance in Transition from Homelessness	Health and Human Services	300,000	
93.217	Family Planning - Services	Health and Human Services	1,840,333	
93.240	State Capacity Building	Health and Human Services	201,317	
93.241	State Rural Hospital Flexibility Program	Health and Human Services	469,317	
93.243	Substance Abuse & Mental Health Svcs. - Projects of Regional & Natl. Significance	Health and Human Services	293,066	
93.251	Universal Newborn Hearing Screening	Health and Human Services	208,399	
93.268	Immunization Grants	Health and Human Services	1,791,520	
93.268	Immunization Grants	Health and Human Services	23,084,133	NC
93.283	Centers for Disease Control & Prevention - Investigations & Technical Assistance	Health and Human Services	5,009,060	
93.283	Centers for Disease Control & Prevention - Investigations & Technical Assistance	Health and Human Services	7,027	PT
93.301	Small Rural Hospital Improvement Grant Program	Health and Human Services	222,971	
93.414	ARRA - State Primary Care Offices	Health and Human Services	16,179	
93.556	Promoting Safe and Stable Families	Health and Human Services	1,268,458	
93.558	Temporary Assistance for Needy Families	Health and Human Services	26,119,665	
93.563	ARRA - Child Support Enforcement	Health and Human Services	1,726,990	
93.563	Child Support Enforcement	Health and Human Services	17,147,996	
93.566	Refugee and Entrant Assistance - State Administered Programs	Health and Human Services	2,353,372	
93.568	Low-Income Home Energy Assistance	Health and Human Services	24,601,310	
93.569	Community Services Block Grant	Health and Human Services	3,799,425	
93.575	Child Care and Development Block Grant	Health and Human Services	9,178,829	
93.590	Community-Based Child Abuse Prevention Grants	Health and Human Services	196,056	
93.596	Child Care Mandatory & Matching Funds of the Child Care and Develop. Fund	Health and Human Services	393,672	
93.597	Grants to States for Access and Visitation Programs	Health and Human Services	131,415	
93.599	Chafee Education and Training Vouchers Program	Health and Human Services	205,358	
93.600	Head Start	Health and Human Services	116,073	
93.603	Adoption Incentive Payments	Health and Human Services	400,219	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services	473,911	
93.643	Children's Justice Grants To States	Health and Human Services	104,790	
93.645	Child Welfare Services - State Grants	Health and Human Services	1,812,816	
93.658	ARRA - Foster Care-Title IV-E	Health and Human Services	285,417	
93.658	Foster Care-Title IV-E	Health and Human Services	9,463,238	
93.659	ARRA - Adoption Assistance	Health and Human Services	387,595	
93.659	Adoption Assistance	Health and Human Services	5,527,817	
93.667	Social Services Block Grant	Health and Human Services	6,231,157	
93.669	Child Abuse and Neglect State Grants	Health and Human Services	153,124	
93.671	Family Violence Prevention & Services/Grants for Battered Women's Shelters	Health and Human Services	956,946	
93.674	Chafee Foster Care Independence Program	Health and Human Services	422,091	
93.710	ARRA - Community Services Block Grant	Health and Human Services	3,498,039	
93.712	ARRA - Immunization Grants	Health and Human Services	1,014,606	NC
93.713	ARRA - Child Care and Development Block Grant	Health and Human Services	10,210,242	
93.714	ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	Health and Human Services	227,929	
93.717	ARRA - Preventing Healthcare-Associated Infections	Health and Human Services	33,541	
93.719	ARRA - State Grants to Promote Health Information Technology	Health and Human Services	50,024	
93.720	ARRA - Survey and Certification Ambulatory Surgical Center Healthcare (ASC-HAI)	Health and Human Services	31,143	
93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands	Health and Human Services	124,384	
93.725	ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management	Health and Human Services	2,156	
93.767	Children's Health Insurance Program	Health and Human Services	35,888,742	
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	2,454,108	
93.778	ARRA - Medical Assistance Program	Health and Human Services	122,715,304	
93.778	Medical Assistance Program	Health and Human Services	939,400,972	

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CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	Health and Human Services	\$284,475	
93.889	National Bioterrorism Hospital Preparedness Program	Health and Human Services	2,646,176	
93.913	Grants to States for Operation of Offices of Rural Health	Health and Human Services	151,519	
93.917	HIV Care Formula Grants	Health and Human Services	1,367,426	
93.940	HIV Prevention Activities - Health Department Based	Health and Human Services	776,543	
93.944	HIV/AIDS Surveillance	Health and Human Services	74,115	
93.958	Block Grants for Community Mental Health Services	Health and Human Services	2,030,625	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	7,316,592	
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	Health and Human Services	372,301	
93.991	Preventive Health and Health Services Block Grant	Health and Human Services	326,468	
93.994	Maternal and Child Health Services Block Grant to the States	Health and Human Services	3,202,235	
93.999	Clinical Laboratory Improvement Amendments	Health and Human Services	138,009	
93.999	Drug Alcohol Information	Health and Human Services	37,372	
93.999	Mammography Quality	Health and Human Services	49,374	
93.999	State EPI Outcomes	Health and Human Services	151,632	
93.999	State Outcomes Measurement and Management System	Health and Human Services	6	
96.999	Vital Statistics Grants	Social Security Administration	48,815	
96.999	Vital Statistics Cooperative Program	Social Security Administration	176,167	
96.999	Electronic Death Registration	Social Security Administration	98,908	
96.999	Social Security Birth and Death Reports	Social Security Administration	15,000	
	TOTAL HEALTH AND WELFARE, DEPARTMENT OF		<u>\$1,640,447,223</u>	
	HISPANIC AFFAIRS, COMMISSION ON			
93.307	Minority Health and Health Disparities Research	Health and Human Services	\$5,499	PT
	TOTAL HISPANIC AFFAIRS, COMMISSION ON		<u>\$5,499</u>	
	HISTORICAL SOCIETY, IDAHO STATE			
14.246	CDBG/Brownfields Economic Development Initiative	Housing and Urban Development	\$12,895	PT
15.224	Cultural Resource Management	Department of the Interior	27,633	
15.904	Historic Preservation Fund Grants-in-Aid	Department of the Interior	716,438	
45.129	Promotion of the Humanities - Federal/State Partnership	Natl. Found. on the Arts & Humanities	11,567	PT
45.149	Promotion of the Humanities - Division of Preservation and Access	Natl. Found. on the Arts & Humanities	5,880	PT
89.003	National Historical Publications and Records Grants	Natl. Archives & Records Admin.	36,960	
	TOTAL HISTORICAL SOCIETY, IDAHO STATE		<u>\$811,373</u>	
	HUMAN RIGHTS, COMMISSION ON			
30.002	Employment Discrimination - Fair Employment Practices Contracts	Equal Employ. Opportunity Comm.	\$267,621	
	TOTAL HUMAN RIGHTS, COMMISSION ON		<u>\$267,621</u>	
	INDUSTRIAL COMMISSION			
16.576	Crime Victim Compensation	Department of Justice	\$339,000	
16.802	ARRA - State Victim Compensation	Department of Justice	343,009	
17.005	Compensation and Working Conditions	Department of Labor	3,649	
	TOTAL INDUSTRIAL COMMISSION		<u>\$685,658</u>	
	INSURANCE, DEPARTMENT OF			
93.779	Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	Health and Human Services	\$421,955	
	TOTAL INSURANCE, DEPARTMENT OF		<u>\$421,955</u>	
	JUDICIAL DEPARTMENT			
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	Department of Justice	\$5,854	
16.756	Court Appointed Special Advocates	Department of Justice	62,045	PT
16.585	Drug Court Discretionary Grant Program	Department of Justice	23,603	
16.590	Grants to Encourage Arrest Policies and Protection Orders	Department of Justice	480,482	
93.586	State Court Improvement Program	Health and Human Services	302,927	
	TOTAL JUDICIAL DEPARTMENT		<u>\$874,911</u>	
	JUVENILE CORRECTIONS, DEPARTMENT OF			
16.523	Juvenile Accountability Block Grants	Department of Justice	\$401,963	
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	Department of Justice	536,482	
16.548	Title V - Delinquency Prevention Program	Department of Justice	49,701	
16.727	Enforcing Underage Drinking Laws Program	Department of Justice	223,299	
	TOTAL JUVENILE CORRECTIONS, DEPARTMENT OF		<u>\$1,211,445</u>	

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STATE OF IDAHO
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CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
LABOR, DEPARTMENT OF				
17.002	Labor Force Statistics	Department of Labor	\$682,694	
17.207	ARRA - Employment Service/Wagner-Peyser Funded Activities	Department of Labor	2,335,692	
17.207	Employment Service/Wagner-Peyser Funded Activities	Department of Labor	6,974,584	
17.225	Unemployment Insurance	Department of Labor	698,942,169	
17.235	Senior Community Service Employment Program	Department of Labor	790,171	
17.245	Trade Adjustment Assistance	Department of Labor	8,802,792	
17.258	ARRA - WIA Adult Program	Department of Labor	1,043,341	
17.258	WIA Adult Program	Department of Labor	2,007,377	
17.259	ARRA - WIA Youth Activities	Department of Labor	1,879,145	
17.259	WIA Youth Activities	Department of Labor	1,956,534	
17.260	ARRA - WIA Dislocated Workers	Department of Labor	3,497,599	
17.260	WIA Dislocated Workers	Department of Labor	3,274,075	
17.266	Work Incentive Grants	Department of Labor	407,044	
17.268	H-1B Job Training Grants	Department of Labor	2,784,391	
17.275	ARRA - Worker Training and Placement in High Growth and Emerging Industry Sectors	Department of Labor	185,991	
17.801	Disabled Veterans' Outreach Program	Department of Labor	630,788	
17.804	Local Veterans' Employment Representative Program	Department of Labor	237,214	
17.807	Transition Assistance Program	Department of Labor	14,576	
94.003	State Commissions	Corp. for Natl. & Community Svc.	147,912	
94.006	AmeriCorps	Corp. for Natl. & Community Svc.	827,418	
94.007	Program Development and Innovation Grants	Corp. for Natl. & Community Svc.	11,452	
94.009	Training and Technical Assistance	Corp. for Natl. & Community Svc.	676,757	
96.001	Social Security - Disability Insurance	Social Security Administration	8,651,251	
	TOTAL LABOR, DEPARTMENT OF		<u>\$746,760,967</u>	
LANDS, DEPARTMENT OF				
10.664	Cooperative Forestry Assistance	Department of Agriculture	\$4,300,774	
10.672	Rural Development, Forestry, and Communities	Department of Agriculture	13,138	
10.676	Forest Legacy Program	Department of Agriculture	813,626	
10.677	Forest Land Enhancement Program	Department of Agriculture	10,716	
10.688	ARRA - Wildland Fire Management	Department of Agriculture	1,564,196	
10.912	Environmental Quality Incentives Program	Department of Agriculture	94,284	
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Department of the Interior	50,893	
	TOTAL LANDS, DEPARTMENT OF		<u>\$6,847,627</u>	
LIBRARIES, IDAHO COMMISSION FOR				
45.129	Promotion of the Humanities - Federal/State Partnership	Natl. Found. on the Arts & Humanities	\$8,516	PT
45.310	Grants to States	Natl. Found. on the Arts & Humanities	1,498,138	
	TOTAL LIBRARIES, IDAHO COMMISSION FOR		<u>\$1,506,654</u>	
MILITARY, DIVISION OF				
11.555	Public Safety Interoperable Communications Grant Program	Department of Commerce	\$1,305,098	
12.401	ARRA - National Guard Military Operations and Maintenance Projects	Department of Defense	2,240,387	
12.401	National Guard Military Operations and Maintenance Projects	Department of Defense	22,509,186	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	Department of Transportation	132,350	
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	(11,682)	
97.029	Flood Mitigation Assistance	Department of Homeland Security	10,013	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	247,804	
97.039	Hazard Mitigation Grant	Department of Homeland Security	107,606	
97.042	Emergency Management Performance Grants	Department of Homeland Security	3,381,242	
97.046	Fire Management Assistance Grant	Department of Homeland Security	165,408	
97.047	Pre-Disaster Mitigation	Department of Homeland Security	354,382	
97.055	Interoperable Emergency Communications	Department of Homeland Security	57,719	
97.067	Homeland Security Grant Program	Department of Homeland Security	6,782,988	
97.078	Buffer Zone Protection Plan	Department of Homeland Security	24,754	
97.082	Earthquake Consortium	Department of Homeland Security	1,696	
97.086	Homeland Security Outreach, Education, and Technical Assistance	Department of Homeland Security	36,349	
	TOTAL MILITARY, DIVISION OF		<u>\$37,345,300</u>	
PARKS AND RECREATION, DEPARTMENT OF				
15.225	Recreation Resource Management	Department of the Interior	\$7,000	
15.524	Recreation Resources Management	Department of the Interior	151,015	
15.616	Clean Vessel Act	Department of the Interior	39,075	
15.622	Sportfishing and Boating Safety Act	Department of the Interior	87,130	

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CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
15.916	Outdoor Recreation - Acquisition, Development, and Planning	Department of the Interior	\$140,658	
20.219	Recreational Trails Program	Department of Transportation	567,093	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Protection Agency	75,023	
97.012	Boating Safety Financial Assistance	Department of Homeland Security	853,490	
	TOTAL PARKS AND RECREATION, DEPARTMENT OF		\$1,920,484	
	POLICE, IDAHO STATE			
10.999	Marijuana Eradication Forest Service Grants	Department of Agriculture	\$4,723	
16.017	Sexual Assault Services	Department of Justice	3,533	
16.550	State Justice Statistics Program for Statistical Analysis Centers	Department of Justice	85,477	
16.579	Edward Byrne Memorial Formula Grant Program	Department of Justice	49,897	
16.580	Edward Byrne Memorial Law Enforcement Assistance Discretionary Grants	Department of Justice	277,793	
16.588	ARRA - Violence Against Women Formula Grants	Department of Justice	331,146	
16.588	Violence Against Women Formula Grants	Department of Justice	950,321	
16.593	Residential Substance Abuse Treatment for State Prisoners	Department of Justice	65,789	
16.609	Project Safe Neighborhoods	Department of Justice	82,997	
16.710	Public Safety Partnership and Community Policing Grants	Department of Justice	409,664	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	1,519,174	
16.741	Forensic DNA Capacity Enhancement Program	Department of Justice	116,844	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Department of Justice	153,054	
16.744	Anti-Gang Initiative	Department of Justice	9,884	
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	1,700,816	
16.810	ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs	Department of Justice	157,034	
16.999	Joint Terrorism Task Force	Department of Justice	7,432	
16.999	Organized Crime and Drug Task Force	Department of Justice	22,202	
20.218	National Motor Carrier Safety	Department of Transportation	1,837,394	
21.999	Equitable Sharing for Law Enforcement Agencies	Department of the Treasury	361,431	
	TOTAL POLICE, IDAHO STATE		\$8,146,605	
	PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF			
84.002	Adult Education - Basic Grants to States	Department of Education	\$2,280,030	
84.048	Career and Technical Education - Basic Grants to States	Department of Education	6,964,371	
84.243	Tech-Prep Education	Department of Education	623,977	
97.043	State Fire Training Systems Grants	Department of Homeland Security	24,249	
	TOTAL PROFESSIONAL-TECHNICAL EDUCATION, DIVISION OF		\$9,892,627	
	PUBLIC TELEVISION, IDAHO			
10.861	Public Television Station Digital Transition Grant Program	Department of Agriculture	\$65,294	
	TOTAL PUBLIC TELEVISION, IDAHO		\$65,294	
	PUBLIC UTILITIES COMMISSION			
20.700	Pipeline Safety	Department of Transportation	\$85,972	
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	Department of Energy	31,854	
	TOTAL PUBLIC UTILITIES COMMISSION		\$117,826	
	SECRETARY OF STATE			
39.011	Election Reform	General Services Administration	\$683,300	
90.401	Help America Vote Act Requirements Payments	Election Assistance Commission	485,517	
93.617	Voting Access for Individuals with Disabilities - Grants to States	Health and Human Services	28,664	
	TOTAL SECRETARY OF STATE		\$1,197,481	
	SPECIES CONSERVATION, OFFICE OF			
10.999	Forest Service Wolf Management CCS Agreement	Department of Agriculture	\$18,264	
10.999	Roadless - Implementation of Roadless Rule	Department of Agriculture	7,687	
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	3,266,474	
15.231	Fish, Wildlife, and Plant Conservation Resource Management	Department of the Interior	10,000	
15.608	Fish and Wildlife Management Assistance	Department of the Interior	334,167	
15.615	Cooperative Endangered Species Conservation Fund	Department of the Interior	1,924,007	
15.657	Endangered Species Conservation - Recovery Implementation Funds	Department of the Interior	542,797	
15.FFB	Gray Wolf Recovery	Department of the Interior	279,645	
81.999	Idaho OSC Accord Planning and Development	Department of Energy	69,005	
81.999	Idaho MOA - Water Transactions	Department of Energy	138,447	
81.999	Upper Salmon Screen Tributary Passage	Department of Energy	565,687	
81.999	Exp-Lemhi River Restoration Planning	Department of Energy	1,540	
	TOTAL SPECIES CONSERVATION, OFFICE OF		\$7,157,720	

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CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
SUPERINTENDENT OF PUBLIC INSTRUCTION				
10.553	School Breakfast Program	Department of Agriculture	\$14,526,573	
10.555	National School Lunch Program	Department of Agriculture	5,911,568	NC
10.555	National School Lunch Program	Department of Agriculture	44,467,863	
10.556	Special Milk Program for Children	Department of Agriculture	177,119	
10.558	Child and Adult Care Food Program	Department of Agriculture	6,414,333	
10.559	Summer Food Service Program for Children	Department of Agriculture	4,342,493	
10.560	State Administrative Expenses for Child Nutrition	Department of Agriculture	910,917	
10.574	Team Nutrition Grants	Department of Agriculture	224,263	
10.579	ARRA - Child Nutrition Discretionary Grants Limited Availability	Department of Agriculture	478,599	
10.579	Child Nutrition Discretionary Grants Limited Availability	Department of Agriculture	211,346	
10.582	Fresh Fruit and Vegetable Program	Department of Agriculture	794,325	
15.130	Indian Education - Assistance to Schools	Department of the Interior	55,067	
43.AAA	Aerospace Education Services Program	Natl. Aeronautics and Space Admin.	7,144	
84.010	Title I Grants to Local Educational Agencies	Department of Education	41,266,277	
84.011	Migrant Education - State Grant Program	Department of Education	2,944,120	
84.013	Title I Program for Neglected and Delinquent Children	Department of Education	398,028	
84.027	Special Education - Grants to States	Department of Education	47,456,646	
84.144	Migrant Education - Coordination Program	Department of Education	26,171	
84.173	Special Education - Preschool Grants	Department of Education	1,578,002	
84.186	Safe and Drug-Free Schools and Communities - State Grants	Department of Education	1,287,297	
84.196	Education for Homeless Children and Youth	Department of Education	210,701	
84.213	Even Start - State Educational Agencies	Department of Education	355,946	
84.282	Charter Schools	Department of Education	3,244,413	
84.287	Twenty-First Century Community Learning Centers	Department of Education	5,064,340	
84.298	State Grants for Innovative Programs	Department of Education	36,702	
84.318	Education Technology State Grants	Department of Education	789,839	
84.323	Special Education - State Personnel Development	Department of Education	566,543	
84.330	Advanced Placement Program	Department of Education	45,491	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Department of Education	1,324,881	
84.357	Reading First State Grants	Department of Education	2,183,566	
84.358	Rural Education	Department of Education	221,013	
84.365	English Language Acquisition Grants	Department of Education	1,527,149	
84.366	Mathematics and Science Partnerships	Department of Education	780,395	
84.367	Improving Teacher Quality State Grants	Department of Education	11,330,554	
84.368	Grants for Enhanced Assessment Instruments	Department of Education	51,645	
84.369	Grants for State Assessments and Related Activities	Department of Education	3,827,843	
84.372	Statewide Data Systems	Department of Education	1,866,451	
84.373	Special Education - Technical Assistance on State Data Collection	Department of Education	468,503	
84.377	School Improvement Grants	Department of Education	1,278,557	
84.386	ARRA - Education Technology State Grants	Department of Education	173,892	
84.387	ARRA - Education for Homeless Children and Youth	Department of Education	124,962	
84.389	ARRA - Title I Grants to Local Educational Agencies	Department of Education	13,419,137	
84.391	ARRA - Special Education Grants to States	Department of Education	17,474,891	
84.392	ARRA - Special Education - Preschool Grants	Department of Education	793,897	
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	Department of Education	179,248,800	
84.929	Civic Education	Department of Education	50,893	PT
93.938	Comprehensive Sch. Health Prog./Prevent Spread - HIV & Other Import. Health Prob.	Health and Human Services	568,692	
94.004	Learn and Serve America - School and Community Based Programs	Corp. for Natl. & Community Svc.	117,012	
94.013	Volunteers in Service to America	Corp. for Natl. & Community Svc.	51,271	
TOTAL SUPERINTENDENT OF PUBLIC INSTRUCTION			\$420,676,130	
TRANSPORTATION DEPARTMENT, IDAHO				
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Department of the Interior	\$112,782	
20.106	Airport Improvement Program	Department of Transportation	419,477	
20.205	ARRA - Highway Planning and Construction	Department of Transportation	68,300,378	
20.205	Highway Planning and Construction	Department of Transportation	202,146,327	
20.218	National Motor Carrier Safety	Department of Transportation	24,405	
20.231	Performance and Registration Information Systems Management	Department of Transportation	26,328	
20.232	Commercial Driver's License Program Improvement Grant	Department of Transportation	591,139	
20.234	Safety Data Improvement Program	Department of Transportation	175,786	
20.237	Commercial Vehicle Information Systems and Networks	Department of Transportation	555,286	
20.500	Federal Transit - Capital Investment Grants	Department of Transportation	57,395	
20.509	ARRA - Formula Grants for Other Than Urbanized Areas	Department of Transportation	2,202,333	
20.509	Formula Grants for Other Than Urbanized Areas	Department of Transportation	6,420,367	

*Type of assistance other than direct cash: NC = non-cash; PT = pass-through
 The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	Department of Transportation	\$398,891	
20.514	Public Transportation Research	Department of Transportation	12,215	
20.515	State Planning and Research	Department of Transportation	129,871	
20.516	Job Access - Reverse Commute	Department of Transportation	78,828	
20.521	New Freedom Program	Department of Transportation	8,753	
20.600	State and Community Highway Safety	Department of Transportation	1,730,690	
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	Department of Transportation	897,570	
20.610	State Traffic Safety Information System Improvement Grants	Department of Transportation	379,852	
20.611	Incentive Grant Program to Prohibit Racial Profiling	Department of Transportation	542,095	
20.612	Incentive Grant Program to Increase Motorcyclist Safety	Department of Transportation	65,726	
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	Department of Education	991,760	
97.089	Driver's License Security Grant Program	Department of Homeland Security	476	
	TOTAL TRANSPORTATION DEPARTMENT, IDAHO		<u>\$286,268,730</u>	
	VETERANS SERVICES, DIVISION OF			
64.015	Veterans State Nursing Home Care	Department of Veterans Affairs	\$7,876,900	
64.101	Burial Expenses Allowances for Veterans	Department of Veterans Affairs	126,000	
	TOTAL VETERANS SERVICES, DIVISION OF		<u>\$8,002,900</u>	
	VOCATIONAL REHABILITATION, DIVISION OF			
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	\$13,865,955	
84.169	Independent Living - State Grants	Department of Education	135,039	
84.187	Supported Employment Services for Individuals with Significant Disabilities	Department of Education	165,682	
84.265	State Vocational Rehabilitation Unit In-Service Training	Department of Education	76,946	
84.390	ARRA - Vocational Rehabilitation Grants to State	Department of Education	1,128,799	
84.398	ARRA - Independent Living - State Grants	Department of Education	36,862	
	TOTAL VOCATIONAL REHABILITATION, DIVISION OF		<u>\$15,409,283</u>	
	WATER RESOURCES, DEPARTMENT OF			
10.902	Soil and Water Conservation	Department of Agriculture	\$45,914	
15.808	U.S. Geological Survey - Research and Data Collection	Department of the Interior	29,462	
15.999	Fort Hall Water Rights Agreement	Department of the Interior	(538)	
15.999	Water Bank Program	Department of the Interior	54,508	
15.999	Landsat Data Continuity	Department of the Interior	1,293	
66.433	State Underground Water Source Protection	Environmental Protection Agency	67,591	
66.606	Surveys, Studies, Investigations and Special Purpose Grants	Environmental Protection Agency	71,847	
81.999	Tributary Water Conservation	Department of Energy	159,105	
97.023	Community Assistance Program - State Support Services Element	Department of Homeland Security	83,582	
97.041	National Dam Safety Program	Department of Homeland Security	38,432	
97.045	Cooperating Technical Partners	Department of Homeland Security	78,417	
97.070	Map Modernization Management Support	Department of Homeland Security	47,453	
	TOTAL WATER RESOURCES, DEPARTMENT OF		<u>\$677,066</u>	
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$3,355,621,466</u>	

*Type of assistance other than direct cash: NC = non-cash; PT = pass-through
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 – PURPOSE OF THE SCHEDULES

The Supplementary Schedules of Expenditures of Federal Awards (schedules) are in addition to the State's basic financial statements and are presented for purposes of additional analysis. The schedules are required by the Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations*. OMB *Circular A-133* is issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity includes all federal awards administered by those State departments and entities included in the State's *Comprehensive Annual Financial Report (CAFR)*, except for the colleges and universities, the Idaho Housing and Finance Association, and the Idaho Individual High Risk Reinsurance Pool. The Schedules of Expenditures of Federal Awards for the colleges and universities, the Idaho Housing and Finance Association, and the Idaho Individual High Risk Reinsurance Pool are audited by independent certified public accountants and published under separate cover.

B. Basis of Accounting

The schedules were prepared using the cash basis method of accounting. Expenditures are recognized when paid rather than when obligations are incurred. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. Basis of Presentation

Expenditures of Federal Awards – In accordance with the OMB *Circular A-133*, federal awards are federal cost-reimbursement contracts or federal financial assistance (cash or non-cash) in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. Awards may be received directly from a federal agency or indirectly from a pass-through entity. Contracts between the State and federal government for which the federal government procures tangible goods or services are not considered to be expenditures of federal awards.

Catalog of Federal Domestic Assistance – The *Catalog of Federal Domestic Assistance (CFDA)* is a list of federal programs available. The OMB *Circular A-133* requires the schedules to provide total federal awards expended by the State for each individual federal program by CFDA number. Federal programs that have not been assigned a specific CFDA number are assigned a miscellaneous CFDA number – the first two digits of a miscellaneous CFDA number identify the federal awarding agency followed by ".999."

Program Clusters – Closely related programs with different CFDA numbers that share common compliance requirements are considered "program clusters." The Schedule of Expenditures of Federal Awards by Federal Agency displays programs by program cluster as mandated by the OMB *Circular A-133 Compliance Supplement*. Programs not included within a designated cluster are presented under the title "NON-CLUSTERED PROGRAMS."

Valuation of Non-Cash Assistance – Non-cash awards are identified by "NC" on the schedules. Non-cash expenditures of federal awards were determined as follows:

1. CFDA 10.551, Supplemental Nutrition Assistance Program – reported at the dollar value of electronic benefit transfers authorized and used for food purchases by recipients.
2. CFDA 10.555, National School Lunch Program – reported at the fair market value of the food commodities distributed.

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

3. CFDA 10.569, Emergency Food Assistance – reported at the fair market value of the food commodities distributed.
4. CFDA 39.003, Donation of Federal Surplus Personal Property – reported at the fair market value of donated property as determined by General Services Administration.
5. CFDA 66.034, Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act – reported at the fair market value of the goods and services included as in-kind awards.
6. CFDA 81.999, Miscellaneous Bonneville Power Administration Grants - reported at appraised value and purchase price of land.
7. CFDA 93.268, Immunization Grants – reported at the federally assigned value of the serum distributed.
8. CFDA 93.712, ARRA-Immunization Grants – reported at the federally assigned value of the serum distributed.

State Funds Included with Federal Funds – State unemployment insurance funds are included with federal funds in the total expenditures for CFDA 17.225. The State portion was \$324,663,187, and the federal portion was \$374,278,982.

NOTE 3 – PASS-THROUGH ASSISTANCE

Some State agencies receive federal awards from non-federal entities to carry out federal programs. These awards are identified by "PT" on the schedules. The following is additional information about these awards:

1. CFDA 10.304 – The Department of Agriculture received U.S. Department of Agriculture funds from the University of California, Davis. The Department reported expenditures of \$3,000. (Grantor number 2007 37620 18230)
2. CFDA 10.604 – The Department of Agriculture received U.S. Department of Agriculture funds from the Northwest Horticultural Council. The Department reported expenditures of \$2,752. (Grantor number 9008)
3. CFDA 14.246 – The Idaho State Historical Society received U.S. Housing and Urban Development funds from the Clearwater Economic Development Association. The Society reported expenditures of \$12,895. (Grantor number HUD06-657)
4. CFDA 16.756 – The Idaho Judicial Department received U.S. Department of Justice funds from the National Court Appointed Special Advocate Association. The Department reported expenditures of \$62,045. (Grantor numbers 11234 and ID10909-08-0708-S)
5. CFDA 45.129 – The Idaho Commission for Libraries received National Foundation of the Arts and Humanities funds from the Idaho Humanities Council. The Commission reported expenditures of \$8,516. (Grantor number n/a)
6. CFDA 45.129 – The Idaho State Historical Society received National Foundation of the Arts and Humanities funds from the Idaho Humanities Council. The Society reported expenditures of \$11,567. (Grantor numbers 2008049, 2010025, and 2005008)

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

7. CFDA 45.149 - The Idaho State Historical Society received National Foundation of the Arts and Humanities funds from the Idaho Humanities Council. The Society reported expenditures of \$5,880. (Grantor number PG50737-10)
8. CFDA 81.502 – The Department of Environmental Quality received U.S. Department of Energy funds from the Western Governors' Association. The Department reported expenditures of \$433,987. (Grantor number MOA DEFC0490AL65416)
9. CFDA 84.929 – The Superintendent of Public Instruction received U.S. Department of Education funds from the Center for Civic Education. The Superintendent reported expenditures of \$50,893. (Grantor number Q929A060001)
10. CFDA 93.110 – The Department of Health and Welfare received U.S. Department of Health and Human Services funds from the University of Hawaii. The Department reported expenditures of \$15,000. (Grantor number 6627)
11. CFDA 93.283 – The Department of Health and Welfare received U.S. Department of Health and Human Services funds from the State of Washington. The Department reported expenditures of \$7,027. (Grantor number N17085)
12. CFDA 93.307 – The Commission on Hispanic Affairs received U.S. Department of Health and Human Services funds from Mountain States Group, Inc. The Commission reported expenditures of \$5,499. (Grantor number R24 MD001711)
13. CFDA 97.073 – The Department of Environmental Quality received U.S. Department of Homeland Security funds from the Idaho State University Institute of Emergency Management. The Department reported expenditures of minus \$1,568. (Grantor number n/a)

NOTE 4 – LOANS OUTSTANDING

The following loan programs are administered on behalf of federal awarding agencies:

- A. The Department of Environmental Quality administers loans for the Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) and the Capitalization Grants for Drinking Water State Revolving Funds (CFDA 66.468). These revolving funds make loans to qualified water pollution control projects and public drinking water systems. The loans are funded by the federal capitalization grants, State match, and revolving funds. The loans are disbursed as borrowers incur costs and are repaid over 20 years starting within one year after project completion. Interest rates vary between 0% and 4.5%. Management considers all loans to be fully collectible, so there is no allowance for uncollectible accounts.

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Loan programs at June 30, 2010:

CAPITALIZATION GRANTS FOR CLEAN WATER - CFDA 66.458

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$147,050,150	\$30,218,157	\$0	\$116,831,993
Projects in Progress	<u>120,134,347</u>	<u>0</u>	<u>71,985,529</u>	<u>48,148,818</u>
Totals	<u>\$267,184,497</u>	<u>\$30,218,157</u>	<u>\$71,985,529</u>	<u>\$164,980,811</u>
Less: Amount Due Within 1 Year				<u>5,766,026</u>
Loans Receivable Net of Current Maturities				<u>\$159,214,785</u>

CAPITALIZATION GRANTS FOR DRINKING WATER - CFDA 66.468

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$57,877,993	\$10,978,632	\$0	\$46,899,361
Projects in Progress	<u>70,989,838</u>	<u>0</u>	<u>25,116,871</u>	<u>45,872,967</u>
Totals	<u>\$128,867,831</u>	<u>\$10,978,632</u>	<u>\$25,116,871</u>	<u>\$92,772,328</u>
Less: Amount Due Within 1 Year				<u>2,286,368</u>
Loans Receivable Net of Current Maturities				<u>\$90,485,960</u>

B. The Office of Energy Resources administers loan and grant programs (CFDA 81.041) for the U.S. Department of Energy. The original source of these funds was petroleum price violations. The funds are used to finance various energy conservation projects. The outstanding principal and interest at June 30, 2010, was \$557,848. The Office of Energy Resources determined all loans to be fully collectible.

NOTE 5 – SUBRECIPIENTS

Some of the federal expenditures presented in the schedules were provided to subrecipients to administer federal programs. Some subrecipients are also provided State funds in addition to federal funds. The following is a schedule of State agency payments (federal and State funds) to subrecipients:

<u>STATE AGENCY</u>	<u>CFDA</u>	<u>FEDERAL PROGRAM TITLE</u>	<u>AMOUNT</u>
Administration, Dept. of	39.003	Donation of Federal Surplus Personal Property	\$917,553
Aging, Commission on	17.235	Senior Community Service Employment Program	18,146
Aging, Commission on	93.042	Long-term Care Ombudsman Services for Older Individuals	103,261
Aging, Commission on	93.043	Disease Prevention and Health Promotion Services	93,692
Aging, Commission on	93.044	Grants for Supportive Services and Senior Centers	2,476,648
Aging, Commission on	93.045	Nutrition Services	2,212,519
Aging, Commission on	93.048	Special Programs for the Aging - Discretionary Projects	244,026
Aging, Commission on	93.051	Alzheimer's Disease Demonstration Grants to States	26,126
Aging, Commission on	93.052	National Family Caregiver Support	585,294
Aging, Commission on	93.053	Nutrition Services Incentive Program	624,984
Aging, Commission on	93.071	Medicare Enrollment Assistance Program	24,429

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Aging, Commission on	93.705	Aging Home-Delivered Nutrition Services for States	\$159,208
Aging, Commission on	93.707	Aging Congregate Nutrition Services for States	323,378
Aging, Commission on	93.779	Centers for Medicare/Medicaid Svcs. (CMS) Research, Demo., Eval.	19,521
Agriculture, Dept. of	10.086	ARRA - Aquaculture Grants Program	1,098,075
Agriculture, Dept. of	10.169	Specialty Crop Block Grant Program	1,687
Agriculture, Dept. of	10.170	Specialty Crop Block Grant Program - Farm Bill	214,282
Agriculture, Dept. of	10.664	Cooperative Forestry Assistance	179,614
Agriculture, Dept. of	10.688	ARRA - Wildland Fire Management	451,737
Agriculture, Dept. of	15.230	Invasive and Noxious Plant Management	173,045
Agriculture, Dept. of	15.231	ARRA - Fish, Wildlife and Plant Conservation Resource Management	75,703
Agriculture, Dept. of	15.SFB	Herbivory Effects on Slickspot Peppergrass	35,073
Arts, Commission on the	45.025	Promotion of the Arts-Partnership Agreements	576,718
Commerce, Dept. of	10.446	Rural Community Development Initiative	81,784
Commerce, Dept. of	12.002	Procurement Tech. Assistance for Business Firms	42,042
Commerce, Dept. of	12.610	Community Econ. Adjust. Planning Assist for Joint Land Use Studies	115,703
Commerce, Dept. of	14.228	Community Development Block Grants/State's Program	8,463,863
Educ., State Board of	84.069	Leveraging Educational Assistance Partnership	150,702
Educ., State Board of	84.185	Byrd Honors Scholarships	205,125
Educ., State Board of	84.367	Improving Teacher Quality State Grants	354,790
Educ., State Board of	84.378	College Access Challenge Grant Program	45,688
Energy Resources, Office of	81.041	State Energy Program	5,000,000
Environmental Quality, Dept. of	66.040	State Clean Diesel Grant Program	207,176
Environmental Quality, Dept. of	66.419	Water Pollution Control State, Interstate, and Tribal Program Support	511
Environmental Quality, Dept. of	66.432	State Public Water System Supervision	213,224
Environmental Quality, Dept. of	66.454	Water Quality Management Planning	30,391
Environmental Quality, Dept. of	66.460	Nonpoint Source Implementation Grants	1,484,543
Environmental Quality, Dept. of	66.468	Capitalization Grants for Drinking Water State Revolving Funds	464,778
Environmental Quality, Dept. of	66.708	Pollution Prevention Grants Program	33,417
Environmental Quality, Dept. of	81.502	Idaho National Laboratory Oversight	150,742
Health and Welfare, Dept. of	10.557	Supplemental Nutrition for Women, Infants, and Children (WIC)	7,709,603
Health and Welfare, Dept. of	10.561	State Admin. Matching Grants - Supple. Nutrition Assist. Program	812,496
Health and Welfare, Dept. of	10.568	Emergency Food Assistance Program (Administrative Costs)	303,430
Health and Welfare, Dept. of	16.575	Crime Victim Assistance	1,741,766
Health and Welfare, Dept. of	16.801	State Victim Assistance	83,865
Health and Welfare, Dept. of	81.042	Weatherization Assistance for Low-Income Persons	20,943,570
Health and Welfare, Dept. of	84.181	Special Education - Grants for Infants and Families	201,513
Health and Welfare, Dept. of	93.048	Special Programs for the Aging - Discretionary Projects	216,704
Health and Welfare, Dept. of	93.069	Public Health Emergency Preparedness	8,502,509
Health and Welfare, Dept. of	93.110	Maternal and Child Health Federal Consolidated Programs	31,678
Health and Welfare, Dept. of	93.116	Project Grants and Cooperative Agreements for Tuberculosis Control	65,114
Health and Welfare, Dept. of	93.136	Injury Prevent./Control Research/State & Community Based Programs	42,338
Health and Welfare, Dept. of	93.217	Family Planning-Services	1,011,720
Health and Welfare, Dept. of	93.241	State Rural Hospital Flexibility Program	341,872
Health and Welfare, Dept. of	93.251	Universal Newborn Hearing Screening	36,250
Health and Welfare, Dept. of	93.268	Immunization Grants	693,873
Health and Welfare, Dept. of	93.283	Ctrs. for Disease Control/Prevention-Investigations and Tech. Assist.	1,311,718
Health and Welfare, Dept. of	93.301	Small Rural Hospital Improvement Grant Program	203,075
Health and Welfare, Dept. of	93.556	Promoting Safe and Stable Families	18,768
Health and Welfare, Dept. of	93.558	Temporary Assistance for Needy Families	2,145,979
Health and Welfare, Dept. of	93.566	Refugee and Entrant Assistance-State Administered Programs	16,520

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Health and Welfare, Dept. of	93.568	Low-Income Home Energy Assistance	\$6,125,851
Health and Welfare, Dept. of	93.569	Community Services Block Grant	5,076,383
Health and Welfare, Dept. of	93.575	Child Care and Development Block Grant	3,558,093
Health and Welfare, Dept. of	93.630	Developmental Disabilities Basic Support and Advocacy Grants	25,181
Health and Welfare, Dept. of	93.667	Social Services Block Grant	164,661
Health and Welfare, Dept. of	93.671	Family Violence Prevention & Services	905,036
Health and Welfare, Dept. of	93.674	Chafee Foster Care Independence Program	66,112
Health and Welfare, Dept. of	93.710	ARRA - Community Services Block Grant	2,176,917
Health and Welfare, Dept. of	93.713	ARRA - Child Care and Development Block Grant	301,161
Health and Welfare, Dept. of	93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands	6,081
Health and Welfare, Dept. of	93.778	Medical Assistance Program	2,692,065
Health and Welfare, Dept. of	93.779	Ctrs. for Medicare/Medicaid Svcs. Research, Demo., Eval.	101,362
Health and Welfare, Dept. of	93.889	National Bioterrorism Hospital Preparedness Program	2,418,266
Health and Welfare, Dept. of	93.913	Grants to States for Operation of Offices of Rural Health	38,383
Health and Welfare, Dept. of	93.917	HIV Care Formula Grants	110,276
Health and Welfare, Dept. of	93.940	HIV Prevention Activities-Health Department Based	278,274
Health and Welfare, Dept. of	93.944	HIV/AIDS Surveillance	25,785
Health and Welfare, Dept. of	93.958	Block Grants for Community Mental Health Services	267,908
Health and Welfare, Dept. of	93.977	Preven. Health Services-Sexually Transmitted Dis. Control Grants	202,876
Health and Welfare, Dept. of	93.991	Preventive Health and Health Services Block Grant	245,026
Health and Welfare, Dept. of	93.994	Maternal and Child Health Services Block Grant to the States	1,596,409
Historical Society, Idaho State	15.904	Historic Preservation Fund Grants-in-Aid	71,971
Historical Society, Idaho State	89.003	National Historical Publications and Records Grants	16,512
Insurance, Dept. of	93.779	Ctrs. for Medicare/Medicaid Svcs. Research, Demo., Eval.	139,355
Juvenile Corrections, Dept. of	16.523	Juvenile Accountability Block Grants	311,666
Juvenile Corrections, Dept. of	16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	297,130
Juvenile Corrections, Dept. of	16.548	Title V Delinquency Prevention Program	44,548
Juvenile Corrections, Dept. of	16.727	Enforcing Underage Drinking Laws Program	121,380
Labor, Dept. of	17.207	Employment Service/Wagner-Peyser Funded Activities	20,525
Labor, Dept. of	17.258	WIA Adult Program	130,869
Labor, Dept. of	17.259	WIA Youth Activities	75,561
Labor, Dept. of	17.260	WIA Dislocated Workers	177,076
Labor, Dept. of	17.268	H-1B Job Training Grants	1,938,491
Labor, Dept. of	94.006	AmeriCorps	1,405,271
Lands, Dept. of	10.664	Cooperative Forestry Assistance	2,168,685
Lands, Dept. of	10.676	Forest Legacy Program	15,000
Lands, Dept. of	10.677	Forest Land Enhancement Program	10
Lands, Dept. of	10.688	ARRA - Wildland Fire Management	1,509,944
Lands, Dept. of	15.228	Natl. Fire Plan-Wildland Urban Interface Community Fire Assist.	50,893
Lands, Dept. of	20.205	Highway Planning and Construction	69,115
Libraries, Idaho Comm. for	45.310	Grants to States	248,965
Military, Div. of	11.555	Public Safety Interoperable Communications Grant Program	1,960,913
Military, Div. of	20.703	Interagency Haz-Mat Public Sector Training/Planning Grants	104,922
Military, Div. of	97.004	State Domestic Preparedness Equipment Support Program	(11,682)
Military, Div. of	97.029	Flood Mitigation Assistance	10,013
Military, Div. of	97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	203,847
Military, Div. of	97.039	Hazard Mitigation Grant	111,445
Military, Div. of	97.042	Emergency Management Performance Grants	1,035,734
Military, Div. of	97.046	Fire Management Assistance Grant	111,250
Military, Div. of	97.047	Pre-Disaster Mitigation	240,001
Military, Div. of	97.055	Interoperable Emergency Communications	11,674
Military, Div. of	97.067	Homeland Security Grant Program	6,285,837

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Military, Div. of	97.078	Buffer Zone Protection Plan	\$13,981
Parks & Recreation, Dept. of	15.616	Clean Vessel Act	88,753
Parks & Recreation, Dept. of	15.622	Sportfishing and Boating Safety Act	87,130
Parks & Recreation, Dept. of	15.916	Outdoor Recreation-Acquisition, Development, and Planning	175,114
Parks & Recreation, Dept. of	20.219	Recreation Trails Program	671,042
Parks & Recreation, Dept. of	97.012	Boating Safety Financial Assistance	878,670
Police, Idaho State	16.580	Edward Byrne Memorial Law Enforce. Assist. Discretionary Grants	152,993
Police, Idaho State	16.588	Violence Against Women Formula Grants	997,025
Police, Idaho State	16.593	Residential Substance Abuse Treatment for State Prisoners	31,785
Police, Idaho State	16.609	Project Safe Neighborhoods	79,045
Police, Idaho State	16.710	Public Safety Partnership and Community Policing Grants	169,564
Police, Idaho State	16.727	Enforcing Underage Drinking Laws Program	6,640
Police, Idaho State	16.738	Edward Byrne Memorial Justice Assistance Grant Program	1,192,146
Police, Idaho State	16.744	Anti-Gang Initiative	5,000
Police, Idaho State	16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant Program	871,490
Prof.-Tech. Educ., Div. of	84.002	Adult Education - Basic Grants to States	2,112,729
Prof.-Tech. Educ., Div. of	84.048	Career and Technical Education - Basic Grants to States	7,099,100
Prof.-Tech. Educ., Div. of	97.043	State Fire Training Systems Grants	24,249
Secretary of State	39.011	Election Reform	547,805
Supt. of Public Instruct.	10.553	School Breakfast Program	14,358,123
Supt. of Public Instruct.	10.555	National School Lunch Program	50,067,424
Supt. of Public Instruct.	10.556	Special Milk Program for Children	177,119
Supt. of Public Instruct.	10.558	Child and Adult Care Food Program	6,372,361
Supt. of Public Instruct.	10.559	Summer Food Service Program for Children	4,207,716
Supt. of Public Instruct.	10.574	Team Nutrition Grants	(1,530)
Supt. of Public Instruct.	10.579	Child Nutrition Discretionary Grants Limited Availability	481,315
Supt. of Public Instruct.	10.582	Fresh Fruit and Vegetable Program	772,333
Supt. of Public Instruct.	15.130	Indian Education - Assistance to Schools	55,067
Supt. of Public Instruct.	84.010	Title I Grants to Local Educational Agencies	40,672,943
Supt. of Public Instruct.	84.011	Migrant Education - State Grant Program	2,427,471
Supt. of Public Instruct.	84.027	Special Education - Grants to States	44,520,172
Supt. of Public Instruct.	84.173	Special Education - Preschool Grants	1,578,002
Supt. of Public Instruct.	84.186	Safe and Drug-Free Schools and Communities-State Grants	1,220,783
Supt. of Public Instruct.	84.196	Education for Homeless Children and Youth	166,737
Supt. of Public Instruct.	84.213	Even Start-State Educational Agencies	348,118
Supt. of Public Instruct.	84.282	Charter Schools	3,096,982
Supt. of Public Instruct.	84.287	Twenty-First Century Community Learning Centers	4,759,555
Supt. of Public Instruct.	84.298	State Grants for Innovative Programs	36,702
Supt. of Public Instruct.	84.318	Education Technology State Grants	740,631
Supt. of Public Instruct.	84.323	Special Education - State Personnel Development	27,488
Supt. of Public Instruct.	84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	818,973
Supt. of Public Instruct.	84.357	Reading First State Grants	1,809,183
Supt. of Public Instruct.	84.358	Rural Education	220,991
Supt. of Public Instruct.	84.365	English Language Acquisition Grants	1,336,916
Supt. of Public Instruct.	84.366	Mathematics and Science Partnerships	714,493
Supt. of Public Instruct.	84.367	Improving Teacher Quality State Grants	10,780,430
Supt. of Public Instruct.	84.372	Statewide Data Systems	233,000
Supt. of Public Instruct.	84.377	School Improvement Grants	1,298,228
Supt. of Public Instruct.	84.386	ARRA - Education Technology State Grants	171,104
Supt. of Public Instruct.	84.387	ARRA - Education for Homeless Children and Youth	124,962
Supt. of Public Instruct.	84.389	ARRA - Title I Grants to Local Educational Agencies	13,217,571
Supt. of Public Instruct.	84.391	ARRA - Special Education Grants to States	17,474,891

**STATE OF IDAHO
NOTES TO SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

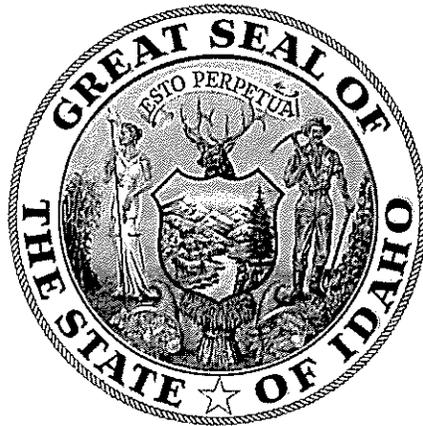
Supt. of Public Instruct.	84.392	ARRA - Special Education - Preschool Grants	\$793,897
Supt. of Public Instruct.	84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Educ. State Grants	179,248,800
Supt. of Public Instruct.	94.004	Learn and Serve America-School and Community Based Programs	57,309
Transportation Dept., Idaho	20.205	Highway Planning and Construction	7,673,355
Transportation Dept., Idaho	20.500	Federal Transit-Capital Investment Grants	300,000
Transportation Dept., Idaho	20.509	Formula Grants for Other Than Urbanized Areas	7,691,729
Transportation Dept., Idaho	20.513	Capital Assist. Program for Elderly Persons & Persons w/Disabilities	346,877
Transportation Dept., Idaho	20.515	State Planning and Research	2,834
Transportation Dept., Idaho	20.516	Job Access Reverse Commute	78,828
Transportation Dept., Idaho	20.521	New Freedom Program	8,753
Transportation Dept., Idaho	20.600	State and Community Highway Safety	789,830
Transportation Dept., Idaho	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	504,884
Transportation Dept., Idaho	20.610	State Traffic Safety Information System Improvement Grants	40,163
Transportation Dept., Idaho	20.611	Incentive Grant Program to Prohibit Racial Profiling	542,095
Transportation Dept., Idaho	84.397	ARRA - State Fiscal Stabilization Fund - Government Services	991,760
Vocational Rehab., Div. of	84.169	Independent Living-State Grants	67,253
Vocational Rehab., Div. of	84.390	ARRA - Vocational Rehabilitation Grants to State	168,150
Vocational Rehab., Div. of	84.398	ARRA - Independent Living- State Grants	11,478
			\$558,181,095

NOTE 6 - SNAP BENEFITS (CFDA 10.551)

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents the USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, the USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of the USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2010.

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

AUDITOR'S RESULTS



**STATE OF IDAHO
SINGLE AUDIT REPORT
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

BASIC FINANCIAL STATEMENTS

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed significant deficiencies in internal control. Deficiencies considered to be material weaknesses were also reported.
3. The audit of the basic financial statements did not disclose any noncompliance that is material to the financial statements.

FEDERAL AWARDS

1. The audit of federal major programs in the Schedule of Expenditures of Federal Awards disclosed significant deficiencies in internal control. We consider item 10F-4, 10F-12, 10F-14, 10F-15, and 10F-17 to be material weaknesses.
2. The independent auditor's report on compliance with federal major programs expressed an unqualified opinion for all major programs except for the following programs which were qualified: Temporary Assistance for Needy Families Cluster (93.558 and 93.714), Child Nutrition Cluster (10.553, 10.555, and 10.559), Title I Part A Cluster (84.010 and 84.389), Special Education Cluster (84.027, 84.173, 84.391, and 84.392), Improving Teacher Quality (84.389), ARRA – State Fiscal Stabilization Fund – Education (84.394), and Vocational Rehabilitation Cluster (84.126 and 84.390).
3. The *Single Audit Report* disclosed findings that are required to be reported in accordance with the criteria in Section 510a of OMB *Circular A-133*.
4. The federal programs identified as major programs are listed on the following page.
5. The dollar threshold used to distinguish between Type A and Type B programs was \$10,066,864.
6. For the fiscal year ended June 30, 2010, the State of Idaho did not meet OMB *Circular A-133's* requirements to qualify as a low-risk auditee.

**STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF FEDERAL MAJOR PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

PROGRAM OR CLUSTER TITLE	CFDA
SNAP CLUSTER:	
Supplemental Nutrition Assistance Program (SNAP)	10.551
ARRA – State Administrative Matching Grants – Supplemental Nutrition Assistance Program	10.561
State Administrative Matching Grants – Supplemental Nutrition Assistance Program	10.561
CHILD NUTRITION CLUSTER:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
FISH AND WILDLIFE CLUSTER:	
Sports Fish Restoration	15.605
Wildlife Restoration	15.611
EMPLOYMENT SERVICE CLUSTER:	
ARRA – Employment Service/Wagner-Peyser Funded Activities	17.207
Employment Service/Wagner-Peyser Funded Activities	17.207
Disabled Veterans' Outreach Program	17.801
Local Veterans' Employment Representative Program	17.804
WIA CLUSTER:	
ARRA – WIA Adult Program	17.258
WIA Adult Program	17.258
ARRA – WIA Youth Activities	17.259
WIA Youth Activities	17.259
ARRA – WIA Dislocated Workers	17.260
WIA Dislocated Workers	17.260
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:	
ARRA – Highway Planning and Construction	20.205
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
TITLE I, PART A CLUSTER:	
Title I Grants to Local Educational Agencies	84.010
ARRA - Title I Grants to Local Educational Agencies	84.389
SPECIAL EDUCATION (IDEA) CLUSTER:	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173
ARRA – Special Education – Grants to States	84.391
ARRA – Special Education – Preschool Grants	84.392
VOCATIONAL REHABILITATION CLUSTER:	
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
ARRA – Vocational Rehabilitation Grants to States	84.390

**STATE OF IDAHO
SINGLE AUDIT REPORT
SCHEDULE OF FEDERAL MAJOR PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

PROGRAM OR CLUSTER TITLE	CFDA
STATE FISCAL STABILIZATION FUND CLUSTER:	
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants	84.394
ARRA – State Fiscal Stabilization Fund (SFSF) – Government Services	84.397
IMMUNIZATION CLUSTER:	
Immunization Grants	93.268
ARRA – Immunization Grants	93.712
TANF CLUSTER:	
Temporary Assistance for Needy Families	93.558
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families	93.714
CCDF CLUSTER:	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Develop. Fund	93.596
ARRA – Child Care and Development Block Grant	93.713
MEDICAID CLUSTER:	
State Medicaid Fraud Control Units	93.775
State Survey and Certification of Health Care Providers and Suppliers	93.777
ARRA – Medical Assistance Program	93.778
Medical Assistance Program	93.778
NON-CLUSTERED PROGRAMS:	
Unemployment Insurance	17.225
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458
Capitalization Grants for Clean Water State Revolving Funds	66.458
ARRA – Capitalization Grants for Drinking Water State Revolving Funds	66.468
Capitalization Grants for Drinking Water State Revolving Funds	66.468
ARRA – Superfund State, Political Sub. & Indian Tribe Site – Specific Cooperative Agmts.	66.802
Superfund State, Political Sub. & Indian Tribe Site – Specific Cooperative Agmts.	66.802
ARRA – State Energy Program	81.041
State Energy Program	81.041
ARRA – Weatherization Assistance for Low-Income Persons	81.042
Weatherization Assistance for Low-Income Persons	81.042
Improving Teacher Quality State Grants	84.367
Public Health Emergency Preparedness	93.069
ARRA – Child Support Enforcement	93.563
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
ARRA – Foster Care – Title IV-E	93.658
Foster Care – Title IV-E	93.658
Children's Health Insurance Program	93.767

STATE OF IDAHO
 SINGLE AUDIT REPORT
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>STATE AGENCY</u>	<u>FEDERAL DEPARTMENT</u>	<u>PAGE</u>
<u>HEALTH AND WELFARE, DEPARTMENT OF</u>		
10F-1 Medicaid payments of \$2.5 million were not identified by specific service type as required.	Health & Human Services, Dept. of	38
10F-2 Existing data imported to the new Medicaid payment system was not tested or evaluated.	Health & Human Services, Dept. of	39
10F-3 Procedures to suspend or debar providers from the Medicaid program are inadequate.	Health & Human Services, Dept. of	39
10F-4 Costs of \$4 million claimed as maintenance of effort for the TANF Grant are not "qualifying expenditures."	Health & Human Services, Dept. of	42
10F-5 Contract costs of \$869,000 charged to TANF for child welfare services do not meet eligibility criteria or other requirements.	Health & Human Services, Dept. of	43
10F-6 Prior errors in allocating indirect costs to TANF are not corrected and continued in fiscal year 2010.	Health & Human Services, Dept. of	44
10F-7 Prior errors in allocating training costs to the TANF Grant remain unresolved and errors continued in fiscal year 2010.	Health & Human Services, Dept. of	45
10F-8 Critical system reconciliations between the Idaho Child Support Enforcement System (ICES) and the FISCAL accounting system have not been completed on a timely basis.	Health & Human Services, Dept. of	45
10F-9 Significant use of the "miscellaneous" code indicates possible errors in the cost allocation process.	Health & Human Services, Dept. of	46
10F-10 Child Care Grant costs were not charged to the appropriate funding source and the potential liability for federal interest has not been considered.	Health & Human Services, Dept. of	47
10F-11 Public health districts' sub-grantee contracts are not monitored in compliance with federal requirements.	Health & Human Services, Dept. of	48

**STATE OF IDAHO
 SINGLE AUDIT REPORT
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATE AGENCY	FEDERAL DEPARTMENT	PAGE
<u>SUPERINTENDENT OF PUBLIC INSTRUCTION, OFFICE OF THE</u>		
10F-12 Federal funds are not requested within the required time frames.	Education, Dept. of Agriculture, Dept. of	49
10F-13 Internal control weaknesses exist in the preparation of several federal reports and an allocation of Title II Teacher Quality funds to school districts.	Education, Dept. of Agriculture, Dept. of	50
<u>VOCATIONAL REHABILITATION, DIVISION OF</u>		
10F-14 Federal funds in the amount of \$1.8 million were drawn early due to errors in the draw process.	Education, Dept. of	52
10F-15 Federal financial reports are not supported by the Division's accounting records.	Education, Dept. of	53
10F-16 Additional services provided to clients are not documented as required.	Education, Dept. of	54
10F-17 The indirect cost rate is not supported, and amounts are claimed twice in error.	Education, Dept. of	55

**STATE OF IDAHO
SINGLE AUDIT REPORT
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

HEALTH AND WELFARE, IDAHO DEPARTMENT OF

FINDING 10F-1

CFDA Title: Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Federal Award #: 05-0805ID5028,
05-0905ID5028, 05-1005ID5MAP
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Health
and Human Services
Compliance Requirements:
A-Activities Allowed or Unallowed
L-Reporting
Questioned Costs: \$2.5 Million

Medicaid payments of \$2.5 million were not identified by specific service type as required. Federal regulations (42 CFR 440) require the Department to identify Medicaid provider payments by the type of services provided to determine allowability to the grant. Further, this information is then reported quarterly to the federal grantor by service type.

A coding structure established within the Medicaid Management Information System (MMIS) is used to identify types of service. However, more than \$2.5 million paid during fiscal year 2010 was identified as "miscellaneous unknown" services, which is not an acceptable service type allowable for reimbursement from this grant.

Payments identified as "miscellaneous unknown" are unallowable costs to the grant and must either be removed from the grant costs claimed or properly identified to an allowable service type. Efforts are currently underway to identify payments to an allowable service type, but the total has increased significantly since the end of fiscal year 2010 and additional efforts are needed.

Compounding this issue is the effect of the changing federal grant match rate (FMAP) which will require additional efforts to properly identify claims by date of service to ensure that the correct federal match rate is claimed.

RECOMMENDATION

We recommend that the Department increase its efforts to properly identify and report Medicaid payments by specific service types as required and to ensure that the correct federal match rate is claimed.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. DHW anticipated that conversion to the new Medicaid Management Information System would result in an increase in the number of claims being created in the miscellaneous task code.

DHW created a process for analyzing these claims and making the appropriate adjustments from the miscellaneous task code into the correct task code. To date, about one-third of all claims that were created in the miscellaneous task code have been adjusted to the correct task code.

The process of analyzing claims created in the miscellaneous task code and adjusting them to the correct task code was delayed for a short time in order to address other higher priority concerns. The process of analyzing and adjusting miscellaneous claims will resume in April, 2011.

**STATE OF IDAHO
SINGLE AUDIT REPORT
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINDING 10F-2

CFDA Title: Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Federal Award #: 05-0805ID5028,
05-0905ID5028, 05-1005ID5MAP
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Health
and Human Services
Compliance Requirement:
A-Activities Allowed or Unallowed
Questioned Costs: Not Determinable

Existing data imported to the new Medicaid payment system was not tested or evaluated. A new Medicaid Management Information System (MMIS) was installed in June 2010, and data from the old system was imported into the new system. However, this data was not tested or evaluated for accuracy, which created errors, irregularities, and other inconsistencies in the new system. We compared data relating to provider claims receivable balances and payments and identified the following items:

- a) Of the 74,762 receivable transactions imported into MMIS, only 4,394 were identified by provider number or name.
- b) Provider debt balances were not reduced for payments made through the court system.
- c) Of the 317 claims receivable reviewed, 79 of these claims had no activity since January 2009, and another 33 had no activity since January 2010, but were imported into the new system without verifying the status of the receivable balance.
- d) Two accounts receivable balances were imported into the new system with incorrect balances of \$200,000 and \$50,000 and assigned to incorrect providers.
- e) Two providers had balances imported into the new system that were cumulatively more than \$50,000 higher than the balances in the old system.

Based on conversations with Medicaid Division staff, no process was in place to verify or test the old data before it was imported into the new system.

RECOMMENDATION

We recommend that the Department validate the data imported from the old Medicaid payment system to the new system to identify and correct errors and other irregularities.

AGENCY'S CORRECTIVE ACTION PLAN

Additional information is needed in order to respond to the specific items listed in the findings.

DHW conducted validation testing of the data conversion from the old system to the new system. We acknowledge that some data conversion errors exist and are being corrected.

DHW will continue to work with the auditor to resolve items a) through e) listed in the finding. After completing the research, the Department will prepare a comprehensive response addressing each item listed in the finding.

FINDING 10F-3

CFDA Title: Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Federal Award #: 05-0805ID5028,
05-0905ID5028, 05-1005ID5MAP
Program Year:
July 1, 2009 to June 30, 2010

Procedures to suspend or debar providers from the Medicaid program are inadequate. Federal regulations (42 CFR 1002.210), require the Department to develop procedures for identifying and reporting Medicaid providers for debarment from participating in the program. Procedures should include methods for documenting the issues and submitting provider information to the federal grantor for debarment from all federal programs. Additionally, federal regulation (42 CFR

**STATE OF IDAHO
SINGLE AUDIT REPORT
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Agency: Department of Health and Human Services

Compliance Requirement:

I-Procurement, Suspension, and Debarment

Questioned Costs: Not Determinable

1001.60 (a)(2)) specifically addresses "situations where an individual or entity voluntarily withdraws from a program to avoid a formal sanction." The Department's State Plan provides that an investigation into suspected abuse may occur, but does not identify specific procedures that the Department will take to suspend or debar the provider.

One provider file we reviewed had an undisputed overpayment of \$39,000. This provider had been excluded in Florida for a license revocation but was allowed to practice in Idaho. Further, the provider offered in writing to surrender their Medicaid Provider Number in exchange for forgiveness of the debt. While the Department did not agree to this offer, no efforts were taken to suspend or debar this provider as required by federal regulations.

Without adequate procedures in place to evaluate these overpayment cases, the risk increases significantly of not excluding a provider who meets the federal requirements for exclusion. We evaluated 317 outstanding provider overpayments as of June 2010 and identified 86 (27%) with no activity for 18 months. However, none of these providers were reported to the federal grantor for suspension or debarment. Three of these providers were referred to the Medicaid Program Integrity Unit (MPIU) for collection efforts, but no collections have been made, and no reporting for debarment to the federal grantor has been done. Failure to report these providers allows them to continue to bill for services to the Medicaid program, as well as other government programs in Idaho and elsewhere.

We also noted that interest on unpaid balances was not consistently applied or collected in accordance with signed repayment agreements with providers.

RECOMMENDATION

We recommend that the Department implement procedures to suspend or debar providers from participation in the Medicaid program for reasons identified in federal regulations and the State Plan. We also recommend that the Department consistently apply and collect interest in accordance with provider repayment agreements.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with the finding on interest collections, but has two other issues with this finding:

- a) DHW cannot respond at this time to a portion of this finding; and
- b) We disagree with another portion of the finding.

The Department agrees that interest is not always applied. The Department is using an accounts receivable system that requires interest to be posted manually. Therefore, accrued interest is sometimes posted only when the account is adjusted for a payment or write-off. In some cases, the receivable balance does not show accrued interest.

STATE OF IDAHO
SINGLE AUDIT REPORT
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

- a) The Department cannot respond to this finding related to 299 overpayment receivables. The finding describes 317 outstanding receivables that the auditor evaluated. Of those, 18 were established by the Medicaid Program Integrity Unit. The remaining 299 receivables were established by the Division of Medicaid. DHW continues to research the 299 outstanding provider overpayments and will provide a comprehensive response in the 90 day follow up. (See Finding #2)
- b) DHW disagrees with this finding as it relates to the 18 provider overpayments handled by the Medicaid Program Integrity Unit. DHW has "administrative procedures" to debar Medicaid providers. The Department also maintains internal policies and procedures to debar Medicaid providers. The administrative rules and policies and procedures fully comply with federal regulations and, in our opinion, are sufficient and adequate.

The finding suggests that a provider with an overpayment of \$39,000 was excluded in Florida and should have been excluded in Idaho. After researching this case, we determined that these were two different people with similar names.

It is not the policy of DHW to automatically debar a provider for failure to repay a debt. Federal rules do not require the Department to debar a provider for failure to repay a debt. Moreover, we do not believe that DHW should automatically debar a provider for failing to refund an overpayment. The Department does submit mandatory debarments as required in 42 CFR 1001.

The finding states that three providers were referred to Medicaid Program Integrity Unit for collection but no collections have been made. In two of the examples mentioned, collection activity occurred, but stopped once the provider went out of business. We could not identify the third provider mentioned in the finding. Collections are the responsibility of the Central Revenue Unit. The Medicaid Program Integrity Unit establishes overpayments, obtains repayment agreements, sets up offsets to recoup overpayments from claims, and monitors collection progress.

**STATE OF IDAHO
SINGLE AUDIT REPORT
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 20, 2010**

FINDING 10F-4

CFDA Title: Temporary Assistance to
Needy Families Cluster

CFDA #: 93.558, 93.714

Federal Award #: G1002IDTANF,
G0801IDTANF

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health
and Human Services

Compliance Requirements:

G-Maintenance of Effort

L-Reporting

Questioned Costs: \$4 million

Costs of \$4 million claimed as maintenance of effort for the TANF Grant are not "qualifying expenditures." We noted in the fiscal year 2009 audit that the Department claimed \$5.2 million as maintenance of effort for the TANF Grant that were not "qualifying expenditures" as defined by federal regulations.

Federal regulations (45 CFR 263.2) require the Department to spend State funds of at least 75% of the amount spent during fiscal year 1994. To meet this requirement for fiscal year 2010, the Department must spend about \$13 million of State funds on allowable TANF activities and identify these expenditures to one of four TANF purposes. To be "qualifying expenditures," the costs identified for each purpose must meet certain criteria for eligibility and types of services.

Our analysis of TANF costs for fiscal year 2010 showed that nearly \$4 million of the \$13 million claimed as maintenance of effort were not for "qualifying expenditures" as defined by federal regulations.

The Department claimed \$3.6 million in allocated administrative and program service costs for the child welfare and children's mental health programs, but these costs are not directly identified to an eligible family as required and, therefore, do not qualify. Some of these costs were allocated through a process identified during the prior audit as flawed, resulting in an over-allocation of about \$300,000, which is unallowable to TANF as either federal or State maintenance of effort costs. The Department also claimed contract costs of \$369,000 for substance abuse liaisons, but these costs are not identified to eligible clients and are also not "qualifying expenditures" for the TANF maintenance of effort requirement.

We also noted that errors in the annual maintenance of effort report (ACF-204) identified in the fiscal year 2009 audit report have not all been corrected as of June 2010. Some TANF costs were incorrectly classified and raised the possibility that both State and federal spending on administrative costs exceeded the 15% limit established by federal regulations. The Department agreed that a review of the classification of TANF expenditures was needed, but the review has not yet been performed. As such, we are unable to determine whether federal and State administrative expenditures exceed the 15% limit for fiscal year 2010.

RECOMMENDATION

We recommend that the Department analyze TANF Grant expenditures claimed as State maintenance of effort to ensure that only "qualifying expenditures" are included as defined by federal regulations. We also recommend that the Department contact the federal grantor to resolve the amounts claimed during fiscal years 2009 and 2010 that do not meet these requirements, and to complete the review of administrative costs claimed to ensure that the total does not exceed the 15% limit allowed.

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AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding.

In response to the fiscal year 2009 finding regarding maintenance of effort, a complete review of the charges and cases involved was performed. The data regarding eligible families which was compiled in that process was sent to our federal grantor for review. Subject to the response of the federal grantor, an adjustment to the federal fiscal year 2009 and federal fiscal year 2010 TANF reports will be made which will reflect the corrected portion of the expenses that were maintenance of effort. Any reduction in maintenance of effort related to this finding will be compensated for by a complementary increase in the portion of maintenance of effort expended in the Self-Reliance program. The same process will be completed for this finding.

Regarding the "systems" costs, the report form has been reviewed for incorrect links and designations and will be corrected for the current quarter. Corrections of the prior period reports will reflect the correct categorizations. The bulk of the expenses will be redirected to either basic assistance or prior law categories; they are services, not administrative functions.

Other issues mentioned in this finding are addressed in related findings.

FINDING 10F-5

CFDA Title: Temporary Assistance to Needy Families Cluster

CFDA #: 93.558, 93.714

Federal Award #: G1002IDTANF, G0801IDTANF

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

A-Activities Allowed or Unallowed

Questioned Costs: \$869,000

Contract costs of \$869,000 charged to TANF for child welfare services do not meet eligibility criteria or other requirements. Federal regulations (45 CFR 263.11) allow states to spend TANF Grant funds on some child welfare services in accordance with their former State Plan authorized prior to 1995. States must adhere to the eligibility criteria and other requirements set forth in the former plan.

The Department uses TANF funds for Family Service contracts that primarily benefit the Child Welfare program. Some emergency activities are allowable under requirements established in the pre-1995 State Plan. Those requirements include family income and resources, as well as a 90-day limit of assistance, and funds cannot be used for services to children who are eligible for services under the Foster Care Grant program.

The Department charged \$869,000 of Family Service contracts in fiscal year 2010 to the TANF Grant and reported these to the federal grantor as emergency assistance services under the pre-1995 State Plan. These contracts provided services such as drug testing, substance abuse liaisons, on-call staffing, and child protective and foster care placement services, which do not meet the criteria and requirements set forth in the pre-1995 State Plan. None of the contracts had provisions for determining client eligibility as required by the grant, and program staff indicated it was unlikely that any eligibility determinations were performed or documented by the contractors.

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Although these contracts provided services that may be allowable to other federal grants, the costs are not allowable to the TANF Grant and should be refunded to the federal grantor.

RECOMMENDATION

We recommend that the Department evaluate all costs charged to the TANF Grant program for services provided under the pre-1995 (prior law) State Plan to ensure that eligibility criteria and other requirements are met. We also recommend that the Department contact the federal grantor to resolve the questioned costs identified.

AGENCY'S CORRECTIVE ACTION PLAN

The Division of Family and Community Services (FACS) has met with the legislative services auditor and with the Financial Executive Officer of Financial Services to discuss the findings and details. In addition, FACS has also collected all contracts in question and is preparing a comprehensive review of the audit findings in order to provide a proper response to the finding.

FINDING 10F-6

CFDA Title: Temporary Assistance to Needy Families Cluster

CFDA #: 93.558, 93.714

Federal Award #: G1002IDTANF, G0801IDTANF

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirements:

B-Allowable Costs/Cost Principles

G-Maintenance of Effort

Questioned Costs: \$362,500

Prior errors in allocating indirect costs to TANF are not corrected and continued in fiscal year 2010. We noted in the fiscal year 2009 audit that the TANF Grant was charged an excessive share of indirect costs due to errors in the allocation methods. In general, the TANF Grant was charged nearly all costs associated with "other" activities that should have been allocated to other grants and programs that benefitted from these costs.

The Department concurred with the prior audit and submitted to the federal grantor a revised cost allocation method and a plan for reallocating \$9.3 million of costs originally charged in fiscal years 2008 and 2009. The revised cost allocation plan and reallocation of prior costs was approved by the federal grantor with an effective date of March 2010. However, the prior method was used through May 2010 and resulted in \$362,500 of additional unallowable costs to the TANF Grant, most of which was claimed as "maintenance of effort" costs.

In addition, the proposed reallocation of prior costs has not been completed. Once these adjustments are posted, it will create a significant deficit in the Department's amount of required "maintenance of effort" expenditures for both years. Additional efforts by the Department and approval by the federal grantor will be needed to resolve these deficits.

RECOMMENDATION

We recommend that the Department complete the reallocation of costs for fiscal years 2008 and 2009 as agreed to by the federal grantor. We also recommend that the Department contact the federal grantor to resolve the questioned cost amounts for fiscal year 2010 and the "maintenance of effort" deficit that will occur once the adjustments are completed.

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AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. This issue has been addressed and resolved as noted in the finding. We plan to have the final adjustments for fiscal year 2008, 2009, and 2010 completed by March 31, 2011.

FINDING 10F-7

CFDA Title: Temporary Assistance to Needy Families Cluster

CFDA #: 93.558, 93.714

Federal Award #: G1002IDTANF, G0801IDTANF

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

B-Allowable Costs/Cost Principles

Questioned Costs: \$27,000

Prior errors in allocating training costs to the TANF Grant remain unresolved and errors continued in fiscal year 2010. The fiscal year 2008 audit identified \$1.3 million of costs charged to the TANF Grant for foster care and adoption assistance staff training that was not supported by an appropriate allocation method. The Department agreed, and efforts were taken to resolve this issue and evaluate all training costs to determine an appropriate allocation method. However, adjustments have not been made as directed by the federal grantor.

The fiscal year 2009 audit identified an additional \$700,000 of costs charged to the TANF grant using the unsupported allocation method, and these costs have also not been adjusted pending the federal approval of the new allocation method. The Department received the approval in June 2010, but no adjustments for either the fiscal years 2008 or 2009 have been made as of February 2011.

For the fiscal year 2010 audit period, an additional \$27,000 in training costs was charged to the TANF Grant using the unsupported allocation method.

RECOMMENDATION

We recommend that the Department adjust the costs charged to the TANF Grant for unsupported allocations for fiscal years 2008 and 2009, and contact the federal grantor to resolve the questioned cost amounts for fiscal year 2010.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. As noted in the finding the Department thought it had solved the issue but the resolution was flawed. Adjustment for prior years was pending final resolution of the indirect cost finding number 5 above. Those adjustments and the adjustment for this finding are planned to be included in the adjustments projected to be completed by March 31, 2011.

FINDING 10F-8

CFDA Title: Child Support Enforcement

CFDA #: 93.563

Federal Award #: G1004ID4004

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

L-Reporting

Questioned Costs: Not Determinable

Critical system reconciliations between the Idaho Child Support Enforcement System (ICSES) and the FISCAL accounting system have not been completed on a timely basis. The Department currently does not reconcile individual transactions between the ICSES and FISCAL systems. This reconciliation process was performed by a staff member that was transferred to a regional office in May 2010. According to Management Services staff, no one has performed the reconciliation since then, and Child Support program staff was unaware that this reconciliation was not being performed.

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The Department receives an electronic file of all child support funds deposited every day from a contractor. This file is used to post to ICSES, and program personnel reconcile the total receipts on this file to the total amount posted to ICSES. However, individual transactions are not compared, which increases the risk that amounts are recorded incorrectly and not detected and corrected.

RECOMMENDATION

We recommend that the Department reestablish the reconciliation between the ICSES and FISCAL systems to ensure that amounts are properly recorded and any errors are detected and corrected.

AGENCY'S CORRECTIVE ACTION PLAN

The Department partially agrees with this finding. Despite employee turnover that created a delay in certain monthly reconciliations, DHW continued to perform critical daily system reconciliations that affected agency cash and client benefits to ensure that the multiple financial systems were current and in sync. Those reconciliations that were less critical were postponed until the employees assigned to perform this duty were fully trained. DHW has prioritized all reconciliations that are not current and intends to investigate the best way to automate them to lessen the impact of employee turnover.

FINDING 10F-9

CFDA Title: Child Support Enforcement and Medicaid Cluster

CFDA #: 93.563, 93.775, 93.777, 93.778

Federal Award #: G1004ID4004, 05-0805ID5028, 05-0905ID5028, 05-1005ID5MAP

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

B-Allowable Costs/Cost Principles

Questioned Cost: Not Determinable

Significant use of the "miscellaneous" code indicates possible errors in the cost allocation process. The Department uses a federally-approved allocation method "Random Moment Time Study" (RMTS) to allocate costs based on the activities of employees at randomly selected moments in time. The data is used to develop percentages to calculate the amount each grant or program shares in the total costs incurred. This approach is effective and efficient where groups of employees work on several different grants or programs.

Employees are asked to identify the activity they are performing at the time of contact using an established list of activity codes. If the employee's current activity is not listed, they are instructed to use a "miscellaneous" activity code and provide a brief explanation. All activity codes are identified to specific grants or programs except the value of the "miscellaneous" code, which is allocated to all other activity codes based on a weighted average.

During fiscal year 2010, the "miscellaneous" code was the basis for allocating nearly a third of the \$36 million of costs in the Self Reliance program. This level of use indicates that the coding structure may not adequately identify activities or that additional staff training on the use of codes is needed. In addition, there is no evidence that the results of the employee responses are analyzed at the Division level to identify any trends or irregularities in the data or the possibility that the "miscellaneous" code was over used.

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RECOMMENDATION

We recommend that the Department evaluate the use of the "miscellaneous" code in the allocation processes to determine whether the coding structure is sufficient to identify activities, or whether additional staff training is needed to improve the accuracy and reliability of the amounts allocated.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees that monitoring can be improved. To ensure that each participant universe is complete and accurate, the Random Moment Time Study (RMTS) administrator will work with program management for review and will update as necessary. In addition, the program will conduct statewide training and then offer refresher courses annually.

The Self-Reliance program will continue to monitor the RMTS results after the training planned in March and April and determine if results fit the current program process designs. Historically, and by design, the Division's benefit programs have a large percentage of non-program specific activities identified in the RMTS since the eligibility process focuses on the applicant/participant circumstances which are, by definition, generally not program specific (our efforts are to effectively gather eligibility-related facts such as household size, age, SSN, citizenship, income, and resources; these items are not program specific).

If the RMTS results show geographical or program related anomalies the Division will pursue additional tracking and effort at that time. Self-Reliance management will continue to monitor results on a regular basis and make any changes or recommendations for changes to the survey as needed.

FINDING 10F-10

CFDA Title: Child Care and Development Cluster

CFDA #: 93.575, 93.596, 93.713

Federal Award #: G1001IDCCDF

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

C-Cash Management

Questioned Cost: Not Determinable

Child Care Grant costs were not charged to the appropriate funding source and the potential liability for federal interest has not been considered. The Child Care Development Block Grant has three separate funding sources, each with different federal funding ratios and periods of availability. The Department charged costs to the funding source with the highest federal rate of participation rather than to the appropriate funding source at the time the cost was incurred. Adjustments were made at the end of the quarter to move costs to the appropriate grants, but the impact to the cash balance and potential liability for interest owed to the grantor is not considered. This process did not comply with the federal cash management requirements, created additional accounting effort and risk of errors, and increased the possibility that funds were improperly used.

For example, costs of \$717,000 were initially claimed and reimbursed from the Child Care Stimulus funding source at 100% federal participation but later moved to the Mandatory Grant funding source reimbursed at 70%. This resulted in a refund owed to the federal grantor of \$215,000, and created accounting transactions that limit the ability to clearly identify allowable expenditures charged to each funding source as required by federal regulations (45 CFR 98.67).

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The Cash Management Improvement Act (CMIA) requires the Department to incur allowable costs before requesting reimbursements. When costs already reimbursed by the federal grantor are adjusted to a grant reimbursed at a lower rate, the result is federal cash on-hand with no supporting costs. The Department must then resolve this situation by either identifying additional costs to claim against the funds received or return the excess funds to the grantor. In addition, the process to claim and adjust costs between fund sources has not been identified by the Department as creating a potential federal interest liability, so no efforts to recognize or reduce this risk have been taken.

RECOMMENDATION

We recommend that the Department claim Child Care Development Block Grant costs to the appropriate funding source at the time the costs are incurred. We also recommend that the Department implement a process to evaluate the effect of adjustments on federal funds on-hand to recognize or reduce the potential interest liability owed to the federal grantor.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. We will review the assignment of PCAs to funding sources to ensure the correct matching of expenditures to federal grants. Furthermore, we will review the methodology for calculating CMIA interest and determine if there is a more efficient way to track expenditure adjustments after federal draws have been completed. We will report any interest to the federal grantor.

FINDING 10F-11

CFDA Title: Public Health Emergency Preparedness

CFDA #: 93.069

Federal Award #: 5U90/TP020290-08

Program Year:

July 1, 2009 to June 30, 2010

Federal Agency: Department of Health and Human Services

Compliance Requirement:

M-Subrecipient Monitoring

Questioned Cost: Not Determinable

Public health districts' sub-grantee contracts are not monitored in compliance with federal requirements. The Department contracts with the seven public health districts to perform various services and program activities in support of the Health Preparedness Program (CFDA #93.069). However, only limited financial monitoring is performed by the Division of Health staff to ensure that costs claimed are supported and allowable. These Health Preparedness Program contracts with the health districts lack uniform and adequate contract monitoring requirements, and the invoices submitted by the health districts lack an appropriate level of supporting detail.

Each district reports and claims costs on a monthly basis as required by the contract, but these reports have insufficient detail to determine compliance with grant requirements and federal cost principles. Additionally, these reports are not routinely confirmed by program staff to supporting documentation that each district is required to maintain. Invoices received from the districts are reported by generic categories of summarized costs, such as personnel, operating, and trustee and benefits rather than providing detailed identification of expenditures. There is also a lack of uniformity in the invoices used by each of the health districts, which contributes to difficulties with financial monitoring.

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Some reliance is placed on the financial audits completed for these districts, but the scope of these audits may not include all programs or confirm that expenditures meet specific contract or grant requirements. Although the Department performs annual site visits to each district, these visits are focused on program progress and performance, and do not have a financial focus. Inadequate financial monitoring efforts raise the possibility that errors and other irregularities could exist and would not be detected.

RECOMMENDATION

We recommend that the Department establish adequate monitoring requirements in these contracts to allow proper monitoring of the costs submitted by each health district and to implement a financial monitoring process to ensure that reimbursed costs are allowable to federal grants and comply with the terms of the contract.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees that financial monitoring should be improved. Programmatic monitoring is uniform and complies with federal requirements. However, financial monitoring, though uniform, is limited.

Invoices submitted by health districts can be provided in more detail. Each health district invoice is accompanied by a Billing Cost Report, which includes cost categories for Personnel, Fringe, Operating, and Indirect, and monthly program activity reports. Items in the monthly program activity report are matched to items on the invoice.

The Division of Public Health hired a new business analyst who will assist in developing and implementing a new fiscal monitoring process that will include uniform invoice support and on-site financial monitoring. The new financial monitoring process will begin on July 1, 2011.

SUPERINTENDENT OF PUBLIC INSTRUCTION, OFFICE OF THE

FINDING 10F-12

CFDA Title: Child Nutrition Cluster, Title I, Part A Cluster, Special Education Cluster, Improving Teach Quality State Grants

CFDA #: 10.553, 10.555, 10.556, 10.559, 84.010, 84.389, 84.027, 84.173, 84.391, 84.392, 84.367

Federal Award #: 2009IN109947, 2009CN109947, 2010IN109947, S010A070012, S010A080012, S389A090012, H027A070088, H027A080088, H027A090088, H173A070030, H173A080030, H173A090030, H391A09008,

Federal funds are not requested within the required time frames.

Federal regulations under the Cash Management Improvement Act (CMIA) require the Office to request federal funds on a basis that minimizes the time between disbursement of program costs and the collection of federal funds. To meet this objective, the Office agreed to a procedure that requires federal funds be requested on a "clearance pattern" based on the timing of when state warrants are redeemed by the State Treasurer. The current agreement allows the Office to request funds four or five days after the disbursement is recorded in the accounting system.

Of the 46 funding requests selected, 21 (46%) were not requested within the time frames established in the CMIA agreement. Compounding this issue is that program disbursements are not made on a scheduled basis, which in turn requires that requests for federal funds

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H392A090030, S389A090012,
S367A080011, S367A090011
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Agriculture
and Department of Education
Compliance Requirement:
C-Cash Management
Questioned Cost: Not Determinable

be made in the same fashion. In most instances, a single request includes disbursements processed over several days, which results in some amounts requested either earlier or later than required. Although the possible federal penalty from this situation is minimal due to current low interest rates, in times of higher interest rates the impact of this error could result in large federal penalties.

The current clearance pattern does not represent the actual flow of cash. Most disbursements are now made using electronic payment processes which clear the State Treasury much sooner than warrants. The CMIA agreement, however, has not been updated to consider the effect of this. The Office of the Superintendent of Public Instruction is the third largest recipient of federal funds for the State of Idaho, spending \$421 million in FY 2010. Its attention to cash management has a significant impact on the cash flows of the State.

RECOMMENDATION

We recommend that the Office comply with the terms of the CMIA agreement while seeking to amend the agreement to more accurately represent the flow of cash for federal program disbursements. We also recommend that the Office consider establishing a consistent disbursement schedule to simplify the process and improve compliance with federal cash management requirements.

AGENCY'S CORRECTIVE ACTION PLAN

The Office is working with the Division of Financial Management to review the actual clearance patterns and to modify the current CMIA agreement if needed. In the interim, the Office has aligned its current draw request schedule to match the average clearance pattern stated in the agreement. In doing so, it is recognized this will cause a financial burden on the State as higher levels of borrowing are needed for longer periods of time, counterintuitive to the intention of the CMIA and inherently inefficient.

The Office has reviewed the recommendation to establish a static disbursement schedule and has determined our current system of "near real time" payment processing better serves our customers.

FINDING 10F-13

Item #1
CFDA Title: Title I Part A Cluster
CFDA #: 84.010, 84.389
Federal Award #:
S010A070012, S010A080012,
S389A090012
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Education
Compliance Requirement: L-Reporting
Questioned Cost: None

Internal control weaknesses exist in the preparation of several federal reports and an allocation of Title II Teacher Quality funds to school districts. Internal controls are essential to ensure federal reports and allocations of funding are proper. Although the overall internal control structure of the Office is good, we identified the following errors and lack of proper internal controls:

Per-pupil expenditures were reported in error. Title I per-pupil expenditures are calculated on a series of complex interlinking spreadsheets, but this data is not reviewed by another staff member to ensure the accuracy of the amounts reported. Due to a weakness in internal controls, a clerical error in the fiscal year

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Item #2

CFDA Title: Improving Teacher Quality
State Grant
CFDA #: 84.367
Federal Award #:
S389A090012, S367A080011,
S367A090011
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Education
Compliance Requirement:
E-Eligibility
Questioned Cost: None

Item 3

CFDA Title: Child Nutrition Cluster
CFDA #: 10.553, 10.555, 10.556, 10.559
Federal Award #:
2009IN109947, 2009CN109947,
2010IN109947
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Agriculture
Compliance Requirement:
L-Reporting
Questioned Cost: None

Item #4

CFDA Title: Title I Part A Cluster
CFDA #: 84.010, 84.389
Federal Award #:
S010A070012, S010A080012,
S389A090012
Program Year:
July 1, 2009 to June 30, 2010
Federal Agency: Department of Education
Compliance Requirement:
G-Matching, Level of Effort, Earmarking
Questioned Cost: None

2010 per-pupil expenditure calculation went unnoticed until identified during the audit.

1. Per-pupil expenditures reported for fiscal year 2010 were \$7,597; however, a review and recalculation found that actual expenditures were \$7,223 per pupil. These amounts, which are published by the National Center for Education Statistics, are frequently used by the media, educators, and others as a way to evaluate a State's educational quality. The proper amounts were resubmitted to the U.S. Department of Education.
2. Teacher Quality funds were allocated in error. Federal regulations provide specific rules to the Office on how to allocate Title II Teacher Quality funds to school districts based on the number of school-age children and those living in poverty. Title II funds allocation is calculated using a complex series of spreadsheets which could only be explained to the auditor with the assistance of a retired employee who had initially developed the spreadsheets. The review identified errors in the calculation including errors in amounts entered from U.S. census data and improper use of other factors, such as the number of neglected children or those in foster care. Although the miscalculation resulted in only minor inequities between districts, the use of an undocumented spreadsheet and absence of a thorough review process raises the risk that significant errors could occur and not be detected.
3. Review procedures are not used for data submitted to the USDA. The Office submits data to the U.S. Department of Agriculture (USDA) for several grant programs using the Food Program Reporting System. Data is assembled from a variety of sources, including school districts and other local education agencies. The reporting system can be set up to allow one staff member to enter the data and another to review the data to ensure the accuracy of the reports. However, this feature is not currently used and data is entered and submitted by one staff member. Although no errors were identified, the lack of appropriate review procedures could allow errors or other irregularities to occur and not be detected or corrected.
4. The calculation of "maintenance of effort" requirements is not properly reviewed. The Office is responsible for calculating Title I "maintenance of effort" requirements for all local educational agencies (LEAs). This is done at a statewide level with data provided by the LEAs. The methods and process for calculating "maintenance of effort" is complex and detailed, but no review or other efforts are taken to ensure the accuracy of the results. Although no errors were identified, the lack of appropriate review procedures could allow errors or other irregularities to occur and not be detected or corrected.

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RECOMMENDATION

We recommend that the Office review internal controls over the preparation of data, reports, and allocations and strengthen the process to ensure that information and funds being disseminated from the Office are accurate and complete.

AGENCY'S CORRECTIVE ACTION PLAN

The Office has reviewed each of the four areas of concern in this finding with the appropriate program staff. We have implemented additional review processes for reporting. Program staff is using a combination of initial reviews by supervisors, reviews by cross-trained counterparts, and exception reporting reviews by supervisors to verify the accuracy of reporting. The Office is hopeful these steps will further strengthen the internal control process and consider these actions sufficient to close this issue.

VOCATIONAL REHABILITATION, IDAHO DIVISION OF

FINDING 10F-14

CFDA Title: Vocational Rehabilitation Cluster

CFDA #: 84.126, 84.390

Federal Award #: H126A090016, H126A100016, H390A090016

Program Year:

October 1, 2008 to September 30, 2009

October 1, 2009 to December 30, 2010

July 1, 2009 to September 30, 2010

Federal Agency: Department of Education

Compliance Requirements:

C-Cash Management

Questioned Costs: Not Determinable

Federal funds in the amount of \$1.8 million were drawn early due to errors in the draw process. Federal regulations under the Cash Management Improvement Act (CMIA) require the Division to request federal funds on a basis that minimizes the time between disbursement of program costs and the collection of federal funds. To meet this objective, the Division agreed to a procedure that requires federal funds be drawn on a "clearance pattern," based on the timing of when State warrants and other transactions are redeemed by the State Treasurer. The current agreement requires the Division to draw personnel costs on each pay date and all other costs on a percentage basis over a seven-day period after disbursement.

The Division has several sources of funding for program costs, two of which are federal grants and Social Security Administration (SSA) programs. During fiscal year 2009, the Division began using a new software system to better identify allowable costs to the SSA programs. However, costs claimed for the SSA programs were also claimed, in error, for the federal grant program, resulting in more than \$1.8 million in surplus federal funds on-hand at June 30, 2010. Most of this surplus has accumulated over the past 18 months and has created an interest liability, as defined in the CMIA agreement, which is payable to the federal government.

We also noted that the Division is not drawing funds in accordance with the CMIA agreement. Most draws are made about seven days after the disbursements are recorded, rather than on a percentage basis over a seven day period. Disbursements are made nearly every day rather than on a scheduled basis, which in turn requires frequent draws to remain in compliance. This approach requires additional efforts and contributes to potential errors and delays in receiving federal funds.

Further compounding this issue is the clearance pattern identified in the CMIA agreement, which does not represent the Division's actual flow of federal cash. Most disbursements are now made using electronic

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payment processes, which clear the State Treasury much sooner than warrants, but the CMIA agreement has not been updated to consider the effect of this.

Although the possible federal penalty of this situation is minimal due to low interest rates, the Division should seek to amend the CMIA agreement and establish disbursement schedules to improve compliance and reduce the risk of penalties in the future.

RECOMMENDATION

We recommend that the Division draw federal funds in accordance with the CMIA agreement and adjust the process so that the same costs are not claimed to both the Social Security Administration and the federal grant program. The Division should contact the federal grantor to resolve the surplus federal funds on hand and the resulting interest liability.

We also recommend that the Division seek to amend the CMIA agreement to more accurately reflect the flow of federal funds and consider establishing a consistent disbursement schedule to simplify the process and improve compliance to federal cash management requirements.

AGENCY'S CORRECTIVE ACTION PLAN

The mechanism that allowed federal funds to be drawn ahead has been identified and draw procedures amended to prevent duplication of draws. The Division has contacted the RSA regarding this issue and will comply with their requirements once received.

The Division has made the initial contact with David Fulkerson at the Division of Financial Management to address the draw timing in accordance with the CMIA. Discussions will include appropriate adjustments to the agreement in order to more accurately reflect the flow of federal funds. Internal discussions have also begun regarding simplifying the process.

FINDING 10F-15

CFDA Title: Vocational Rehabilitation Cluster

CFDA #: 84.126, 84.390

Federal Award #: H126A090016, H126A100016, H390A090016

Program Year:

October 1, 2008 to September 30, 2009

October 1, 2009 to December 30, 2010

July 1, 2009 to September 30, 2010

Federal Agency: Department of Education

Compliance Requirements:

L-Reporting

Questioned Costs: Not Determinable

Federal financial reports are not supported by the Division's accounting records. The Division is required to submit financial reports to the federal grantor, which must be supported by its accounting records. A complex series of spreadsheets are used by the Division to develop the federal financial reports; however no current staff member fully understands how the data is compiled.

Our analysis of the financial reports for the fiscal years 2009 and 2010 federal Basic Grant submitted at June 30, 2010, showed that each report contained unsupported expenditures of \$3.4 million. This amount was a "plug figure" necessary to force the federal reports and the total expenditures recorded in the Division's accounting records to agree.

The expenditure of federal funds reported directly to the grantor did not agree to the amounts reported as federal expenditures to the State

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Controller as part of the statewide Single Audit process. This was caused by coding the expenditures in the Statewide Accounting System (STARS) to a different grant phase than the one coded in the Division's internal accounting system.

RECOMMENDATION

We recommend that the Division properly support all data reported to the federal grantor by fully documenting the process and spreadsheets used to develop the reports. We also recommend that the Division reconcile this data to the amounts recorded in STARS to ensure that amounts reported and included in the statewide Single Audit are supported and accurate.

AGENCY'S CORRECTIVE ACTION PLAN

The Division is working with the State Controller's Office and beginning in fiscal year 2012, all IDVR grants will be traced with enough detail in the State accounting system (STARS) to allow definitive reporting through STARS and Idaho Business Intelligence Systems (IBIS). Information pulled from the State of Idaho systems will be used for both federal and State reporting therefore, all reports will have proper support and will reconcile to STARS.

FINDING 10F-16

CFDA Title: Vocational Rehabilitation Cluster

CFDA #: 84.126, 84.390

Federal Award #: H126A090016, H126A100016, H390A090016

Program Year:

October 1, 2008 to September 30, 2009

October 1, 2009 to December 30, 2010

July 1, 2009 to September 30, 2010

Federal Agency: Department of Education

Compliance Requirements:

A-Activities Allowed or Unallowed

Questioned Costs: \$0-\$300,000

Additional services provided to clients are not documented as required.

Federal regulations (34 CFR 361.45) establish mandatory procedures that the Division must follow to authorize and document services to clients. These procedures must be followed in order for costs to be allowable to the federal Vocational Rehabilitation Grants. The Division is required to develop an "Individual Plan of Employment" (IPE) for each client that must be agreed to and signed by both the client and a qualified counselor employed by the Division. Any amendments to the IPE must also be agreed to, in writing, by both the client and counselor for costs to be allowable to the grant.

The Division has an internal policy that allows counselors to provide clients with up to \$400 of additional services without amending the IPE or obtaining a written agreement from the client. Although the policy requires the counselor to document the client's agreement to the additional services in the electronic case system, no signed document from the client is available. As a result, these costs do not follow the mandatory procedures outlined in federal regulations and may be unallowable to the grant.

In addition, our limited review showed that the record in the case system did not always include notation that the client verbally agreed to the additional services. This raises the possibility for errors or other irregularities to occur as clients may not be informed of the costs and services provided or available.

During fiscal year 2010, the Division provided additional services to nearly 1,300 clients for which no amended IPE or other signed agreement from the client was available. Based on the range of costs

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incurred for these additional services, we estimate that as much as \$300,000 in costs claimed to the federal grant could be unallowable.

RECOMMENDATION

We recommend that the Division document the costs of services as required by federal requirements and obtain written agreements from clients for all additional services provided. We also recommend that the Division contact the federal grantor to resolve the potential questioned costs.

AGENCY'S CORRECTIVE ACTION PLAN

The Division policy allowing counselors to provide clients with up to \$400 of additional services without amending the IPE or obtaining a written agreement from the client will be modified to conform to all State and federal rules and regulations. Until such time as an acceptable protocol is developed, the Field Chief has instructed all field staff to immediately cease using this Division policy.

IDVR is working with Alliance, the case management system developer, to determine if a protocol could be crafted that would conform to all regulations and also reduce the amount of time necessary for a counselor to complete the required paperwork in order to amend the IPE in a timely manner and in compliance with the Code of Federal Regulations.

FINDING 10F-17

CFDA Title: Vocational Rehabilitation Cluster

CFDA #: 84.126, 84.390

Federal Award #: H126A090016, H126A100016, H390A090016

Program Year:

October 1, 2008 to September 30, 2009

October 1, 2009 to December 30, 2010

July 1, 2009 to September 30, 2010

Federal Agency: Department of Education

Compliance Requirements:

B-Allowable Costs/Cost Principles

Questioned Costs: Not Determinable

The indirect cost rate is not supported, and amounts are claimed twice in error. Federal regulations (OMB *Circular A-87*) allow the Division to charge administrative and other shared costs to federal grant programs based on an "indirect rate" approved by the federal grantor. The indirect rate must be applied proportionately and consistently to all programs, whether federally funded or not, and procedures must exist to ensure that costs are not charged as a direct cost and also recovered through the indirect rate calculation.

The indirect rate for fiscal year 2010 was established at 11% of all direct costs. However, this rate is not supported because the calculation did not include all expenditures of the Division as required. More than \$4.5 million of expenditures were excluded from the base and caused the indirect rate to be overstated by 25% or more.

We also noted that costs recovered through the indirect rate are also claimed as direct costs in error. For example, nearly all employee salary, vacation, and sick leave costs are charged as direct costs to the federal Basic Grant, but the amounts relating to administrative staff are also recovered through the indirect rate. In addition, rent and data lines of several regional offices are charged as a direct cost and also recovered through the indirect rate. No procedures currently exist to exclude costs recovered through the indirect rate from the amounts claimed as direct costs to the federal grant programs.

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The amount of costs claimed twice in error is not readily determinable; however, the Division should contact the federal grantor to resolve this issue promptly to avoid potential penalties.

RECOMMENDATION

We recommend that the Division calculate the indirect cost rate plan in accordance with federal regulations (OMB Circular A-87) and include all expenditures of the Division in the base. We also recommend that the Division develop procedures to exclude costs recovered through the indirect rate from the amounts claimed as direct costs, and contact the federal grantor to resolve the potential questioned cost amount.

AGENCY'S CORRECTIVE ACTION PLAN

IDVR is currently working with a consultant and the Federal department of Education to correct the indirect cost rate for the current year, and also the proposed rate submitted on December 31, 2010. All IDVR expenditures have been identified and will be included in the indirect cost base.

Procedures will be changed to ensure the proper expenditures are coded as indirect costs. IDVR will work with the federal grantor to rectify the issued.

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HEALTH AND WELFARE, IDAHO DEPARTMENT OF

FINDING 10S-1

Medicaid claims payable and related federal grants receivable were underreported. The Department reports to the State Controller's Office the amount of Medicaid claims payable and federal grants receivable at year-end to be included in the CAFR.

Medicaid claims payable were understated by approximately \$15 million because of a miscalculation in the amount of Medicaid claims withheld from the payment system in fiscal year 2010. Federal grants receivable were also understated by approximately \$12 million.

The Department changed the process for estimating payables due to a lack of available information. In June 2010, the Department implemented the new Medicaid Management Information System (MMIS) for Medicaid claims management. Molina Medicaid Solutions manages this claims processing system. The new system did not provide the same reports, and the Department was unable to properly identify costs to complete the estimate as it had in the past. As a result, the estimate was based on an average increase in Medicaid claims multiplied by the prior year Medicaid claims payable.

Additionally, payments of approximately \$89 million for Medicaid services provided in June 2010 were withheld due to budget shortfalls. However, the Department did not include these withheld payments in the payable estimate submitted to the State Controller.

The Department submitted corrected information for the Medicaid claims payable and federal grants receivable to the State Controller's Office. However, these errors indicate a weakness in the review process and the need to ensure amounts reported are complete and reasonable.

RECOMMENDATION

We recommend that the Department strengthen the review process and compare estimates to actual activity to ensure that Medicaid claims payable and related grants receivable are properly calculated and reported.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. The Department reviewed our method for estimating Medicaid claims payable at year end with the auditor and they recommended increasing the estimate from the Department's estimate of \$197 million to \$212 million. The Department agreed that the auditor's method was more accurate so the Department increased the estimated Medicaid payables by \$15 million.

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FINDING 10S-2

Medicaid provider payments of \$2.5 million did not identify specific claims or include proper coding in the accounting system. The Department implemented the new MMIS for Medicaid claims processing on June 1, 2010. Several processing issues arose and resulted in some provider payments being coded to a miscellaneous payment code rather than the specific service type code. Many of these payments were based on estimates, rather than the actual claims submitted, to address cash flow issues for providers who had not received payments as a result of the new system.

As of June 30, 2010, the amount of miscellaneous payments not reconciled to actual claims was \$2,517,409, and data was not readily available to ensure that these payments were for allowable expenditures to Medicaid. In November 2010, the Department began to reconcile both "interim payments" and other miscellaneous payments to the actual claims submitted and establish a recoupment process, but this has not been completed and the amount not yet reconciled continues to grow.

RECOMMENDATION

We recommend that the Department reconcile miscellaneous payments to provider claims and correct the coding in MMIS to indicate the actual service type provided. We also recommend it resolve any under or overpayments resulting from estimated claim payments.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. Payments coded to Task Code 2990 (Miscellaneous Claims) fall into multiple categories as noted below:

Claims - Claims data sent from the MMIS to the State's accounting system are defaulted to FISCAL Task code 2990 when the Category of Service/FISCAL Task coding structure needs to be updated in the MMIS. The MMIS financial team monitors COS/FISCAL Task Code activity weekly to evaluate causes for the incorrect coding and makes appropriate system changes in order to prevent future occurrences. A corrective action plan for adjusting incorrect COS/TASK coding is scheduled for execution during fiscal year 2011.

Interim Payouts - All interim payouts to providers, including rotary sight draft requests, were coded to FISCAL Task 2990 (Medicaid Default). Work is currently underway to recover, monitor, and report weekly on recovery efforts for interim payouts. Types of recoveries for interim payouts include: payout returned by the provider, cash payments, and claims adjustments.

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Non Claims - Some Medicaid capitation payments were coded to FISCAL Task 2990 (Medicaid Default) due to data entry errors by the MMIS contractor where the task code structure was correctly mapped in the MMIS, but not used. The MMIS Financial team will oversee and monitor manually-generated capitation payments to prevent future incorrect entries. In addition, corrective actions will be initiated during fiscal year 2011, to adjust the incorrect coding.

FINDING 10S-3

Critical system reconciliations have not been completed on a timely basis. The Department has complex processes involving several independent automated systems uploading data to an overall accounting system called FISCAL. Data in the FISCAL system is then summarized and uploaded to the statewide accounting system STARS. A critical internal control in these processes is the preparation of reconciliations and the use of other techniques to ensure that data has successfully and accurately uploaded in each system. We noted that reconciliations and other procedures have not been completed for several months.

For example, receipts recorded in the FISCAL accounting system for the child support program have not been reconciled to the "ICSES" child support case management system since May 2010. A daily reconciliation of these two systems has not been completed since the assigned employee was laid off. This duty was reassigned, but as of December 2010 no reconciliations have been completed. This reconciliation is essential to ensure that all funds received are appropriately accounted for and entered into the case management system.

In addition, the monthly reconciliation between the Department's FISCAL system and the statewide STARS system has not been completed on a timely basis. The reconciliation for June 2010 was not completed for six months, which increases the risk that errors or omissions could go undetected and reduces the overall reliability and usefulness of the financial information.

RECOMMENDATION

We recommend that the Department complete system reconciliations in a timely manner to ensure that all financial activity is properly recorded.

AGENCY'S CORRECTIVE ACTION PLAN

The Department partially agrees with this finding. Despite employee turnover that created a delay in certain monthly reconciliations, the Department continued to perform critical daily system reconciliations that affected Agency cash and client benefits to ensure that the multiple financial systems were current and in sync. Those reconciliations that

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were less critical were postponed until the employees assigned to perform this duty were fully trained. Currently, the Department has prioritized all reconciliations that are not current and intends to investigate the best way to automate to insulate the impact from future employee turnover.

FINDING 10S-4

Adequate documentation to support \$47,000 of Medicaid expenditures was unavailable. Federal regulations require the Department to maintain a financial management system that provides adequate documentation and records to reduce the risk of error or improper payments.

Three Medicaid transactions totaling \$47,000 were selected for testing, but could not be traced to specific claim information or other appropriate support. We made several requests of Medicaid staff to review the supporting documentation for these payments and received some partial information, but the amounts did not agree, and no evidence was available to confirm that the available documents were related to the selected expenditures.

RECOMMENDATION

We recommend that the Department and the Division of Medicaid improve recordkeeping and maintain adequate documentation for all Medicaid costs to ensure payments are made to eligible providers for eligible client costs.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. These expenditures are for system generated claims and the documentation in support is from multiple source files. We are in the process of gathering the appropriate documentation and will provide it to the auditors when it is available.

FINDING 10S-5

Adjustments to revenue transactions are not always properly documented. The Department makes revenue adjustments to more clearly identify amounts to appropriate programs and grants. For example, federal revenue for the Medicaid program is initially coded to a generic grant code and then adjusted at month-end to move amounts to specific programs. The adjusted amounts are then used to identify the activity for financial and grant reporting purposes.

The Department uses a report from the FISCAL accounting system to identify revenue amounts that need to be adjusted and the programs affected. We tested 20 revenue adjustment transactions and identified six (30%) totaling more than \$5.5 million where the FISCAL report was not available and could not be recreated by the Department. As a result, we are unable to ensure that adjustment amounts were recorded promptly or accurately, which could affect the accuracy of the financial and grant reports issued to the federal grantor.

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RECOMMENDATION

We recommend that the Department retain all documentation for adjustments to revenue transactions to ensure the amounts are properly supported and accurate.

AGENCY'S CORRECTIVE ACTION PLAN

The Department agrees with this finding. The Department has supporting documentation for five of the six revenue transactions identified in the audit. However, this supporting information was not always filed with the revenue transaction.

The underlying support for the remaining transaction would be difficult to recreate, but would be possible. For future revenue transactions, we will attach the supporting documentation and explanations to the transaction.

TREASURER, OFFICE OF THE STATE

FINDING 10S-6

One security was misclassified in the investment pool closing package schedule. The credit quality schedule, included in the original Local Government Investment Pool closing package submitted to the State Controller's Office, contained a \$46 million security with an unsupported rating. The original closing package support showed the security rated as "A" at June 30, 2010. However, the Office included the security with the "Aa" rated securities. The basis for this decision was that the "A" rating had been withdrawn. The supporting documentation of the withdrawn rating was not included with the original closing package, and it did not indicate the rating was withdrawn as of fiscal year end.

Government accounting standards require investments with split ratings to be reported with the rating indicative of the greatest degree of risk.

After our review, the Office submitted an updated closing package to the State Controller's Office including the security in the "A" column.

RECOMMENDATION

We recommend that the Office strengthen the process for completing closing packages to ensure that reported ratings are properly supported.

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AGENCY'S CORRECTIVE ACTION PLAN

During the process of preparing the closing package, the Treasurer's Office identified a security that had received ratings of A and AA by two different rating agencies. During the closing package preparation process, we viewed additional supporting documentation that the A rating was withdrawn and the security maintained only an AA rating. The Treasurer's Office determined that the AA rating was the only applicable rating and used this rating in the initial closing package.

This additional documentation was inadvertently not included in the initial supporting documentation provided to the legislative auditors. It was subsequently provided to the auditors upon their request.

In response to questions raised by the auditors and subsequent discussions as to which rating was the most accurate, the Treasurer's Office resubmitted the closing package with the security rated as an A.

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BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE

PRIOR FINDING 08F-1

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

Administrative costs of \$170,000 were improperly allocated to the Commission's Basic Grant. The Commission uses a federally-approved allocation plan for distributing administrative costs to its federal grants. The allocation plan must follow federal regulations (OMB *Circular A-87*), which require that all programs of the Commission receive an appropriate allocation of administrative costs.

We determined that the Commission did not follow its federally-approved allocation plan and charged administrative costs to other federal programs. The Commission's Basic Grant was charged approximately \$170,000 in administrative costs that were initially allocated to other programs. These adjusted allocated costs are not allowable by the cost allocation plan and could result in the return of federal funds to the grantor.

RECOMMENDATION

We recommended that the Commission follow its federally-approved allocation plan and properly distribute administrative costs to all programs. We also recommended that the Commission contact the federal grantor to resolve the potential unallowable costs.

Current Status: CLOSED

The Commission is currently following the approved cost allocation plan.

PRIOR FINDING 08F-2

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

Reports of federal expenditures are inconsistent and not properly supported. Federal grantors require reports of federal expenditures as part of the compliance requirements applicable to most grants. In addition, the State Controller's Office (SCO) requests each agency to report expenditures of federal grants for the statewide Schedule of Expenditures of Federal Awards (SEFA). As part of the Single Audit process, we confirm that amounts reported to the SCO and federal grantors are consistent, properly identified, and supported.

The federal expenditures reported to the SCO and the federal grantors were not consistent or properly supported. Total expenditures reported to the SCO were \$2,400,185, but the total reported to federal grantors was \$2,576,845, a difference of \$176,660. Most of this difference is the result of improperly allocating administrative costs identified in Finding 08F-1. It appears that the amounts reported to the SCO are more accurate, but evidence to support these amounts was not available, and efforts by the Commission to recreate this data were not entirely successful.

RECOMMENDATION

We recommended that the Commission develop and retain appropriate support for the reports of federal expenditures and that amounts reported to the SCO and federal grantors are consistent. We also recommended that the Commission resubmit corrected reports to the federal grantors and resolve any unallowable cost issue as a result of these corrections.

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Current Status: CLOSED

The Commission has developed and retained proper support for federal expenditures and has submitted all corrected reports.

PRIOR FINDING 09F-1

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

The Schedule of Federal Expenditures is not supported by the accounting records. The Commission for the Blind and Visually Impaired (ICBVI) is required by federal regulations to report to the federal grantor the amount of expenditures of federal awards (SEFA). As part of the Single Audit process, we confirm that amounts reported are consistent, properly identified, and supported.

Total expenditures reported by the ICBVI for the State Basic Grant of \$2,081,648 were not specifically identified in the accounting system, and efforts by the ICBVI to identify the details were unsuccessful. In addition, the amount of federal reimbursements received by the ICBVI exceeded the reported expenditures, and efforts to identify this difference were also unsuccessful.

RECOMMENDATION

We recommended that the ICBVI properly record and document the amounts reported on the SEFA and retain these documents as required by federal regulations.

Current Status: CLOSED

The Commission has properly reported the amounts for fiscal year 2010, which were reconciled to the statewide "STARS" accounting system reports.

PRIOR FINDING 09F-2

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

The approved indirect cost allocation plan is still not followed and includes direct costs in error. We noted during the prior audit that the ICBVI did not follow the federally approved allocation plan and improperly charged administrative costs to federal programs. This issue has not yet been resolved with the federal grantor.

During fiscal year 2009, the ICBVI claimed nearly \$2 million in costs to the State Basic Grant program, of which \$1.9 million was identified as allocated costs which were not calculated or supported by the federally approved allocation plan.

We also noted that allocated costs included amounts that should be charged as direct costs, such as payroll costs for program staff that only worked on the State Basic Grant program. Including direct costs in the allocation plan can significantly affect the amounts allocated and result in unsupported costs.

RECOMMENDATION

We recommended that the ICBVI follow the federally-approved cost allocation plan and properly distribute administrative costs. We also recommended that the ICBVI remove direct costs from the allocation process to restore the integrity of the plan.

Current Status: CLOSED

The Commission is following the approved cost allocation plan.

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PRIOR FINDING 09F-3
Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

Federal funds are not requested within the time frames established in federal requirements. Federal regulations under the Cash Management Improvement Act (CMIA) require the ICBVI to request federal funds within specific time frames based on the type of grant and costs incurred. The cash management objectives under a cost reimbursement grant are to minimize the time between disbursements for program costs and the collection of federal funds.

The ICBVI operates the State Basic Grant on a reimbursement basis, and most of the costs incurred for this grant are employee salaries which are paid on a biweekly basis. However, the ICBVI requested federal reimbursements only nine times sporadically during fiscal year 2009, even though salaries costs were disbursed approximately 26 times during the year. In one instance, the time between requests for reimbursements exceed four months, resulting in a significant delay in collecting federal funds and creating a potential interest receivable issue with the federal grantor.

The requests for federal funds did not comply with the requirements of the CMIA because the ICBVI was not aware that these requirements applied to the State Basic Grant.

RECOMMENDATION

We recommended that the ICBVI request federal funds in accordance with the CMIA requirements.

Current Status: CLOSED

The Commission has developed a method to comply with the CMIA to follow required timing of federal draws.

FISH AND GAME, DEPARTMENT OF

PRIOR FINDING 09F-4
Sport Fish Restoration/Wildlife Restoration
15.605 and 15.611
Department of Interior, U.S. Fish and
Wildlife Service
Questioned Costs: Not Determinable

Errors occurred in federal expenditure reports and reimbursement requests due to internal control weaknesses. The Department of Fish and Game relies on queries of the accounting system created by staff to prepare federal expenditure reports and requests for reimbursements. These queries are not retained and were not available for audit. Though staff stated that reviews were completed by the primary reviewer, there was minimal documentation to verify this review. Internal control procedures designed by the Department rely on a primary reviewer, but no procedure exists to delegate this task to other staff when the primary reviewer is absent.

Our limited test of five federal expenditure reports and reimbursement requests identified errors in all reports and requests tested. For example, expenditures for one project were overstated by \$113,256, while another project was understated by \$38,951. In addition, reimbursement requests for one project were overstated by \$97,183, while another project was understated by \$4,473. Additional inquiries indicated that reimbursement requests were missed for several months, and other errors occurred because program income was not properly excluded.

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The Department has subsequently reviewed all final federal expenditure reports and final reimbursement requests for the Fish and Wildlife Restoration Grants and identified and corrected other errors.

RECOMMENDATION

We recommended that the Department enhance internal control procedures to ensure that federal expenditure reports and reimbursement requests are accurate. These enhancements should include procedures to test the accuracy of queries used to create reports and reimbursement requests and retain these for audit, and procedures to delegate the review process when the primary staff member is absent.

Current Status: CLOSED

The Department has enhanced internal controls by implementing procedures to verify the accuracy of queries used to create reports and reimbursement requests, and evidence of this review is now retained for audit purposes. When the primary reviewer is absent, procedures to delegate this review have been established. The Department has also reviewed, corrected, and resubmitted reports and reimbursement requests that were shown to be in error from the audit.

HEALTH AND WELFARE, DEPARTMENT OF

PRIOR FINDING 07F-7

Medicaid
93.767
Department of Health and Human Services
Questioned Costs: Not Determinable

Records are not created in the accounts receivable system for all CHIP-B cases tested. A data transfer process was developed by the Department to create records in the automated accounts receivable system for CHIP-B client premiums. We tested 30 CHIP-B client files and identified two (7%) where the required receivable record was not established. As a result, no billings were sent to clients, and Department staff was unable to identify the reason for these omissions. In addition, the Department does not have an established reconciliation process to ensure that all CHIP-B client information interfaces accurately between the client eligibility system and the accounts receivable system.

RECOMMENDATION

We recommended that the Department analyze the interface process used to create accounts receivable records for CHIP-B premiums to identify the cause for any omitted records. We also recommended that the Department complete a monthly reconciliation between the eligibility and accounts receivable systems to ensure that all records are properly created, and to bill and pursue any unpaid premiums.

Current Status: CLOSED

The Department no longer maintains a CHIP-B program.

PRIOR FINDING 08F-3

Medicaid
93.778
Department of Health and Human Services
Questioned Costs: Not Determinable

Medicaid eligibility data in EPICS is still not reconciled to the Medicaid Automated Information System (AIM). We recommended in the fiscal year 2003, 2005, 2006, and 2007 audits that the Department establish a reconciliation process between EPICS and the Medicaid AIM payment system to ensure that client eligibility was properly recorded and that provider claims were paid promptly. This reconciliation process has not been fully developed nor consistently completed.

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The Department has been working to establish reconciliation procedures, but the reconciliation is not performed consistently and current procedures are inadequate to prevent, detect, or correct errors in EPICS and AIM. The contract with Electronic Data Systems (EDS) requires a quarterly reconciliation, but the Department has failed to provide the information needed to complete the reconciliation. The payments to EDS include the cost of reconciliation even though it is not being performed.

Additionally, no interim procedures exist to ensure the accuracy and integrity of the eligibility records or to communicate potential reconciliation issues which would affect the new MMIS system. As a result, clients are not provided benefits promptly, or sometimes at all, and providers who render services to clients cannot be paid until the AIM record is created. For example, one client remained eligible in EPICS but pharmaceutical services were delayed because AIM did not recognize the client's eligibility.

RECOMMENDATION

We recommended that the Department continue to refine procedures to identify and correct errors in the automated records that cause client eligibility to be delayed or not established at all. These procedures should include appropriate data collection to provide at least quarterly reconciliations in compliance with contract requirements.

Current Status: CLOSED

The Department transitioned to a new eligibility system, IBES, in November 2009, and to a new payment system, MMIS, in June 2010. Reconciliation issues continue and are further detailed in current Finding 10F-1 and Finding 10F-2.

PRIOR FINDING 08F-4

Program 1
Child Support Enforcement
93.563
Department of Health and Human Services
Questioned Costs: \$3 million

Child support costs of over \$7 million were improperly charged to federal grants over the past several years. Child support cases must meet certain eligibility criteria for the Department to receive federal grant funds for the cost of providing full enforcement services. Cases are eligible for federal financial participation (FFP) from the Child Support Grant if the individuals involved receive benefits under other assistance programs (such as Medicaid or Food Stamps) or have applied for child support services and paid a \$25 application fee.

Program 2
Temporary Aid to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$4.3 million

For all other child support cases, the Department must provide services relating to the processing of child support amounts and the distribution of these to custodial parents. However, the costs to provide these "limited services" are not allowable to the Child Support Grant unless the court order was issued by the State on or after January 1, 1994 and collections are received through a wage withholding process. Additionally, those cases with a court order issued by the State before January 1, 1994, and collections are received through a wage withholding process are eligible for FFP from the TANF Grant.

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We identified two issues concerning the costs allocated by the Department to the Child Support Grant and the TANF Grant for these limited services cases. The first involves the types of costs included in the allocation process, and the second involves the method for allocating these costs.

The federal grantor provided guidance that only those costs specifically related to the processing and distribution of child support amounts received through a wage withhold process are allowable. However, the costs identified by the Department to provide these "limited services" also included system, case management, and other costs beyond those specifically allowed.

In addition, the method used by the Department to allocate costs is based on ratios that improperly include cases and/or transactions which do not meet the requirements or guidance to be allowable. For example, collections that are not received through a wage withholding process are improperly included in the ratio used to allocate these costs to the federal grant.

The combination of the two issues has resulted in the allocation of approximately \$3 million in unallowable costs to the federal Child Support Grant over the past four years and \$4.3 million in unallowable costs to the federal TANF Grant over the past eight years.

We recommended in the fiscal year 2007 audit that the Department exclude costs from the federal grant for child support cases where the client is not eligible for services. The Department agreed and developed new procedures to ensure that only cases where the client is eligible for services are charged to the grant. These new procedures involved changing the allocation method and returning \$1.2 million to the federal grantor. However, the changes in the allocation method did not remove those collections that were not through a wage withholding process from the ratio. In addition, the pool of costs continues to include amounts beyond those specifically allowed. As a result, the Department continued to allocate unallowable costs to the federal grant. The \$1.2 million of disallowed costs were also improperly moved to the TANF Grant rather than repaid from other non-federal funds and are included in the total questioned costs for the TANF Grant.

RECOMMENDATION

We recommended that the Department amend the amounts and method used to allocate costs to the Child Support and TANF Grants for limited services cases. The allocation method should include only those transactions on open cases where the collections are through a wage withholding process, and only those costs specifically related to the processing and distribution process. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

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Current Status: CLOSED

The Department of Health and Human Services, Administration for Children and Families (ACF) provided resolution on October 27, 2010 for this finding. The federal grantor has determined that the receipting services only (RSO) costs for non IV-D child support services are allowable to the TANF Grant. Further they have reviewed the allocation method submitted by the Department to allocate costs between the Child Support Grant and the TANF Grant.

ACF directed the Department to maintain a record of the child support court order date and method of collection for case files associated with non-IV-D (RSO) child support costs charged to the TANF Grant, and to modify the cost allocation plan amendment concerning the allocation of these RSO costs among benefiting programs to include verbiage stating that support orders issued on or after January 1, 1994, or cases where payment is not made by wage withholding may be charged to the TANF Grant. ACF requested that we follow up on the Department's action on these directives in our fiscal year 2010 audit work. The results of our follow-up work are included in the current status for finding 09F-8. The federal grantor does not request a return of the questioned costs and no penalty action will be taken.

PRIOR FINDING 08F-5

Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$5.3 million

Administrative costs of \$5.3 million are incorrectly allocated to the TANF Grant. The Department uses several methods for allocating administrative costs to federal grants, one of which is a "random moment time study" (RMTS). This method requires the Department to gather data about the activities that employees are performing at random moments during a period, which is then converted to a percentage calculation to allocate shared costs to each program or grant. The process for gathering data involves email requests to hundreds of employees each month asking that they identify their activity at the time of contact using various codes separated into 12 categories and providing narrative explanations as necessary.

Data from the Social Services RMTS for fiscal year 2008 indicates that all responses to the activity codes within the "Other Service Related" category were charged to the TANF Family Preservation Grant. This category contains a total of six miscellaneous activities, two of which are activities that are not allowable under TANF regulations, and the other four are either no longer performed or the Department was unable to confirm the nature of the underlying activities. As a result, we question the allowability of nearly \$5.3 million in administrative costs charged to the TANF Grant through the allocation of the Social Services Cost Pool, due to the lack of appropriate evidence that the costs benefit the grant as required by federal regulations.

An external consultant identified some weaknesses within the RMTS allocation process while reviewing various grant costs. As a result, the Department began reviewing the RMTS and found that existing errors were likely caused by a lack of staff training and supervisory emphasis on the importance of accurate responses, an out-of-date training manual, inadequate monitoring and quality assurance, and a

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lack of assigned responsibility for managing the allocation process and results.

The Department also noted that more than half of the responses identified in the "Other Service Related" category were incorrect and should have indicated a IV-E (foster care, adoption assistance, etc) grant activity code. Many of the responses did not include the required narrative needed to determine the appropriate allocating grant.

The Department has indicated its intention to submit a new allocation plan, create a quality assurance process, and require more comprehensive staff and supervisory training.

RECOMMENDATION

We recommended that the Department amend the RMTS allocation processes to properly identify and document allowable costs to the TANF Grant. We also recommended that the Department contact the federal grantor to resolve the identified questioned cost amounts.

**Current Status: OPEN
(Repeated as Finding 09F-6 and Finding 10F-6.)**

The Department received notification from the federal grantor on March 31, 2010, that the revised cost allocation plan to address this finding had been approved. Corrective actions have not yet been completed to finalize resolution of this finding.

PRIOR FINDING 08F-6
Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$1.3 million

More than \$1.3 million of training costs charged to TANF are not supported by an appropriate allocation methodology. The fiscal year 2007 audit report included a finding that a disproportionate amount of child welfare training costs required for foster care/adoption assistance caseworkers was charged to the TANF Emergency Assistance (EA) Grant without an allocation basis to properly support the amounts. This approach does not comply with federal cost principles (OMB *Circular A-87*), and the use of TANF funds for the recruitment and training of foster and pre-adoptive parents conflicts with the objective of the EA program. These costs are unallowable to the TANF program.

The Department agreed that the use of TANF EA funds for foster and pre-adoptive parent training was inappropriate and stated that TANF funds would no longer be used for this particular purpose. The Department also stated that the methodology for allocating the remaining costs associated with training would be evaluated to determine an appropriate method of allocation.

No changes were made to the allocation methodology until October 2008, allowing \$1.3 million in training costs, including foster and pre-adoptive training, to continue to be inappropriately charged to the TANF Grant in fiscal year 2008.

In late 2008, the Department implemented a new allocation methodology by utilizing the Social Services RMTS as the basis for allocating these training costs. New invoice forms have been created using the RMTS rates for the corresponding month, and October 2008

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was the first month the new forms and allocation rates were used. We agree that this may be an appropriate method of allocating the training costs, but problems with the RMTS (discussed in Finding 08F-5) may continue to charge unallowable costs to the TANF Grant.

RECOMMENDATION

We recommended that the Department reassign RMTS cost codes to appropriate grants to comply with all OMB *Circular A-87* cost requirements, and proceed with efforts to update the RMTS manual, train staff, implement a monitoring process, and submit a revised cost allocation plan for federal approval. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

Current Status: OPEN
(Repeated as Finding 09F-7 and Finding 10F-7.)

The Department received notification from the federal grantor on October 27, 2010, that the corrective actions identified in the audit finding and response had been approved. Corrective actions have not yet been completed to finalize resolution of this finding.

PRIOR FINDING 09F-5
Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$5.2 Million

Costs of \$5.2 million claimed as "Maintenance of Effort" for the TANF Grant are not qualifying expenditures. The purposes of the TANF program identified in federal regulations (Section 401 of the Social Security Act) are:

- Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
- End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
- Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
- Encourage the formation and maintenance of two-parent families.

Federal regulations (45CFR 263.2) related to maintenance of effort (MOE) for the TANF Grant require the State to expend State funds of at least 75% of the amount spent by the State during fiscal year 1994. For fiscal year 2009, the State, through the Department of Health and Welfare, is required to provide approximately \$13 million of State-funded MOE costs. Expenditures intended to meet (MOE) requirements must be identified by TANF purpose and must be for "qualified state expenditures" related to that purpose. For purpose 1 and 2 those expenditures must be entirely incurred to help eligible families that have at least one child and meet the income and resource standards established in the TANF State Plan.

Qualified activities and services for TANF purposes 1 and 2 include:

- Cash assistance.
- Child care assistance.
- Educational activities to increase self-sufficiency, job training, and work services.

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- Non-medical treatment services for alcohol and drug abuse, provided that the State has not commingled its MOE funds with federal TANF funds to pay for this service.

Qualified activities and services for TANF Purposes 3 and 4 include:

- Activities designed to prevent and reduce the number of out-of-wedlock births, and certain qualified activities (listed in TANF-ACF-PI-2008-10) to promote healthy marriage and responsible fatherhood. These activities may be provided to individuals and families, regardless of financial need or family composition.

We analyzed the TANF costs claimed as MOE and determined that \$5.2 million of the total \$13 million were not qualifying expenditures as defined by federal regulations. Most of these costs were allocated administrative and program services that cannot be directly identified to an eligible family as required. This amount also includes \$722,000 of unallowable costs identified in Finding 09F-6.

We also noted errors in the MOE reports submitted to the federal grantor. The Department identified 1,615 families as receiving assistance from MOE State funds in fiscal year 2009, but none of these families were served with MOE spending. These families all received cash assistance payments that were paid from federal funds, and these costs do not qualify as MOE. Additionally, some TANF costs are incorrectly classified, which raises the possibility that MOE spending on administrative costs exceeded the 15% limit for these types of costs as established by federal regulations.

RECOMMENDATION

We recommended that the Department claim only qualified expenditures as MOE in accordance with the TANF Grant program and federal regulations. We also recommended that the Department contact the federal grantor to resolve the amount of unqualified State MOE expenditures.

Current Status: OPEN
(Repeated as Finding 10F-4.)

The Department disagreed with portions of this finding and the federal grantor has not provided a final resolution.

PRIOR FINDING 09F-6
Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$1.6 Million

Indirect costs of \$1.6 million are improperly allocated to the TANF Grant. The Department of Health and Welfare uses a random moment time study (RMTS) to allocate indirect costs to federal grant programs. Most of the indirect costs charged to the TANF program are allocated using the Social Services cost pool allocated by the RMTS. This allocation method requires employees to identify the task they are working on from a list of choices at the moment they receive the contact form. Each task is then linked to one or more programs that benefit from the employee's activity.

We noted in prior audits that the link between the tasks and benefiting programs was inappropriate and as a result, the TANF Grant was

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charged an excessive share of indirect costs. The main concern is the task identified as "other," which is a miscellaneous category for activities that may be difficult to link to a specific grant or service. These miscellaneous activities within the "other" task benefit all programs equally, but are charged entirely to the TANF Grant. The Department completed a review of the allocation process in 2008 and determined that the "other" task was improperly selected by employees more than 50% of the time. However, efforts to correct the task usage and allocation process have not been completed, resulting in the improper allocation of \$1.6 million to the TANF Grant during fiscal year 2009.

The Department concurred with the fiscal year 2008 audit finding, and has submitted a revised cost allocation plan to the federal grantor for approval. The resolution of the fiscal year 2008 audit finding has not yet been finalized by the federal grantor, and the Department will implement the new plan once the prior issue is resolved.

RECOMMENDATION

We recommended that the Department continue efforts to resolve the cost allocation issues and comply with OMB *Circular A-87* cost requirements. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

Current Status: OPEN
(Repeated as Finding 10F-6.)

The Department received notification from the federal grantor on March 31, 2010, that the revised cost allocation plan to address this finding had been approved. Corrective actions have not yet been completed to finalize resolution of this finding.

PRIOR FINDING 09F-7
Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$700,000

Training costs of \$700,000 charged to TANF are not supported by an appropriate allocation methodology. The fiscal year 2008 audit report included an issue that training costs for foster care and adoption assistance caseworkers were charged to the TANF Emergency Assistance (EA) Grant without an allocation basis to properly support the amounts as required by federal regulations (OMB *Circular A-87*). The Department agreed that the use of TANF funds for these training costs was inappropriate and that efforts would be taken to resolve this issue and evaluate all training costs to determine an appropriate method of allocation.

A new method was implemented in January of 2009 using RMTS as the basis for the allocation. However, errors from the prior process used during the first half of the fiscal year, together with errors in the RMTS process (as discussed in Finding 09F-6) resulted in more than \$700,000 of inappropriate allocations of training costs to the TANF Grant in fiscal year 2009. In addition, no adjustments have been made for the training costs questioned in the fiscal year 2008 audit report.

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RECOMMENDATION

We recommended that the Department continue the efforts to resolve the cost allocation issues related to training costs charged to the TANF Grant and comply with OMB *Circular A-87*. We further recommended that the Department contact the federal grantor to resolve all questioned cost amounts.

Current Status: OPEN
(Repeated as Finding 10F-7.)

The Department received notification from the federal grantor on October 27, 2010, that the corrective actions identified in the audit finding and response had been approved. Corrective actions have not yet been completed to finalize resolution of this finding.

PRIOR FINDING 09F-8
Temporary Assistance to Needy Families
93.558
Department of Health and Human Services
Questioned Costs: \$400,000

Child support costs of over \$400,000 were improperly charged to the TANF Grant. We recommended in the fiscal year 2008 audit that the Department correct the method used to allocate costs for certain types of child support services to the TANF Grant. The Department submitted a revised cost allocation plan to the federal grantor in February 2009, which was subsequently approved. However, this new plan does not conform to the requirements for allowable costs under the federal TANF Grant, and does not comply with the requirements establish in federal regulations (OMB *Circular A-87*) for allocating costs in relationship to the benefits received. The amended plan increased the amount of unallowable costs charged to the federal TANF Grant.

We determined that costs for child support services of \$424,502 were improperly charged to the federal TANF Grant during fiscal year 2009 as a result of the amended allocation plan. This amount includes all of the costs associated with services to "receipting services only" (RSO) cases incurred by the Department and are entirely allocated to the TANF Grant.

RECOMMENDATION

We recommended that the Department revise the method used to allocate costs for child support services to the TANF Grant to comply with grant requirements and federal regulations. We further recommended that the Department contact the federal grantor to resolve the questioned costs.

Current Status: CLOSED

ACF requested in a resolution letter received October 27, 2010, that Legislative Audits review the Department's action on two remaining items included in the resolution of this finding. The federal grantor does not request a return of the questioned costs and no penalty action will be taken.

First, ACF directed the Department to maintain a record of the child support court order date and method of collection in the case files associated with the non-IV-D (RSO) child support costs charged to the federal TANF grant. We have not found evidence that this information is maintained. We analyzed the current allocation methodology used to distribute non-IV-D (RSO) costs to the federal TANF and CSE grants. The basis for the final allocation is a simple ICSES "case count" monthly report for the total number of non-IV-D (RSO) cases, with the

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total split into "RSO Open Program 40 Cases" and "RSO Cases with WW Collections". The latter number of cases, which represent about 1% of the total, is charged to the CSE grant, while the "Open Program 40" cases (about 99% of the total) are charged to the federal TANF grant. Because non-IV-D (RSO) cases are rarely closed by either the contractor or the Department when the child emancipates and the case is no longer active, these inactive cases retain an "open" status and are included in the system case count. This methodology has the effect of skewing the allocation basis and over-allocating costs to TANF, since the costs allocated to CSE are based on actual wage-withholding transactions while costs allocated to TANF are based on the system case count which includes a number of inactive cases. Additionally, the child support court order date is not considered in the cases with wage-withholding transactions, which are charged to the federal CSE grant.

LABOR, DEPARTMENT OF

PRIOR FINDING 09F-9

Unemployment Insurance
17.225

Department of Labor
Questioned Costs: Not Determinable

Financial reports submitted to the federal government are not supported by the accounting records. The Department is required to submit an "Overpayment Detection and Recovery Activities" report (ETA 227) that shows the amount of overpaid unemployment claims and recoveries. Data in this report is gathered from the Department's financial accounting records and other record keeping systems.

We reviewed the June 30, 2009 report and determined that 60 different line items were not supported by the Department's accounting records. Significant adjustments were made to force the report balances and were not documented or reconciled to the accounting records, the largest being \$980,000. As a result, we are unable to confirm the accuracy of the data submitted to the federal government.

Most of the adjustments and other reporting issues are the result of inconsistent data between the Department's financial accounting system and the other record keeping systems used to prepare the reports. Financial and statistic data are not coordinated and differences or errors between the systems are not investigated or corrected.

RECOMMENDATION

We recommended that the Department properly support the financial reports submitted to the federal government by reconciling the data to the financial accounting system. In addition, efforts should be taken to coordinate the data in the accounting system and other record keeping systems used to develop federal financial reports.

Current Status: CLOSED

The Department improved the validity of information included in the ETA 227 report. We reviewed the data that supports the June 2010 ETA 227 report and in all cases were able to trace amounts reported to the Department records.

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VOCATIONAL REHABILITATION, IDAHO DEPARTMENT OF

PRIOR FINDING 08F-8

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

Indirect rates used to charge administrative costs to federal grants are not properly supported. Federal grants received by the IDVR allow for administrative costs to be charged based on an indirect rate. The indirect rate must comply with specific requirements as described in federal regulations (OMB *Circular A-87*) and use the agency's accounting system as the basis for the calculation.

The data and calculations used by the IDVR to develop the fiscal years 2007 and 2008 indirect rates were not available for audit. In addition, the current rate has not been calculated or submitted to the federal grantor as required. Although we performed limited audit procedures to evaluate whether the indirect rates used during the audit period were reasonable, significant risks exist that amounts claimed as indirect administrative costs are not complete or accurate.

The IDVR has experienced significant employee turnover in the accounting section during the last two years and has not fully developed or documented the processes and calculations to support the indirect rates.

RECOMMENDATION

We recommended that the IDVR properly support the indirect rates used to charge administrative costs to federal grants by developing and documenting the processes and calculations in accordance with federal regulations.

Current Status: CLOSED

See status for 09F-11 finding.

PRIOR FINDING 09F-10

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

State matching funds were improperly reported, which reduced reimbursements by nearly \$475,000. The IDVR has contracts with the Idaho Department of Health and Welfare, Department of Juvenile Corrections, and Department of Correction to provide State matching funds for the Basic Grant. IDVR uses computer spreadsheets to track matching funds, program income, and calculate total grant expenditures to report to the federal grantor. However, errors in these spreadsheets improperly identified State match as program income, causing total grant expenditures to be underreported by \$602,000, which reduced federal reimbursements to the IDVR by nearly \$475,000 during fiscal year 2009.

Not only did the IDVR not collect all of the federal funds available, but these uncollected amounts also adversely affected IDVR's ability to provide matching funds for additional federal grant awards. The lack of available matching funds resulted in the reversion of \$616,000 in awards for fiscal year 2009 and the risk that an additional \$1.9 million in awards could revert in fiscal year 2010.

These errors resulted due to weaknesses in the review process for calculating and reporting grant costs that allowed errors to occur and not be detected or corrected.

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RECOMMENDATION

We recommended that the IDVR strengthen the review process for calculating and reporting grant costs to ensure that State match is properly reported and all federal reimbursements are collected. We also recommended that IDVR contact the federal grantor to determine whether the errors in fiscal year 2009 can be corrected and federal reimbursement of costs can be received.

Current Status: CLOSED

IDVR updated its processes and controls to ensure State match is properly reported and all federal reimbursements are collected. IDVR stated it has contacted the federal grantor and collected all allowable grant funds.

PRIOR FINDING 09F-11

Rehabilitation Services
84.126
Department of Education
Questioned Costs: Not Determinable

The indirect rate used to charge administrative costs to federal grants was not properly supported. Federal grants received by the IDVR allow administrative costs to be charged based on an indirect rate. The indirect rate must comply with specific requirements as described in federal regulations (OMB *Circular A-87*) and use the agency's accounting system as the basis for the calculation. An approved indirect rate is used to allocate costs to federal grants that cannot be charged directly to the grant and include a portion of the administrative overhead.

The IDVR did not have proper documentation showing the expenditures used to prepare the indirect rate for fiscal year 2005. IDVR has received federal grant approval to use the fiscal year 2005 indirect rate until August 10, 2010. This is a repeat finding from the prior Single Audit at the IDVR, and we are required to include this issue in the current *Single Audit Report*.

RECOMMENDATION

We recommended that IDVR properly support the indirect rates used to charge administrative costs to federal grants by developing and documenting the processes and calculations in accordance with federal regulations.

Current Status: CLOSED

IDVR has updated its indirect rate information and has approved indirect rates for State fiscal years 2010 and 2011 and the required support documentation. IDVR provided copies of the approved rates, as well as documentation that supported the calculations that make up those rates.

A new finding pertaining to indirect costs is reported as 10F-17.

APPENDIX A

Responses from Agencies to the Findings and Recommendations in this Report



IDAHO DEPARTMENT OF
HEALTH & WELFARE

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March 17, 2011

Don Berg, Manager
Legislative Audits Division
Legislative Services Office
P.O. Box 83720
Boise, Idaho 83720-0054

Dear Mr. Berg:

On behalf of the Department of Health and Welfare, we thank you for the efforts of your staff and for the opportunity to respond to your report. DHW has reviewed and responded to the recommendations presented in the statewide Single Audit Report for Fiscal Year 2010. Enclosed is a copy of our reply to each item addressed in the audit.

If you have any further questions, please contact Steve Bellomy at 334-0609.

Sincerely,

DAVID N. TAYLOR, CPA, CFE
Deputy Director

Enclosure

**Idaho Department of Health and Welfare
Single Audit Report
Findings and Department Response
Fiscal Year 2010**

Finding #1

Medicaid payments of \$2.5 million were not identified by specific service type as required.

Recommendation

We recommend that the Department increase its efforts to properly identify and report Medicaid payments by specific service types as required and to assure that the correct federal match rate is claimed.

Department Response

The Department agrees with this finding. DHW anticipated that conversion to the new Medicaid Management Information System would result in an increase in the number of claims being created in the miscellaneous task code.

DHW created a process for analyzing these claims and making the appropriate adjustments from the miscellaneous task code into the correct task code. To date, about one third of all claims that were created in the miscellaneous task code have been adjusted to the correct task code.

The process of analyzing claims created in the miscellaneous task code and adjusting them to the correct task code was delayed for a short time in order to address other higher priority concerns. The process of analyzing and adjusting miscellaneous claims will resume in April, 2011.

Finding #2

Existing data imported to the new Medicaid payment system was not tested or evaluated.

Recommendation

We recommend that the Department validate the data imported from the old Medicaid payment system to the new system to identify and correct errors and other irregularities.

Department Response

Additional information is needed in order to respond to the specific items listed in the findings.

DHW conducted validation testing of the data conversion from the old system to the new system. We acknowledge that some data conversion errors exist and are being corrected.

DHW will continue to work with the auditor to resolve items a) through e) listed in the finding. After completing the research, the Department will prepare a comprehensive response addressing each item listed in the finding.

Finding #3

Procedures to suspend or debar providers from the Medicaid program are inadequate.

Recommendation

We recommend that the Department implement procedures to suspend or debar providers from participation in the Medicaid program for reasons identified in federal regulations and the State Plan. We also recommend that the Department consistently apply and collect interest in accordance with provider repayment agreements.

Department Response

The Department agrees with the finding on interest collections, but has two other issues with this finding:

- a) DHW cannot respond at this time to a portion of this finding; and
- b) We disagree with another portion of the finding.

The Department agrees that interest is not always applied.

The Department is using an accounts receivable system that requires interest to be posted manually. Therefore, accrued interest is sometimes posted only when the account is adjusted for a payment or write-off. In some cases, the receivable balance does not show accrued interest.

- a) The Department cannot respond to this finding related to 299 overpayment receivables.

The finding describes 317 outstanding receivables that the auditor evaluated. Of those, 18 were established by the Medicaid Program Integrity Unit. The remaining 299 receivables were established by the Division of Medicaid. DHW continues to research the 299 outstanding provider overpayments and will provide a comprehensive response in the 90 day follow up. (See Finding #2)

- b) DHW disagrees with this finding as it relates to the 18 provider overpayments handled by the Medicaid Program Integrity Unit.

DHW has “administrative procedures” to debar Medicaid providers. The Department also maintains internal policies and procedures to debar Medicaid providers. The administrative rules and policies and procedures fully comply with Federal regulations and, in our opinion, are sufficient and adequate.

The finding suggests that a provider with an overpayment of \$39,000 was excluded in Florida and should have been excluded in Idaho. After researching this case, we determined that these were two different people with similar names.

It is not the policy of DHW to automatically debar a provider for failure to repay a debt. Federal rules do not require the Department to debar a provider for failure to repay a debt. Moreover, we

do not believe that DHW should automatically debar a provider for failing to refund an overpayment. The Department does submit mandatory debarments as required in 42 CFR 1001.

The finding states that three providers were referred to Medicaid Program Integrity Unit for collection but no collections have been made. In two of the examples mentioned, collection activity occurred, but stopped once the provider went out of business. We could not identify the third provider mentioned in the finding. Collections are the responsibility of the Central Revenue Unit. The Medicaid Program Integrity Unit establishes overpayments, obtains repayment agreements, sets up offsets to recoup overpayments from claims, and monitors collection progress.

Finding #4

Costs of \$4 million claimed as maintenance of effort for the TANF grant are not “qualifying expenditures.”

Recommendation

We recommend that the Department analyze expenditures claimed as state maintenance of effort to ensure that only “qualifying expenditures” are included as defined by federal regulations. We also recommend that the Department contact the federal grantor to resolve the amounts claimed during FY09 and FY10 that do not meet these requirements and to complete the review of administrative costs claimed to assure that the total does not exceed the 15% limit allowed.

Department Response

The Department agrees with this finding.

In response to the FY09 finding regarding maintenance of effort, a complete review of the charges and cases involved was performed. The data regarding eligible families which was compiled in that process was sent to our federal grantor for review. Subject to the response of the federal grantor, an adjustment to the FFY09 and FFY10 TANF reports will be made which will reflect the corrected portion of the expenses that were maintenance of effort. Any reduction in maintenance of effort related to this finding will be compensated for by a complementary increase in the portion of maintenance of effort expended in the Self-Reliance program. The same process will be completed for this finding.

Regarding the “systems” costs, the report form has been reviewed for incorrect links and designations and will be corrected for the current quarter. Corrections of the prior period reports will reflect the correct categorizations. The bulk of the expenses will be redirected to either basic assistance or prior law categories; they are services, not administrative functions.

Other issues mentioned in this finding are addressed in related findings.

Finding #5

Contract costs of \$869,000 charged to TANF for child welfare services do not meet eligibility criteria or other requirements.

Recommendation

We recommend that the Department evaluate all costs charged to the TANF grant program for services provided under the per-1995 (prior law) State Plan to assure that all eligibility criteria and other requirements are met. We also recommend that the Department contact the federal grantor to resolve the questioned costs identified.

Department Response

The Division of Family and Community Services (FACS) has met with the legislative services auditor and with the Financial Executive Officer of Financial Services to discuss the findings and details. In addition, FACS has also collected all contracts in question and is preparing a comprehensive review of the audit findings in order to provide a proper response to the finding.

Finding #6

Prior errors in allocating indirect costs to TANF are not corrected and continued in FY10.

Recommendation

We recommend that the Department complete the reallocation of costs for FY08 and FY09 as agreed to by the Federal grantor. We also recommend that the Department contact the Federal grantor to resolve the questioned cost amounts for FY10 and the “maintenance of effort” deficit that will occur once the adjustments are completed.

Department Response

The Department agrees with this finding. This issue has been addressed and resolved as noted in the finding. We plan to have the final adjustments for FY08, FY09 and FY10 completed by 3/31/11.

Finding #7

Prior errors in allocating training costs to the TANF grant remain unresolved and errors continued in FY10.

Recommendation

We recommend that the Department adjust the costs charged to the TANF grant for unsupported allocations for FY08 and FY09 and contact the federal grantor to resolve the questioned cost amounts for FY10.

Department Response

The Department agrees with this finding. As noted in the finding the Department thought it had solved the issue but the resolution was flawed. Adjustment for prior years was pending final resolution of the Indirect cost finding number 5 above. Those adjustments and the adjustment for this finding are planned to be included in the adjustments projected to be completed by 3/31/11.

Finding #8

Critical system reconciliations between the Idaho Child Support Enforcement System (ICSES) and the FISCAL accounting system have not been completed on a timely basis.

Recommendation

We recommend that the Department re-establish the reconciliation between the ICSES and FISCAL systems to assure that amounts are properly recorded and any errors are detected and corrected.

Department Response

The Department partially agrees with this finding. Despite employee turnover that created a delay in certain monthly reconciliations, DHW continued to perform critical daily system reconciliations that affected Agency cash and client benefits to ensure that the multiple financial systems were current and in sync. Those reconciliations that were less critical were postponed until the employees assigned to perform this duty were fully trained. DHW has prioritized all reconciliations that are not current and intends to investigate the best way to automate them to lessen the impact of employee turnover.

Finding #9

Significant use of the “miscellaneous” code indicates possible errors in the cost allocation process.

Recommendation

We recommend that the Department evaluate the use of the “miscellaneous” code in the allocation processes to determine if the coding structure is sufficient to identify activities or if additional staff training is needed to improve the accuracy and reliability of the amounts allocated.

Department Response

The Department agrees that monitoring can be improved. To ensure that each participant universe is complete and accurate, the Random Moment Time Study (RMTS) administrator will work with program management for review and will update as necessary. In addition, the program will conduct statewide training and then offer refresher courses annually.

The Self-Reliance program will continue to monitor the RMTS results after the training planned in March and April and determine if results fit the current program process designs. Historically, and by design, the Division's benefit programs have a large percentage of non-program specific activities identified in the RMTS since the eligibility process focuses on the applicant/participant circumstances which are, by definition, generally not program specific (our efforts are to effectively gather eligibility-related facts such as household size, age, SSN, citizenship, income, and resources; these items are not program specific).

If the RMTS results show geographical or program related anomalies the Division will pursue additional tracking and effort at that time. Self-Reliance management will continue to monitor

results on a regular basis and make any changes or recommendations for changes to the survey as needed.

Finding #10

Child Care Grant costs were not charged to the appropriate funding source and the potential liability for federal interest has not been considered.

Recommendation

We recommend that the Department claim Child Care Development Block Grant costs to the appropriate funding source at the time the costs are incurred. We also recommend that the Department implement a process to evaluate the effect of adjustments on federal funds on-hand to recognize or reduce the potential interest liability owed to the federal grantor.

Department Response

The Department agrees with this finding. We will review the assignment of PCAs to funding sources to ensure the correct matching of expenditures to federal grants. Furthermore, we will review the methodology for calculating CMIA interest and determine if there is a more efficient way to track expenditure adjustments after federal draws have been completed. We will report any interest to the federal grantor.

Finding #11

Public health district sub-grantee contracts are not monitored in compliance with federal requirements.

Recommendation

We recommend that the Department establish adequate monitoring requirements in these contracts to allow proper monitoring of the costs submitted by each of the health districts, and to implement a financial monitoring process to ensure that reimbursed costs are allowable to federal grants and comply with the terms of the contract.

Department Response

The Department agrees that financial monitoring should be improved. Programmatic monitoring is uniform and complies with federal requirements. However, financial monitoring, though uniform, is limited.

Invoices submitted by health districts can be provided in more detail. Each health district invoice is accompanied by a Billing Cost Report, which includes cost categories for Personnel, Fringe, Operating, and Indirect, and monthly program activity reports. Items in the monthly program activity report are matched to items on the invoice.

The Division of Public Health hired a new business analyst who will assist in developing and implementing a new fiscal monitoring process that will include uniform invoice support and on-site financial monitoring. The new financial monitoring process will begin on July 1, 2011.



STATE DEPARTMENT OF EDUCATION

P.O. BOX 83720
BOISE, IDAHO 83720-0027

TOM LUNA
STATE SUPERINTENDENT
PUBLIC INSTRUCTION

March 18, 2011

Mr. Don Berg
Division Manager of Legislative Audits
P.O. Box 83720
Boise, ID 83720-0054

RE: Audit Response and Corrective Action Plan relating to the statewide Single Audit Report

Dear Mr. Berg,

The Department of Education has reviewed the auditors' work and findings related to the statewide Single Audit Report. We have included the action plan for each finding below.

Finding #1 – Federal funds are not requested within the required time frames:

We are currently working with the Division of Financial Management to review the actual clearance patterns and to modify the current Cash Management Improvement Act (CMIA) agreement if needed. In the interim, the Department has aligned its current draw request schedule to match the average clearance pattern stated in the agreement. In doing so, it is recognized this will cause a financial burden on the state as higher levels of borrowing are needed for longer periods of time, counter intuitive to the intent of the CMIA and inherently inefficient.

The Department has reviewed the recommendation to establish a static disbursement schedule and has determined our current system of "near real time" payment processing better serves our customers.

Finding #2 – Internal Controls weaknesses exist in the preparation of several federal reports and an allocation of Title II Teacher Quality funds to school districts:

The Department has reviewed each of the four areas of concern in this finding with the appropriate program staff. We have implemented additional review processes for reporting. Program staff are using a combination of initial reviews by supervisors, reviews by cross trained counterparts and exception reporting reviews by supervisors to verify the accuracy of reporting. We are hopeful these steps will further strengthen the internal control process and consider these actions sufficient to close this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Luna", is written over a horizontal line.

Tom Luna
Superintendent of Public Instruction



Idaho Division of Vocational Rehabilitation
650 W. State Street, Room 150
Boise, ID 83720-0096
(208) 334-3390
Fax: (208) 334-5305

March 24, 2011

Don H. Berg, CGFM, Manager
Legislative Audits Division
STATEHOUSE MAIL

SUBJECT: Management Report relating to the statewide *Single Audit Report*

Dear Mr. Berg:

Gene Sparks and Wade Kimball met with Gina Huntsinger, IDVR Fiscal Manager, Scott Christie, Office of the State Board of Education, and me last week. I am appreciative of the thorough, detailed and clear explanation they provided. The Division of Vocational Rehabilitation is in general agreement with the findings.

The agency's responses to the *Single Audit Report* findings are enclosed.

Please contact me should you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Trudy Anderson', written over a horizontal line.

Trudy Anderson, Ph.D.
Acting Administrator

cc: Dr. Mike Rush
Gina Huntsinger

enclosure

Single Audit Report FY ended June 30, 2010 Idaho Division of Vocational Rehabilitation

Finding #1 Federal funds in the amount of \$1.8 million were drawn early due to errors in the draw process.

The mechanism that allowed federal funds to be drawn ahead has been identified and draw procedures amended to prevent duplication of draws. The agency has contacted RSA regarding this issue and will comply with their requirements once received.

The agency has made the initial contact with David Fulkerson at the Division of Financial Management to address the draw timing in accordance with the CMIA. Discussions will include appropriate adjustments to the agreement in order to more accurately reflect the flow of federal funds. Internal discussions have also begun regarding simplifying the process.

Finding #2 Federal financial reports are not supported by the Division's accounting records.

The agency is working with the State Controller's office and beginning in SFY2012 all IDVR grants will be tracked with enough detail in the state accounting system (STARS) to allow definitive reporting through the STARS and Idaho Business Intelligence Systems (IBIS). Information pulled from the State of Idaho systems will be used for both federal and state reporting therefore, all reports will have proper support and will reconcile to STARS.

Finding #3 Additional services provided to clients are not documented as required.

The agency policy allowing counselors to provide clients with up to \$400 of additional services without amending the IPE or obtaining a written agreement from the client will be modified to conform to all state and federal rules and regulations. Until such time as an acceptable protocol is developed, the Field Chief has instructed all field staff to immediately cease using this agency policy.

IDVR is working with Alliance, the case management system developer, to determine if a protocol could be crafted that would conform to all regulations and also reduce the amount of time necessary for a counselor to complete the required paperwork in order to amend the IPE in a timely manner and in compliance with the Code of Federal Regulations.

Finding #4 The indirect cost rate is not supported and amounts are claimed twice in error.

IDVR is currently working with a consultant and the Federal Department of Education to correct the indirect cost rate for the current year and also the proposed rate submitted on 12/31/2010. All IDVR expenditures have been identified and will be included in the indirect cost base.

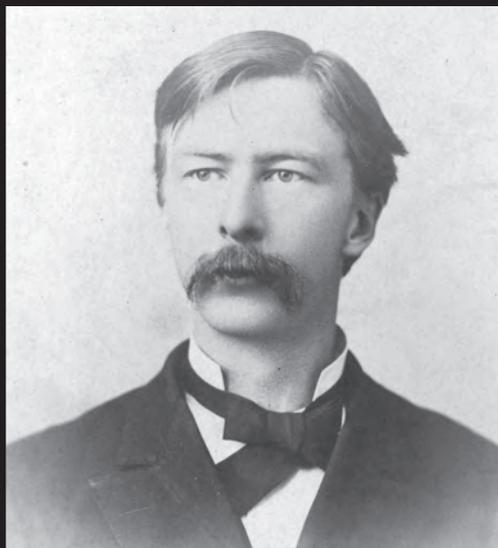
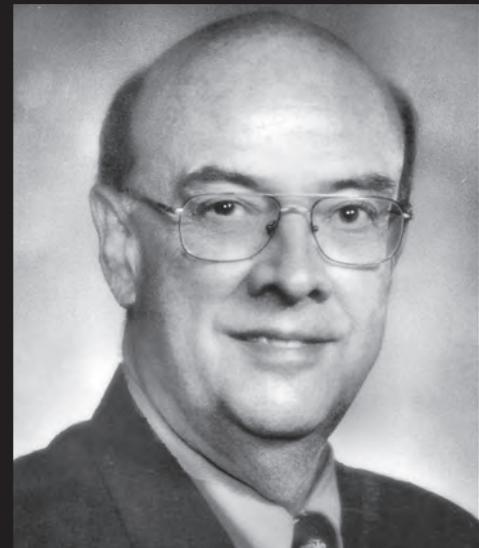
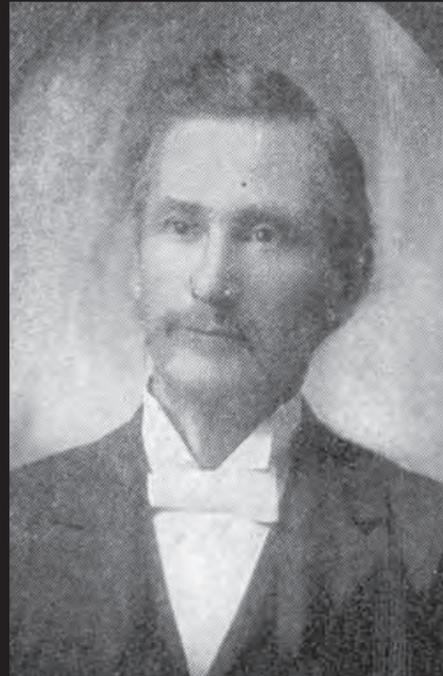
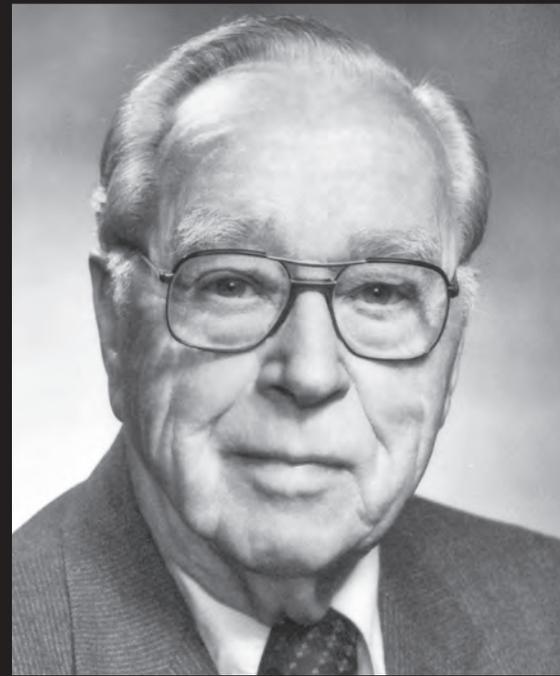
Procedures will be changed to ensure the proper expenditures are coded as indirect costs. IDVR will work with the federal grantor to rectify the issue.

*Compiled and Published
by
Idaho Legislative Services Office
Audits Division
P.O. Box 83720
Boise, Idaho 83720-0054
208-334-4875*

State of Idaho

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010



Idaho's State Controller



Donna M. Jones, Idaho's 20th State Controller (2007-present), and a resident of Payette rose to political prominence with her appointment to Idaho House District 13 in 1987. Jones served 12 distinguished years in the House which culminated in her being the first woman selected to chair the powerful House Revenue and Taxation Committee. In addition to being a female trailblazer in legislative politics, Jones is the first woman elected to serve as Idaho State Controller.

Jones brings a wealth of private and public sector management and leadership experience to the job. Before entering politics Jones was a successful business person for 30 years, owning and operating auto parts stores and a real estate brokerage firm. Immediately prior to her election, she served eight years as Executive Director of the Idaho Real Estate Commission.

Jones is an Idaho Certified Public Manager and served on the Idaho Hispanic Commission, Idaho Housing & Finance Association Advisory Board, Idaho Permanent Building Fund Advisory Council, and Multi-State Tax Commission.

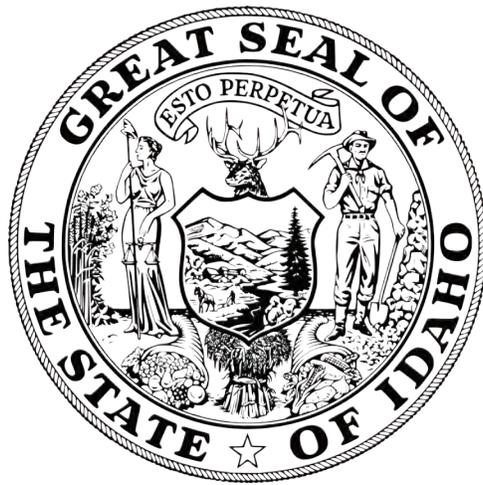
As the State Controller Jones serves Idaho citizens as a member of four statewide organizations. The Idaho State Board of Land Commissioners manages Idaho's public endowment lands, land that benefits public schools and institutions. The Idaho State Board of Canvassers certifies election results. The Idaho State College Savings Program Board provides families with an affordable way to save for college under a "529 college savings program", named IDEal. The Information Technology Resource Management Council (ITRMC) reviews and evaluates telecommunications policies and systems for state agencies.



State Controller Jones observing an endowment timber harvest.

State of
IDAHO

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2010

C.L. "Butch" Otter
Governor

Donna M. Jones
State Controller

Prepared by the Office of the State Controller

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

State of Idaho

Office of the State Controller

Donna M. Jones
State Controller

ACKNOWLEDGMENTS:

Darla Rankin, CPA, CGFM, MPA
Deputy Controller
Division of Statewide Accounting

Sherrill Geddes, CPA, CGFM
Bureau Chief
Bureau of Reporting and Review

Carol Bearce, CGFM
Tonya Buffi, CGFM
Tiffini LeJeune
Matt McBride, CGFM
Catherine Mumm, CGFM
Brandon Purcell, CFE, CGFM
Joey Sanchez

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

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

State of Idaho

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2010

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State of Idaho

Comprehensive Annual Financial Report

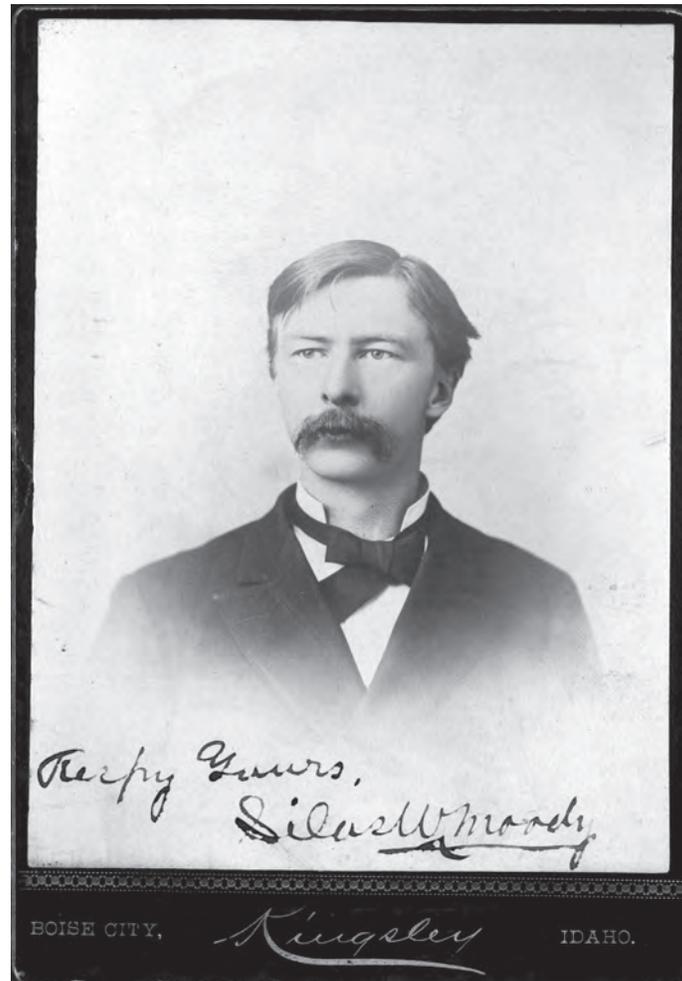
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Introductory Section



Upon admission into the Union in 1890, the newly ratified Idaho Constitution created a statewide elected office, “State Auditor,” bearing the same duties as the Territorial Auditor. **Silas Moody** served both as an appointed auditor in the territorial government during 1885 and as Idaho’s first elected State Auditor from 1891 to 1893.



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

December 3, 2010

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, 2010, 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, 2010. Based upon that audit, the independent auditor has issued an unqualified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The

intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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

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

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

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

described in the note to the required supplementary information and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Economy

The last two years have been difficult for the nation, Idaho included. It will take several years before Idaho experiences the full effect of an economic recovery. Economic forecasts over the past few quarters have been revised, lowering the outlook and expected results for the next three years. While Idaho's economy is expected to grow over the next three years, the recovery will be modest.

Idaho employment is forecast to grow slightly through 2013, state and local government employment is expected to decline in 2011 and grow less than half a percent in the following two years. Economists believe Idaho employment will grow faster than the nation in the near term. Idaho nonfarm employment is forecast to grow an average of 2.3 percent over the next three years while national employment growth is predicted to average about 1.7 percent. In addition, by 2013 the State is expected to gain back virtually all of the jobs it lost in 2009 and 2010.

Idaho's population is predicted to grow almost 2 percent each year for the next three years. The growth is a result of an increased birth rate and net migration. For the first time in four years, housing starts are forecast to rise, beginning with an increase of 20.2 percent in 2010. Economists forecast an increase in 2011-2013, but at a declining rate.

With a rise in the U.S. Gross Domestic Product, economists predict Idaho will also see a rise in personal income through 2013. Although wage and salary payments to Idaho workers will increase over the next three years, so will government payments to qualifying recipients, indicating an economy still in recovery.

Long-Term Financial Planning

The Economic Outlook and Revenue Assessment Committee projected a \$10.0 million increase in revenue for fiscal year 2011. However, in order to balance the state budget, the Legislature was required to make significant cuts to state agencies and public schools' base budgets. Most of the rescissions made to the fiscal year 2010 budget became permanent for fiscal year 2011. Non-federally mandated pricing increases and caseload growth for the Medicaid program were capped, as were statutory increases for programs in public schools for early retirement. In addition, funding was not made available for new items.

Financial Policies

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

The State, through Idaho Code, Sections 57-814, 67-3520, and 33-907, maintains funds for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. The fiscal year 2010 ending fund balance in the reserve funds was as follows: budget stabilization fund, \$30.9 million; economic recovery fund, \$49.1 million; and public education stabilization fund, \$23.2 million. The budget stabilization and economic recovery funds saw a decrease in their ending fund balance of \$97.3 million and \$19.7 million, respectively. The education stabilization fund's ending balance increased from fiscal year 2009 by \$5.2 million.

Major Initiatives

Health and Human Services. The Department of Health and Welfare received an appropriation of \$2.0 billion for fiscal year 2011, a decrease of \$3.1 million, or 0.2 percent. Federal funding provided 78.2 percent of the Department's total appropriation. The appropriation for Medicaid funding was \$1.6 billion, an increase of 3.1 percent from the prior fiscal year. Of the total Medicaid appropriation, 74 percent came from the federal government. The increase will provide funding for caseload growth and federally mandated pricing increases.

Public Schools. The total appropriation for fiscal year 2011 was \$1.6 billion, a decrease of \$128.5 million or 7.5 percent from the previous year. The major contributing factor of the decrease came from a reduction of \$138.3 million from the Title XIV American Recovery and Reinvestment Act (ARRA). Teachers and Administrators will see a reduction in base salaries of 4 percent and 6.5 percent respectively, while operations will see a 14.4 percent reduction. Funding will continue to be provided for ISAT remediation, the Idaho Reading Initiative, and the Math Initiative.

Transportation. The Legislature appropriated \$483.6 million to the Idaho Transportation Department for fiscal year 2011. In addition to highway construction and maintenance, portions of the funding will be used for the DMV Information Technology modernization, and to

develop and enhance the financial planning system. The Legislature also granted \$12.0 million in bonding authority for the issuance of Grant Anticipation Revenue Vehicle (GARVEE) bonds. This results in the fifth consecutive year of bonding authority for the Department and includes the right-of-way acquisition for State Highway 16.

Colleges and Universities. The colleges and universities received an appropriation of \$377.7 million for fiscal year 2011, a decrease of 7.8 percent. While the overall appropriation includes \$4.3 million of ARRA funds, part of the decrease is due to removing a one-time \$10.0 million appropriation to the University of Idaho for the development of a livestock center.

Department of Correction. A total appropriation of \$168.8 million in fiscal year 2011 is an overall reduction of 0.6 percent from the prior year. The Department received \$2.0 million in one-time ARRA funding to help ease critical staffing needs. Additional funding was also received to support a per diem increase, new beds added at the private prison, and to cover expenses related to the 400-bed Correctional Alternative Placement Program facility that opened July 1, 2010.

AWARDS AND ACKNOWLEDGEMENTS

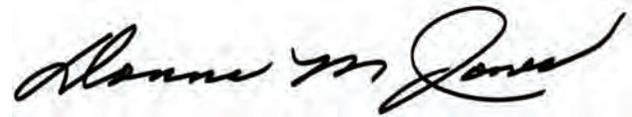
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This is the 13th consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles

and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The Public Employee Retirement System of Idaho (PERSI) has prepared a Comprehensive Annual Financial Report for the System for the last 19 years. The PERSI also received GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2009.

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

Respectfully submitted,



Donna M. Jones
Idaho State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized handwritten signature in black ink.

President

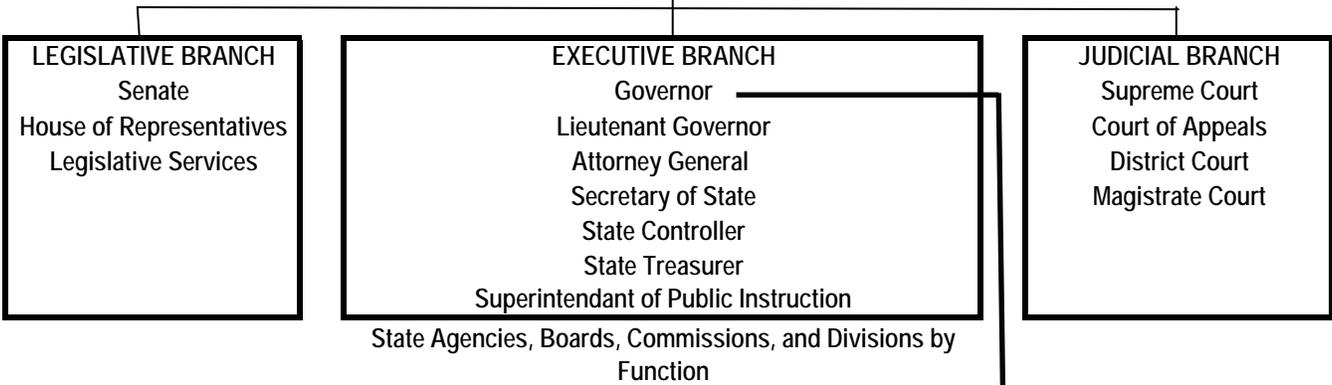
A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director



2010 Organization Chart
Idaho State Government

Citizens of Idaho



<u>General Government</u>	<u>Education</u>	<u>Natural Resources</u>	<u>Economic Development</u>
Board of Tax Appeals	Boise State University	Departments of:	Appellate Public Defender
Commissions:	Bureau of Educational	Environmental Quality	Boards of:
Aging	Services for the Deaf	Fish and Game	Accountancy
Arts	and the Blind	Lands	Dentistry
Blind and Visually	Division of Professional-	Parks and Recreation	Engineers
Impaired	Technical Education	Water Resources	Medicine
Human Rights	Eastern Idaho	Endowment Fund	Nursing
Tax	Technical College	Investment Board	Outfitters and Guides
Department of	Idaho State University	Office of Energy	Pharmacy
Administration	Lewis-Clark State	Resources	Veterinary Medicine
Divisions of:	College	Lava Hot Springs	Bureau of Occupational
Financial Management	Public Broadcasting	Foundation	Licenses
Human Resources	State Board of		Commissions:
Liquor	Education		Dairy Products
Military	University of Idaho		Hispanic Affairs
Offices of:	Vocational Rehabilitation		Industrial
Drug Policy			Libraries
Species Conservation			Potato
Public Employee	<u>Public Safety</u>	<u>Health and Human Services</u>	Public Utilities
Retirement System	Brand Inspector	Catastrophic Health Care	Real Estate
State Bar	Correctional Industries	Department of Health	Wheat
State Building Authority	Departments of:	and Welfare	Departments of:
	Correction		Agriculture
	Juvenile Corrections		Commerce
	Idaho State Police		Finance
	Racing Commission		Insurance
			Labor
			Transportation
			Divisions of:
			Building Safety
			Veterans Services
			Idaho State Lottery
			State Historical Society

Elected Officials of the State of Idaho



C.L. "Butch" Otter
Governor



Ben Ysursa
Secretary of State



Donna M. Jones
State Controller



Brad Little
Lieutenant Governor



Ron G. Crane
State Treasurer



Lawrence G. Wasden
Attorney General



Tom Luna
*Superintendent of
Public Instruction*



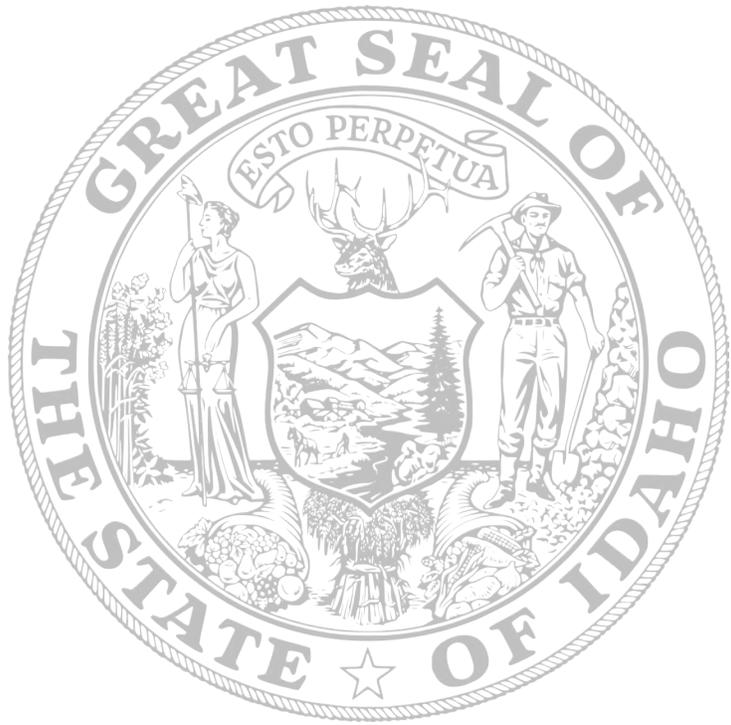
Lawrence E. Denney
*Speaker,
Idaho House of
Representatives*



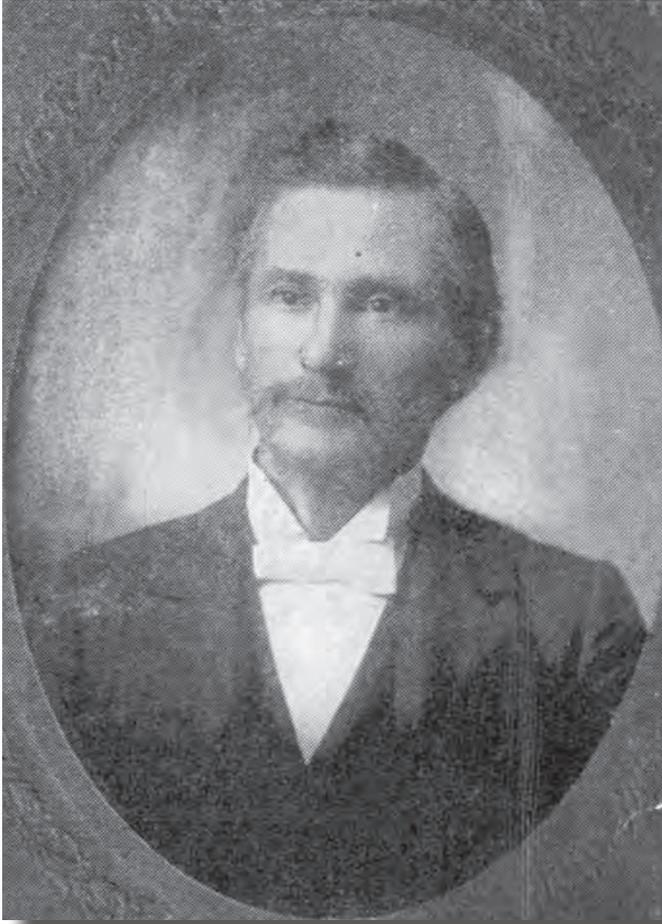
Daniel T. Eismann
*Chief Justice,
Idaho Supreme Court*



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

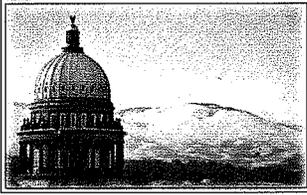


Financial Section



Better known as “Wagon Wheel Jones” for his stoic efforts in the Legislature to get money to build wagon roads, Auditor **Egbert W. Jones** served from 1901 to 1903. Auditor Jones, shown at left, recorded the State’s total indebtedness at \$1.55 at the close of his term, a 55 cent increase from the preceding year.

For many years the State Auditor’s report included livestock counts: the total number of cattle, yearlings, sheep, mules, milk cows, horses, goats, and jackasses in each county. During **Robert S. Bragaw’s** term from 1905 to 1909 for example, Ada County reported two jackasses while Canyon County reported nine, a genuine historical recording.



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 3, 2010

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Idaho as of and for the year ended June 30, 2010, that collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho and their respective component units, nor the Endowment Fund Investment Board, State Lottery Commission, Public Employees Retirement System of Idaho, Public Employees' Deferred Compensation Plan, Idaho Judges' Retirement Fund, IDEal Idaho College Savings Program, Idaho Individual Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Petroleum Clean Water Trust Fund, Idaho Building Authority, Bond Bank Authority, and the Idaho Housing and Finance Association. Those financial statements represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

<u>Government-Wide Financial Statements</u>	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Primary Government - Governmental Activities	17.0%	3.6%
Primary Government - Business-Type Activities	66.3%	62.2%
Aggregate Discretely Presented Component Units	100.0%	100.0%
<u>Fund Financial Statements</u>	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Governmental Funds Land Endowments – Major Fund	99.80%	100.0%
Proprietary Funds		
College and Universities - Major Fund	100.0%	100.0%
Aggregate Remaining Fund Information	80.9%	32.2%

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

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

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

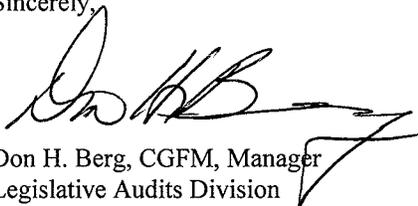
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Don H. Berg', with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides a narrative overview and analysis of the financial activities of the State of Idaho for the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter, which can be found preceding this narrative, and the State's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights

Idaho reported net assets of \$8.7 billion for the fiscal year ended June 30, 2010, comprised of \$11.6 billion in total assets offset by \$2.9 billion in total liabilities. Of this amount, \$771.3 million (unrestricted net assets) may be used to meet the State's ongoing obligations to citizens and creditors.

The State's total net assets increased by \$203.8 million during fiscal year 2010. Net assets of governmental activities increased \$197.1 million, while net assets of business-type activities increased \$6.7 million.

Fund Highlights

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.2 billion, with \$1.2 billion reserved for specific purposes and \$1.0 billion unreserved. This includes the General Fund's unreserved fund balance of \$489.7 million.

Long-Term Debt

The State's long-term debt increased \$342.5 million from \$1.0 billion in fiscal year 2009 to \$1.4 billion in fiscal year 2010. The key factors in this increase were bonds and notes issued by the Idaho Transportation Department, the Department of Labor, and the colleges and universities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities, which 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 resource measurement focus and accrual basis of accounting, under which the current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

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

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

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

Governmental activities encompass most of the State's basic services such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Revenues from taxes and federal grants finance most of these activities.

Business-type activities account for operations that function in a manner similar to a private business, where all or a significant portion of costs are recovered through user fees and charges to external customers. These activities primarily include higher education, unemployment benefit payments, and loans to cities and counties to make improvements to wastewater and drinking water systems.

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

Fund Financial Statements

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

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

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

Proprietary funds account for activities similar to for-profit enterprises, where the determination of net income is necessary for sound financial administration. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies and services 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 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the component unit financial statements.

Required Supplementary Information

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

- Budgetary comparison schedules and note disclosure showing the reconciliation of the statutory operating activities and the generally accepted accounting principles operating activities and fund balances, as presented in the governmental fund financial statements
- Condition and maintenance data regarding the State's infrastructure reported using the modified approach
- Schedules of funding progress and actuarial information related to the State's obligation to provide pension and postemployment benefits to certain employees

Other Supplementary Information

Combining financial statements are presented after the required supplementary information to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements tie to the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

Net assets measure the difference between what the State owns (assets) versus what the State owes (liabilities). Net assets may serve over time as a useful indicator of the State’s financial position. The State’s assets exceeded liabilities by \$8.7 billion for the most recent

fiscal year. The State’s combined net assets increased \$203.8 million over the course of this fiscal year’s operations. Net assets of governmental activities increased \$197.1 million, and business-type activities net assets increased \$6.7 million.

Net Assets
June 30, 2010 and 2009
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009*	2010	2009*	2010	2009*
Current and Other Assets	\$3,623,812	\$3,583,936	\$1,321,202	\$1,127,659	\$4,945,014	\$4,711,595
Capital Assets	5,602,576	5,295,853	1,064,341	1,005,492	6,666,917	6,301,345
Total Assets	9,226,388	8,879,789	2,385,543	2,133,151	11,611,931	11,012,940
Other Liabilities	1,062,840	1,038,059	250,947	197,502	1,313,787	1,235,561
Long-Term Liabilities	847,892	723,219	725,690	533,436	1,573,582	1,256,655
Total Liabilities	1,910,732	1,761,278	976,637	730,938	2,887,369	2,492,216
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,953,158	4,782,892	610,890	562,915	5,564,048	5,345,807
Restricted	1,784,243	1,566,748	604,989	640,725	2,389,232	2,207,473
Unrestricted	578,255	768,871	193,027	198,573	771,282	967,444
Total Net Assets	\$7,315,656	\$7,118,511	\$1,408,906	\$1,402,213	\$8,724,562	\$8,520,724

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

The largest component of the State’s net assets, 63.8 percent (\$5.6 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net assets are the next largest component, comprising 27.4 percent (\$2.4 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 8.8 percent (\$0.8 billion) of net assets represents unrestricted net assets, which may be used at the State’s discretion but often have limitations on use based on state statutes.

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

Changes in Net Assets

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

Change in Net Assets
For the Fiscal Years Ended June 30, 2010 and 2009
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2010	2009*	2010	2009*	2010	2009*	
Revenues							
Program Revenues							
Charges for Services	\$612,825	\$614,306	\$928,120	\$767,667	\$1,540,945	\$1,381,973	11.5
Operating Grants and Contributions	2,935,393	2,034,795	301,764	293,673	3,237,157	2,328,468	39.0
Capital Grants and Contributions	4,660	8,892	44,094	21,154	48,754	30,046	62.3
General Revenues							
Sales Tax	1,127,013	1,177,106			1,127,013	1,177,106	(4.3)
Individual and Corporate Taxes	1,242,032	1,320,968			1,242,032	1,320,968	(6.0)
Other Taxes	407,272	400,602			407,272	400,602	1.7
Other	42,920	67,233			42,920	67,233	(36.2)
Total Revenues	6,372,115	5,623,902	1,273,978	1,082,494	7,646,093	6,706,396	14.0
Expenses							
General Government	548,757	450,875			548,757	450,875	21.7
Public Safety and Correction	320,423	326,125			320,423	326,125	(1.7)
Health and Human Services	2,182,592	2,115,148			2,182,592	2,115,148	3.2
Education	1,830,608	1,850,258			1,830,608	1,850,258	(1.1)
Economic Development	799,054	743,811			799,054	743,811	7.4
Natural Resources	241,508	241,108			241,508	241,108	0.2
Interest Expense	45,782	46,767			45,782	46,767	(2.1)
College and University			898,012	897,048	898,012	897,048	0.1
Unemployment Compensation			331,116	338,600	331,116	338,600	(2.2)
Loan			9,624	5,910	9,624	5,910	62.8
State Lottery			110,204	105,780	110,204	105,780	4.2
State Liquor			118,022	117,185	118,022	117,185	0.7
Correctional Industries			6,553	8,323	6,553	8,323	(21.3)
Total Expenses	5,968,724	5,774,092	1,473,531	1,472,846	7,442,255	7,246,938	2.7
Increase (Decrease) in Net Assets before Transfers	403,391	(150,190)	(199,553)	(390,352)	203,838	(540,542)	(137.7)
Transfers	(206,246)	(251,847)	206,246	251,847	0	0	
Change in Net Assets	197,145	(402,037)	6,693	(138,505)	203,838	(540,542)	(137.7)
Net Assets, Beginning of Year, as Restated	7,118,511	7,520,548	1,402,213	1,540,718	8,520,724	9,061,266	(6.0)
Net Assets, End of Year	\$7,315,656	\$7,118,511	\$1,408,906	\$1,402,213	\$8,724,562	\$8,520,724	2.4

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

The Total Percent Change column shows the percentage change in operations from fiscal year 2009 to 2010 for each line item. Readers should be cautious when using this column to evaluate the overall change in net assets. Although a line may show a large percentage change (e.g., 62.8 percent for the Loan fund of \$3.7 million), it may not have as significant of an effect on the overall change in net assets as a change in a more material line item with a smaller percentage change (e.g., 3.2 percent for Health and Human Services of \$67.4 million).

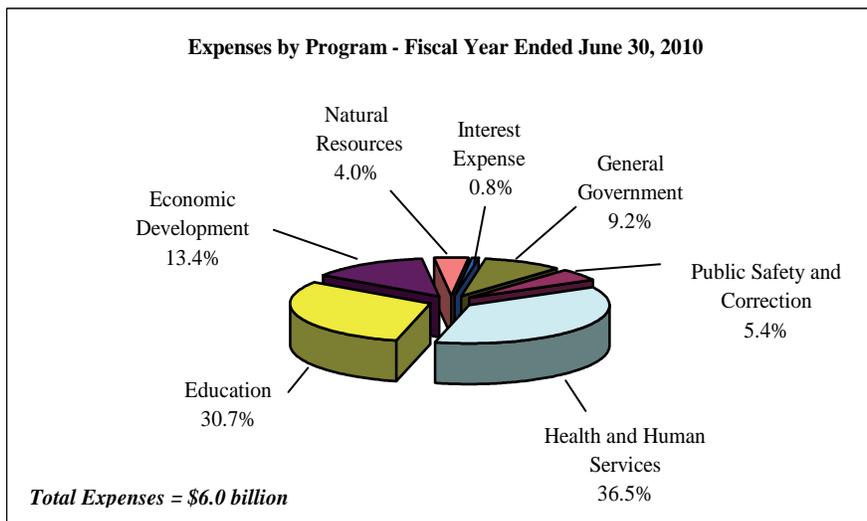
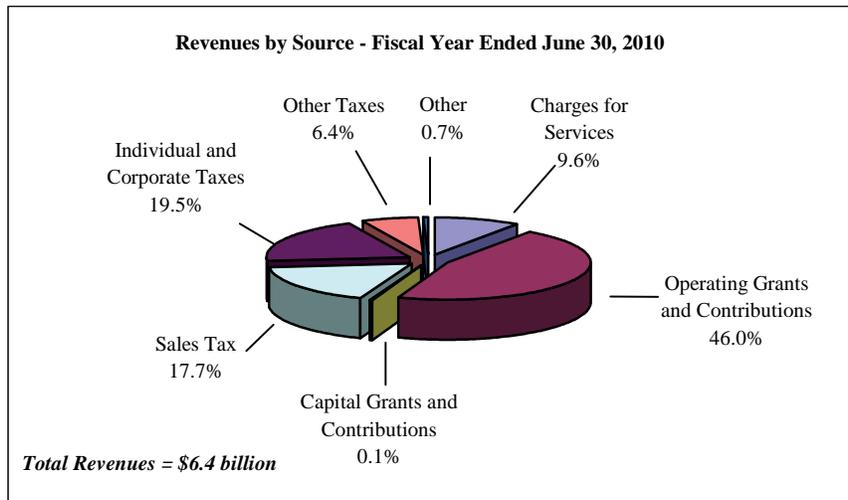
Governmental Activities

The overall financial position for Governmental Activities improved during the fiscal year, as evidenced by the 2.8 percent increase (\$197.1 million) in net assets. The key element of this increase was a 44.3 percent increase (\$900.6 million) in operating grants and contributions revenues, primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act of 2009 (federal stimulus dollars) for health care assistance, education, and transportation. This increase was offset in part by a 4.3 percent decrease (\$50.1 million) in sales tax revenue, a 6 percent decrease (\$78.9 million) in individual and corporate tax revenue, and a 36.2 percent decrease (\$24.3 million) in other

revenue, primarily due to decreased investment earnings and a reduction in tobacco settlement revenue.

General Government expenses increased by 21.7 percent (\$97.9 million) primarily due to tax refunds and various building projects completed for the colleges and universities. Health and Human Services expenses increased during the year by 3.2 percent (\$67.4 million) due to greater medical assistance payments, mainly related to Medicaid and rehabilitation services. Economic Development expenses increased by 7.4 percent (\$55.2 million) primarily related to infrastructure maintenance and preservation.

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



Business-Type Activities

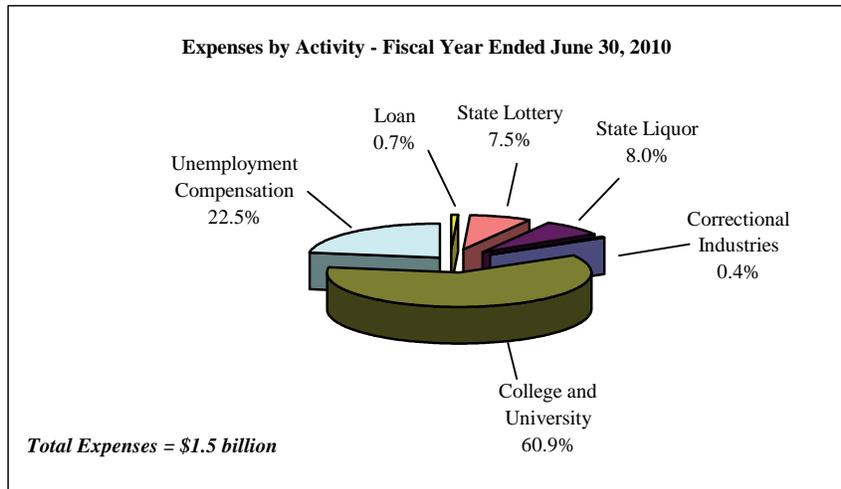
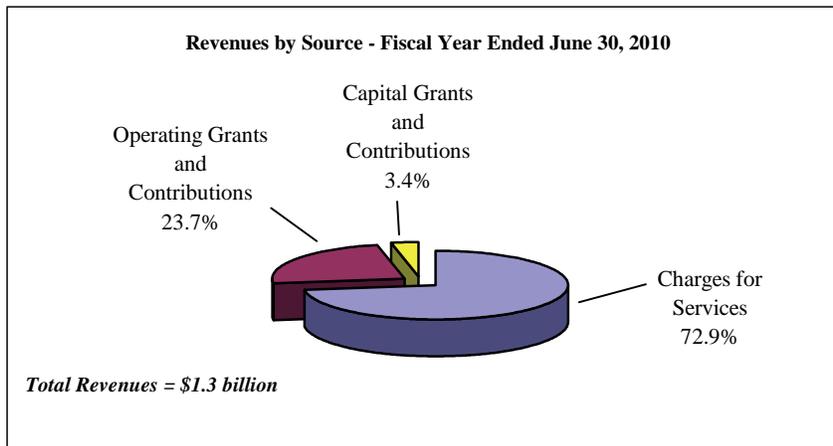
Business-type activities' net assets increased by 0.5 percent (\$6.7 million) in fiscal year 2010. The largest changes were seen in the following funds:

- The Unemployment Compensation fund net assets decreased by 73.6 percent (\$82.9 million). The deepest job loss Idaho has experienced since World War II drove unemployment insurance tax rates up 70 percent. Even though employer's assessment revenue increased by \$131.0 million, unemployment compensation benefits remained at \$331.1 million, only \$5.4 million below the previous year's payments. Federal grant revenue decreased by \$33.6 million due to a single grant received in 2009 to modernize the State's unemployment insurance system.
- Loan fund net assets increased by 9.8 percent (\$35.2 million) primarily due to an increase in

federal grants of \$6.0 million to provide loans to municipalities for improvements to wastewater and drinking water systems and a reduction of \$3.0 million for services and supplies expenses. Grant revenues were offset in part by an increase of \$6.8 million in subgrants and loans to municipalities to make improvements to wastewater and drinking water systems and a reduction of \$4.1 million in transfers from the State's General Fund and the Agriculture and Natural Resources fund.

- College and University fund net assets increased by 6 percent (\$51.9 million) primarily due to an increase of \$21.5 million in student tuition and fees and an increase of \$58.5 million in gifts, grants, and capital contributions. These increases were partially offset by a \$16.9 million increase in scholarship and fellowship expenses, and a \$45.4 million decrease in transfers from the General Fund.

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 fiscal year 2010, the State's governmental funds reported combined ending fund balances of \$2.2 billion, an increase of \$10.0 million in comparison with fiscal year 2009. Of the \$2.2 billion, 45.6 percent (\$1.0 billion) constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds, but may be limited by state statutes. The remainder of the fund balance, 54.4 percent (\$1.2 billion), is reserved to indicate that it is not available for new spending because it has been reserved for various commitments such as bond retirement, liquidation of purchase orders and contracts of the prior period, and permanent trusts held for education.

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance was \$489.7 million and reserved fund balance was \$130.5 million. Total fund balance decreased 17.1 percent (\$127.8 million) during fiscal year 2010 primarily as a result of decreased individual and corporate income tax of \$97.5 million and decreased sales tax revenue of \$52.4 million. These decreases were offset by a decrease of \$251.3 million in education expenditures and a decrease of \$27.4 million in public safety and correction expenditures. Additional information about education expenditures is provided below with the nonmajor governmental fund balances and the General Fund Budgetary Highlights.

Health and Welfare's fund balance decreased 49.8 percent (\$10.6 million) during the fiscal year primarily as a result of decreased transfers in from the General Fund of \$69.7 million, increased expenditures of \$94.5 million due to greater Medicaid and rehabilitation services and income assistance payments, and increased intergovernmental revenue sharing of \$25.4 million primarily as a result of federal subgrants to the Community Action Partnership Association and Health Districts. These decreases to fund balance were offset in part by an increase of \$190.8 million in federal grant revenue from federal stimulus dollars.

Transportation's fund balance increased 21 percent (\$32.8 million) during the fiscal year primarily as a result of increases of \$113.6 million in federal grants from federal stimulus dollars for highway improvements and a \$22.4 million decrease in payments made toward a note payable to the Idaho Housing and Finance Association. The Association issued Grant Anticipation Revenue Vehicle (GARVEE) bonds on behalf of Transportation for improvements to Idaho's roads. The proceeds and expenditures from GARVEE bonds are reported

separately as a capital projects fund in the nonmajor governmental funds, described below. These increases to fund balance were offset by an increase in capital outlay expenditures of \$99.3 million.

Land Endowments' fund balance increased \$120.1 million during the fiscal year, due mainly to a \$344.7 million increase in the fair market value of investments. This increase was primarily due to a recovery in equity prices from the preceding year's unprecedented liquidity crisis in fixed income markets.

Nonmajor governmental fund balances decreased by \$4.5 million during the fiscal year, mainly due to increased education expenditures of \$218.1 million. This decrease in fund balance was offset by increased receipts of \$254.2 million of federal grants and gifts primarily due to federal stimulus funding for education, employment, disaster relief, and sport fishing and wildlife restoration projects and a decrease of \$41.1 million for capital outlay expenditures.

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

As monthly revenue collections continued to be less than revenue projections throughout the fiscal year, the original 2010 General Fund budget of \$3.0 billion was reduced by \$84.9 million (2.9 percent) to \$2.9 billion. The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable \$137.9 million (4.8 percent). Overall, the General Fund revenue was 6.2 percent (\$167.0 million) less in fiscal year 2010 than in fiscal year 2009. In order to balance the budget, \$133.5 million was used from reserve funds and \$15.0 million was transferred in from dedicated funds. Original appropriations for Public School budgets were maintained during fiscal year 2010 by using \$49.3 million from the Public Education Stabilization Fund, and \$145.7 million from federal stimulus funding in place of the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010 the State had \$6.7 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 \$122.7 million.

Capital Assets as of June 30, 2010 and 2009

(Net of depreciation, dollars in thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009*	2010	2009*	2010	2009*
Land and Land Use Rights	\$1,012,331	\$973,479	\$99,227	\$95,247	\$1,111,558	\$1,068,726
Capital Assets in Progress	1,038,175	1,141,939	94,412	57,474	1,132,587	1,199,413
Infrastructure--not Depreciated	2,155,646	2,030,524			2,155,646	2,030,524
Historical Art and Collections	122	122	2,191	2,158	2,313	2,280
Buildings and Improvements	594,795	435,138	750,359	730,153	1,345,154	1,165,291
Improvements Other Than Buildings	55,525	47,924	20,305	20,738	75,830	68,662
Machinery, Equipment, and Other	167,652	140,004	97,847	99,722	265,499	239,726
Infrastructure--Depreciated	578,330	526,723			578,330	526,723
Total	\$5,602,576	\$5,295,853	\$1,064,341	\$1,005,492	\$6,666,917	\$6,301,345

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

The total increase in invested in capital assets for the current fiscal year (including additions and deductions) was 5.8 percent or (\$365.6 million) over the previous year's adjusted ending balance. The State implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This change in accounting principle increased the prior year's balance for Capital Assets in Progress by \$54.3 million and Machinery, Equipment, and Other by \$9.6 million. This year's major additions include \$476.4 million spent for infrastructure assets, which includes capital assets in progress of \$250.3 million, roadways of \$131.4 million, rights-of-way of \$32.9 million, and bridges, rest areas, and ports of entry of \$61.8 million.

The State uses the traditional method of depreciation for its 1,777 bridges and 39 rest areas or ports of entry. The State has adopted the modified approach for reporting roads. Under this alternative method certain maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 11,989 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using two pavement condition data elements, road roughness and pavement distress (cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition

assessment rating showed that the State had 18 percent of its road surfaces in poor or very poor condition, an improvement from the 20 percent condition assessment in calendar year 2008. During fiscal year 2010 the State spent \$111.5 million to maintain Idaho's road surfaces. This amount is 22.6 percent (\$32.5 million) less than the estimated amount of \$144.0 million to maintain Idaho's road surfaces. Actual costs were less than estimated costs due to a decline in road construction costs. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the notes to the required supplementary information.

Long-Term Debt

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

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

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

New debt resulted mainly from the Idaho Transportation Department issuing \$163.6 million in notes payable for highway projects; colleges and universities issuing revenue bonds of \$47.6 million to refund several outstanding bonds and to fund designated projects; and the Idaho Department of Labor issuing \$175.4 million in notes payable for unemployment compensation benefits.

Moody's Investors Service has increased the assigned State of Idaho issuer rating from an Aa2 to an Aa1, with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the appropriation-backed lease rental debt issued by the Idaho State Building Authority has increased from an Aa3 to an Aa1, with a stable outlook. The State's conservative debt policies have led to modest state debt levels, falling well below national medians; however, the transportation debt program will increase state debt significantly in the next few years. More detailed information about the State's long-term debt is presented in Notes 1 and 12 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Amid increasing school enrollments, growing Medicaid caseloads, and increasing prison inmate growth, Idaho's economy is experiencing the continuation of a record-setting economic downturn not seen in 75 years. In September 2010 Idaho's unemployment rate was at 9 percent (68,000 jobs), compared to a historically low rate of 2.7 percent in March of 2007 and a historically high rate of 9.6 percent in February 1983. Idaho has posted year-over-year job losses for 30 straight months. In September 2010 Idaho reported 611,400 total jobs. The economy appears to have stopped shedding jobs but has yet to start picking up jobs.

The recession, which began in December 2007, depleted Idaho's unemployment trust fund. Idaho borrowed a total of \$202.4 million of no-interest federal money to pay benefits in fiscal years 2009 and 2010.

Idaho's personal income from wages, investment earnings, and other receipts rose nearly a full percentage

point during the second quarter of 2010, exceeding \$50.0 billion on an annualized basis for the first time since the summer of 2008. The bulk of the increase was in higher Social Security, pension, unemployment, and disability benefits. A modest 0.6 percent increase in wage and salary payments was spread across nearly every sector of the economy.

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009. The Recovery Act's goals are to create new jobs as well as save existing ones and to spur economic activity and investment in long-term economic growth. At September 30, 2010, of the total \$825.2 million in recovery funds awarded to Idaho, \$327.2 million was still available for future spending, (\$125.4 million for education, \$113.6 million for economic development, \$55.4 million for natural resources, \$22.7 million for health and human resources, \$8.0 million for public safety, and \$2.0 million for general government). Idaho information related to the American Recovery and Reinvestment Act of 2009 can be obtained at <http://accountability.idaho.gov>.

The Joint Finance and Appropriations Committee estimated a \$10.0 million increase in fiscal year 2011 revenue over 2010 revenue. Statewide appropriations for fiscal year 2011 are \$5.7 billion compared to 2010 total appropriations of \$6.5 billion, a decrease of 12.7 percent (\$832.8 million). Even though the Legislature authorized the use of \$85.1 million from major reserve funds (\$30.8 million from the Budget Stabilization Fund, \$5.5 million from the Public Education Stabilization Fund, \$48.8 million from the Economic Recovery Reserve Fund), significant reductions were required to the base budgets of state agencies and the public schools to stay within projected revenues. The Tax Commission estimates the amount of uncollected taxes due to be \$255.0 million, of which \$67.0 million is estimated to be collectible. The Legislature appropriated \$3.3 million to restore and enhance collection staff to reduce the tax gap. Additional revenue from this tax compliance initiative is estimated to be \$16.4 million for fiscal year 2011.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



In 1912 the State Auditor was added to the State Board of Land Commissioners. Auditor **S.D. Taylor** served from 1909 to 1913 and became the first State Auditor to serve on the Board.



Pictured – Idaho State Land Board, left to right: Pilot, Governor H.C. Baldrige, Mrs. Rankin, Secretary of State Fred E. Lukens, Attorney General W. D. Gillis, Auditor Edward G. Gallet, and State Land Commissioner Ike H. Nash. Auditor **Edward Gallet** served from 1919 to 1933 for seven two-year terms. A state budget system was instituted in 1922.

*State of Idaho***Statement of Net Assets****June 30, 2010***(dollars in thousands)*

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	\$11,702	\$155,977	\$167,679
Pooled Cash and Investments	903,967	88,237	992,204
Investments	1,178,901	238,127	1,417,028
Securities Lending Collateral	428,974	105,181	534,155
Accounts Receivable, Net	141,422	177,789	319,211
Taxes Receivable, Net	320,622		320,622
Internal Balances	125	(125)	
Due from Other Entities	347,462		347,462
Inventories and Prepaid Items	47,955	22,508	70,463
Due from Primary Government			
Due from Component Unit		70,195	70,195
Loans, Notes, and Pledges Receivable, Net	14,607	304,088	318,695
Deferred Outflows	8,074		8,074
Other Assets	9,653	14,371	24,024
Restricted Assets:			
Cash and Cash Equivalents	101,013	80,760	181,773
Investments	109,335	64,094	173,429
Capital Assets:			
Nondepreciable	4,206,274	195,830	4,402,104
Depreciable, Net	1,396,302	868,511	2,264,813
Total Assets	\$9,226,388	\$2,385,543	\$11,611,931
LIABILITIES			
Accounts Payable	\$230,935	\$31,299	\$262,234
Payroll and Related Liabilities	34,577	38,695	73,272
Medicaid Payable	185,267		185,267
Due to Other Entities	61,695	6,102	67,797
Unearned Revenue	59,036	45,809	104,845
Amounts Held in Trust for Others	9,420	2,205	11,625
Due to Primary Government			
Due to Component Unit		453	453
Obligations Under Securities Lending	428,974	105,181	534,155
Other Accrued Liabilities	52,936	21,203	74,139
Long-Term Liabilities:			
Due Within One Year	155,492	240,567	396,059
Due in More Than One Year	692,400	485,123	1,177,523
Total Liabilities	1,910,732	976,637	2,887,369
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,953,158	610,890	5,564,048
Restricted for:			
Claims and Judgments	83,161		83,161
Debt Service	18,944	553	19,497
Intergovernmental Revenue Sharing	16,455		16,455
Transportation	189,414		189,414
Regulatory	61,179		61,179
Natural Resources and Recreation	106,888	363,719	470,607
Unemployment Compensation		29,771	29,771
Permanent Trust - Expendable	224,511	105,735	330,246
Permanent Trust - Nonexpendable	967,142	67,830	1,034,972
Other Purposes	116,549	37,381	153,930
Unrestricted	578,255	193,027	771,282
Total Net Assets	7,315,656	1,408,906	8,724,562
Total Liabilities and Net Assets	\$9,226,388	\$2,385,543	\$11,611,931

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

Component Units
\$34,963
819
1,147,805
24,453
1,930
356,650
1,612,993
64,481
133,104
41,334
3,095
5,713
36,720
<u>\$3,464,060</u>
\$1,312
573
21,485
36,180
70,195
210,873
139,658
2,442,213
<u>2,922,489</u>
21,347
153,705
105,023
188,398
751
72,347
<u>541,571</u>
<u>\$3,464,060</u>

*State of Idaho***Statement of Activities****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	\$548,757	\$79,833	\$66,934	\$209
Public Safety and Correction	320,423	52,805	14,802	
Health and Human Services	2,182,592	101,419	1,660,804	
Education	1,830,608	12,624	464,335	
Economic Development	799,054	239,107	474,160	2,223
Natural Resources	241,508	127,037	254,358	2,228
Interest Expense	45,782			
Total Governmental Activities	5,968,724	612,825	2,935,393	4,660
Business-Type Activities				
College and University	898,012	368,504	271,076	44,094
Unemployment Compensation	331,116	255,278	496	
Loan	9,624	15,027	30,192	
State Lottery	110,204	147,931		
State Liquor	118,022	135,289		
Correctional Industries	6,553	6,091		
Total Business-Type Activities	1,473,531	928,120	301,764	44,094
Total Primary Government	\$7,442,255	\$1,540,945	\$3,237,157	\$48,754
Component Units				
Idaho Housing and Finance Association	\$203,864	\$141,935	\$73,402	\$958
College and University Foundation	47,986	1,827	78,894	
Petroleum Clean Water Trust Fund	2,070	3,206		
Health Reinsurance	10,863	4,764	1,420	
Bond Bank Authority	8,650	8,662		
Total Component Units	\$273,433	\$160,394	\$153,716	\$958

GENERAL REVENUES

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

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
(\$401,781)		(\$401,781)	
(252,816)		(252,816)	
(420,369)		(420,369)	
(1,353,649)		(1,353,649)	
(83,564)		(83,564)	
142,115		142,115	
(45,782)		(45,782)	
(2,415,846)		(2,415,846)	
	(\$214,338)	(214,338)	
	(75,342)	(75,342)	
	35,595	35,595	
	37,727	37,727	
	17,267	17,267	
	(462)	(462)	
	(199,553)	(199,553)	
(2,415,846)	(199,553)	(2,615,399)	
			\$12,431
			32,735
			1,136
			(4,679)
			12
			41,635
1,127,013		1,127,013	
1,242,032		1,242,032	
221,142		221,142	
186,130		186,130	
26,120		26,120	
16,800		16,800	
			5,017
			1,632
(206,246)	206,246		
2,612,991	206,246	2,819,237	6,649
197,145	6,693	203,838	48,284
7,118,511	1,402,213	8,520,724	493,287
\$7,315,656	\$1,408,906	\$8,724,562	\$541,571

*State of Idaho***Balance Sheet****Governmental Funds****June 30, 2010***(dollars in thousands)*

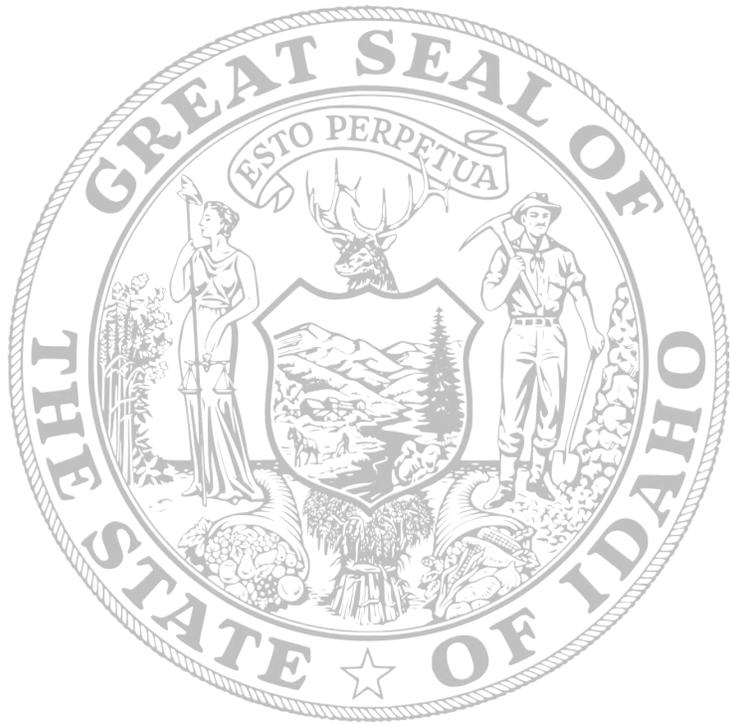
	General	Health and Welfare	Transportation	Land Endowments
ASSETS				
Cash and Cash Equivalents	\$686		\$7	
Pooled Cash and Investments	393,969	\$7,498	151,120	\$2,821
Investments	11,193		41,601	1,043,911
Securities Lending Collateral	229,126	2,929	30,976	102,660
Accounts Receivable, Net	16,690	13,720	5,104	78,333
Taxes Receivable, Net	297,533	131	20,354	
Interfund Receivables	2,710	42	16	
Due from Other Entities	488	246,720	36,951	
Inventories and Prepaid Items	8,235	3,994	22,299	
Loans, Notes, and Pledges Receivable, Net	2,356		1,440	
Other Assets	63	21	223	3,651
Restricted Assets:				
Cash and Cash Equivalents	6,660	8,028	199	
Investments	89,180	3,932		
Total Assets	\$1,058,889	\$287,015	\$310,290	\$1,231,376
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$23,431	\$27,002	\$29,766	\$85,045
Payroll and Related Liabilities	10,583	7,190	4,588	
Medicaid Payable		185,267		
Interfund Payables	1,327	435	695	
Due to Other Entities	33,843		27,845	
Deferred Revenue	117,150	43,987	16,452	
Amounts Held in Trust for Others	108	5,645	199	
Obligations Under Securities Lending	229,126	2,929	30,976	102,660
Other Accrued Liabilities	23,133	3,929	10,365	
Total Liabilities	438,701	276,384	120,886	187,705
Fund Balances				
Reserved for:				
Bond Retirement				
Encumbrances	24,039	17,139	23,420	
Inventories and Prepaid Items	8,235	3,994	22,299	
Noncurrent Receivables	2,657			
Permanent Trusts	2,374			875,535
Other Purposes	93,186	7,108		
Unreserved, Reported in:				
General Fund	489,697			
Special Revenue Funds		(17,610)	143,685	
Capital Projects Fund				
Permanent Funds				168,136
Total Fund Balances	620,188	10,631	189,404	1,043,671
Total Liabilities and Fund Balances	\$1,058,889	\$287,015	\$310,290	\$1,231,376

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

Nonmajor Governmental	Total
\$11,009	\$11,702
254,496	809,904
40,014	1,136,719
31,874	397,565
27,518	141,365
2,604	320,622
2,290	5,058
63,303	347,462
11,103	45,631
10,711	14,507
767	4,725
69,261	84,148
16,223	109,335
<u>\$541,173</u>	<u>\$3,428,743</u>

\$65,260	\$230,504
11,692	34,053
	185,267
3,112	5,569
7	61,695
41,887	219,476
3,468	9,420
31,874	397,565
3,805	41,232
<u>161,105</u>	<u>1,184,781</u>

18,944	18,944
47,831	112,429
11,103	45,631
11,755	14,412
	877,909
52,919	153,213
	489,697
237,506	363,581
10	10
	168,136
<u>380,068</u>	<u>2,243,962</u>
<u>\$541,173</u>	<u>\$3,428,743</u>



Reconciliation of the Governmental Funds Balance Sheet

To the Statement of Net Assets

June 30, 2010

(dollars in thousands)

Total Fund Balances - Governmental Funds \$2,243,962

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:

Land	\$1,012,331	
Capital Assets in Progress	1,038,083	
Infrastructure	2,916,113	
Historical Art and Collections	72	
Buildings and Improvements	858,092	
Improvements Other Than Buildings	80,329	
Machinery, Equipment, and Other	387,621	
Accumulated Depreciation	<u>(708,005)</u>	
Total Capital Assets		5,584,636

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. 574

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. 173,124

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. 138,642

Bond issue costs are reported as current expenditures in the funds. However, these costs are deferred on the Statement of Net Assets. 4,124

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:

Capital Leases Payable	(32,558)	
Compensated Absences Payable	(51,220)	
Bonds and Notes Payable	(629,098)	
Accrued Interest on Bonds	(3,450)	
Claims and Judgments	(79,890)	
Other Long-Term Liabilities	<u>(33,190)</u>	
Total Long-Term Liabilities		<u>(829,406)</u>

Net Assets - Governmental Activities \$7,315,656

*State of Idaho***Statement of Revenues, Expenditures, and Changes in Fund Balances****Governmental Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

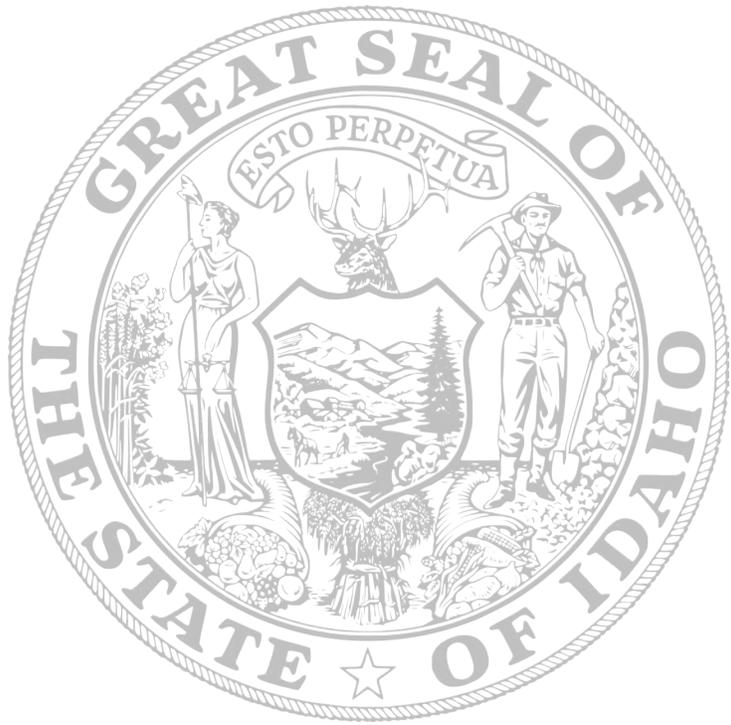
	General	Health and Welfare	Transportation	Land Endowments
REVENUES				
Sales Tax	\$1,117,584			
Individual and Corporate Taxes	1,228,463			
Other Taxes	53,068	\$14,395	\$220,302	
Licenses, Permits, and Fees	19,019	7,140	117,179	
Sale of Goods and Services	8,695	97,949	6,402	\$48,024
Grants and Contributions	3,300	1,688,850	370,728	
Investment Income	24,017	1,355	3,822	145,897
Tobacco Settlement	25,990			
Other Income	31,171	3,030	5,494	
Total Revenues	2,511,307	1,812,719	723,927	193,921
EXPENDITURES				
Current:				
General Government	159,031			
Public Safety and Correction	222,120			
Health and Human Services	41,112	2,160,426		
Education	1,357,863			
Economic Development	25,914		174,887	
Natural Resources	28,174			27,525
Capital Outlay	92,251	21,609	352,891	363
Intergovernmental Revenue Sharing	178,774	68,038	133,047	
Debt Service:				
Principal Retirement	918		8,177	
Interest and Other Charges	14,379	4	19,153	
Total Expenditures	2,120,536	2,250,077	688,155	27,888
Revenues Over (Under) Expenditures	390,771	(437,358)	35,772	166,033
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions	22,580			
Sale of Capital Assets	178	5	12,453	9
Transfers In	164,485	427,024		
Transfers Out	(705,842)	(237)	(15,386)	(45,955)
Total Other Financing Sources (Uses)	(518,599)	426,792	(2,933)	(45,946)
Net Changes in Fund Balances	(127,828)	(10,566)	32,839	120,087
Fund Balances - Beginning of Year, as Restated	748,016	21,197	156,565	923,584
Fund Balances - End of Year	\$620,188	\$10,631	\$189,404	\$1,043,671

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

Nonmajor Governmental	Total
\$4,800	\$1,122,384
	1,228,463
122,159	409,924
131,680	275,018
67,150	228,220
745,429	2,808,307
16,505	191,596
	25,990
38,870	78,565
<u>1,126,593</u>	<u>6,368,467</u>

49,753	208,784
62,337	284,457
	2,201,538
452,413	1,810,276
215,975	416,776
158,592	214,291
209,983	677,097
79,857	459,716
24,127	33,222
13,112	46,648
<u>1,266,149</u>	<u>6,352,805</u>
<u>(139,556)</u>	<u>15,662</u>

163,562	163,562
1,165	23,745
791	13,436
39,054	630,563
(69,540)	(836,960)
<u>135,032</u>	<u>(5,654)</u>
(4,524)	10,008
<u>384,592</u>	<u>2,233,954</u>
<u>\$380,068</u>	<u>\$2,243,962</u>



State of Idaho

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances -- Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010
(dollars in thousands)**

Net Change in Fund Balances - Governmental Funds

\$10,008

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	\$391,378	
Depreciation Expense	(65,024)	
		326,354

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. (18,374)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. 549

The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current year the following debt was incurred:

Bonds and Notes	(163,562)	
Capital Leases	(23,745)	
		(187,307)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year these amounts consisted of:

Bond and Note Principal	31,511	
Bond Issue Costs	(421)	
Capital Leases	1,710	
		32,800

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Assets.

In the current year these amounts consisted of:

Accrued Interest and Amortization	1,027	
Compensated Absences	2,955	
Claims and Judgments	33,045	
Other Long-Term Liabilities	(10,111)	
		26,916

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. 6,199

Change in Net Assets - Governmental Activities

\$197,145

State of Idaho

Statement of Net Assets

Proprietary Funds

June 30, 2010

(dollars in thousands)

	Business-Type Activities--Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$111,177	\$40,489	\$687	\$3,624
Pooled Cash and Investments	46,474	8,456	11,818	21,489
Investments	31,974			
Securities Lending Collateral		57,981	47,200	
Accounts Receivable, Net	61,054	113,419	583	2,733
Interfund Receivables	2,144			161
Inventories and Prepaid Items	8,511			13,997
Due from Component Unit	2,365			
Loans, Notes, and Pledges Receivable, Net	3,728		10,549	
Other Current Assets	719		4,718	
Total Current Assets	268,146	220,345	75,555	42,004
Noncurrent Assets				
Restricted Cash and Cash Equivalents	20,888		22,847	37,025
Investments	128,283	77,870		
Restricted Investments	704		63,390	
Due from Component Unit	67,830			
Loans, Notes, and Pledges Receivable, Net	22,095		267,716	
Other Noncurrent Assets	8,929			5
Capital Assets, Net	1,021,449		33,359	9,533
Total Noncurrent Assets	1,270,178	77,870	387,312	46,563
Total Assets	\$1,538,324	\$298,215	\$462,867	\$88,567
LIABILITIES				
Current Liabilities				
Accounts Payable	\$21,833			\$9,466
Payroll and Related Liabilities	38,090			605
Interfund Payables	2,423			7
Due to Other Entities			\$11	6,091
Unearned Revenue	28,036		17,773	
Amounts Held in Trust for Others	2,205			
Due to Component Unit	453			
Obligations Under Securities Lending		\$57,981	47,200	
Other Accrued Liabilities	9,252	8,061	252	3,638
Capital Leases Payable	114			49
Capital Leases Payable to Component Unit	295			
Compensated Absences Payable	20,169			713
Bonds and Notes Payable	16,465	202,402	360	
Policy Claim Liabilities				
Total Current Liabilities	139,335	268,444	65,596	20,569
Noncurrent Liabilities				
Capital Leases Payable	271			34
Capital Leases Payable to Component Unit	2,082			
Bonds and Notes Payable	466,854		3,720	
Policy Claim Liabilities				
Other Long-Term Obligations	11,840			322
Total Noncurrent Liabilities	481,047		3,720	356
Total Liabilities	620,382	268,444	69,316	20,925
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	572,161		29,279	9,450
Restricted for:				
Claims and Judgments				
Debt Service			553	
Permanent Trust - Expendable	105,735			
Permanent Trust - Nonexpendable	67,830			
Other Purposes				37,381
Unrestricted	172,216	29,771	363,719	20,811
Total Net Assets	917,942	29,771	393,551	67,642
Total Liabilities and Net Assets	\$1,538,324	\$298,215	\$462,867	\$88,567

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

Governmental Activities	
Total	Internal Service Funds
\$155,977	
88,237	\$94,063
31,974	
105,181	31,409
177,789	66
2,305	643
22,508	2,324
2,365	
14,277	26
5,437	227
606,050	128,758
80,760	16,865
206,153	42,182
64,094	
67,830	
289,811	74
8,934	3
1,064,341	17,940
1,781,923	77,064
\$2,387,973	\$205,822
\$31,299	\$458
38,695	524
2,430	7
6,102	
45,809	12,666
2,205	
453	
105,181	31,409
21,203	180
163	274
295	
20,882	776
219,227	127
	8,033
493,944	54,454
305	397
2,082	
470,574	3,207
	8,923
12,162	199
485,123	12,726
979,067	67,180
610,890	13,935
	83,161
553	
105,735	
67,830	
37,381	
586,517	41,546
1,408,906	138,642
\$2,387,973	\$205,822

*State of Idaho***Statement of Revenues, Expenses, and Changes in Fund Net Assets****Proprietary Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Business-Type Activities--Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		\$252,847		
Licenses, Permits, and Fees	\$304,264		\$842	
Scholarship Allowances	(62,529)			
Sale of Goods and Services	112,699		1,975	\$288,912
Grants and Contributions	146,529	496	30,192	
Other Income	7,671		162	118
Total Operating Revenues	508,634	253,343	33,171	289,030
OPERATING EXPENSES				
Personnel Costs	544,446			15,517
Services and Supplies	197,832		1,653	100,257
Benefits, Awards, and Premiums	69,656	331,110		88,276
Depreciation	54,513		209	863
Other Expenses	12,042	6		4,013
Total Operating Expenses	878,489	331,116	1,862	208,926
Operating Income (Loss)	(369,855)	(77,773)	31,309	80,104
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	124,547			
Investment Income	10,670	2,431	12,048	285
Interest Expense	(19,075)		(315)	(2)
Intergovernmental Distributions			(7,447)	(25,851)
Gain (Loss) on Sale of Capital Assets	(448)			2
Other Nonoperating Revenues (Expenses)	(4,271)			(6)
Total Nonoperating Revenues (Expenses)	111,423	2,431	4,286	(25,572)
Income (Loss) Before Contributions and Transfers	(258,432)	(75,342)	35,595	54,532
Capital Contributions	44,094			
Transfers In	266,288			
Transfers Out		(7,573)	(425)	(52,044)
Change in Net Assets	51,950	(82,915)	35,170	2,488
Total Net Assets - Beginning of Year, as Restated	865,992	112,686	358,381	65,154
Total Net Assets - End of Year	\$917,942	\$29,771	\$393,551	\$67,642

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

Governmental Activities	
Total	Internal Service Funds
\$252,847	
305,106	
(62,529)	
403,586	\$244,670
177,217	2,067
7,951	418
1,084,178	247,155
559,963	12,071
299,742	18,556
489,042	198,360
55,585	2,057
16,061	2,457
1,420,393	233,501
(336,215)	13,654
124,547	
25,434	4,050
(19,392)	(261)
(33,298)	
(446)	
(4,277)	
92,568	3,789
(243,647)	17,443
44,094	
266,288	1,831
(60,042)	(1,680)
6,693	17,594
1,402,213	121,048
\$1,408,906	\$138,642

State of Idaho

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2010

(dollars in thousands)

	Business-Type	
	College and University	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		\$206,089
Receipts from Customers	\$353,460	
Receipts for Interfund Services		
Receipts from Grants and Contributions	146,209	496
Payments to Suppliers	(204,461)	
Payments to Employees	(535,655)	
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(67,215)	(334,626)
Other Receipts (Payments)	545	
Net Cash Provided (Used) by Operating Activities	(307,117)	(128,041)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	121,530	
Intergovernmental Distributions		
Transfers In	266,288	
Transfers Out		(7,573)
Proceeds from Bonds, Notes, and Loans	245,624	175,429
Repayment of Bonds, Notes, and Loans	(246,007)	
Interest Payments		
Net Cash Provided (Used) by Noncapital Financing Activities	387,435	167,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	24,019	
Bonds Issued	56,344	
Payment of Bonds and Notes	(40,579)	
Interest Payments	(18,941)	
Capital Lease Payments		
Proceeds from Disposition of Capital Assets	822	
Acquisition and Construction of Capital Assets	(103,130)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(81,465)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	4,929	142
Purchase of Investments	(215,861)	
Redemption of Investments	219,399	
Other Investing Activities		
Net Cash Provided (Used) by Investing Activities	8,467	142
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	7,320	39,957
Beginning Cash, Cash Equivalents, and Pooled Cash	171,219	8,988
Ending Cash, Cash Equivalents, and Pooled Cash	\$178,539	\$48,945
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(\$369,855)	(\$77,773)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	54,513	
Maintenance Costs Paid by Department of Public Works	2,126	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(5,592)	(53,185)
Inventories and Prepaid Items	(1,425)	
Notes Receivable	376	
Other Assets	6,259	
Accounts Payable/Interfund Payables	(1,691)	
Unearned Revenue		
Compensated Absences	11	
Policy Claim Liabilities		
Other Accrued Liabilities	8,161	2,917
Net Cash Provided (Used) by Operating Activities	(307,117)	(128,041)

Noncash Transactions (dollars in thousands):

Investments increased in fair value by \$5,619 for colleges and universities, \$2,289 for Unemployment Compensation, \$1,865 for the Loan fund, and \$1,257 for internal service funds. Colleges and universities acquired capital assets through donation in the amount of \$3,368 and through state transfers in the amount of \$16,667, disposed of capital assets at a loss of \$5,916, deposited \$10,707 in proceeds from capital debt to escrow, and defeased \$10,415 in capital debt. The Loan fund forgave loans in the amount of \$7,447. Nonmajor enterprise funds disposed of capital assets at a loss of \$6. Internal service funds acquired capital assets of \$20 through capital lease, disposed of capital assets at a loss of \$5, and recognized \$5 in deferred revenue as a gain on sale of capital assets as part of a sale-leaseback agreement.

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

Activities--Enterprise Funds			Governmental Activities
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
		\$206,089	
\$1,988	\$285,356	640,804	\$1,635
	3,363	3,363	242,846
30,192		176,897	2,067
(1,774)	(97,597)	(303,832)	(18,087)
	(15,592)	(551,247)	(11,967)
(17)	(3,725)	(3,742)	(2,472)
	(87,715)	(489,556)	(201,157)
162		707	
30,551	84,090	(320,517)	12,865
		121,530	
	(24,429)	(24,429)	
		266,288	1,831
(425)	(52,044)	(60,042)	(1,680)
		421,053	
		(246,007)	
(259)		(259)	
(684)	(76,473)	478,134	151
		24,019	
		56,344	
(2,014)	(48)	(42,641)	(134)
	(2)	(18,943)	(228)
			(338)
		822	
	(1,861)	(104,991)	(824)
(2,014)	(1,911)	(85,390)	(1,524)
9,631	285	14,987	2,796
(53,876)		(269,737)	(1,398)
14,556		233,955	41
(74)		(74)	(47)
(29,763)	285	(20,869)	1,392
(1,910)	5,991	51,358	12,884
37,262	56,147	273,616	98,044
\$35,352	\$62,138	\$324,974	\$110,928
\$31,309	\$80,104	(\$336,215)	\$13,654
209	863	55,585	2,057
		2,126	
(127)	(303)	(59,207)	(161)
	168	(1,257)	534
		376	
(1)	(30)	6,228	(2)
(139)	2,973	1,143	(88)
(700)	(9)	(709)	(447)
	(12)	(1)	64
			(2,797)
	336	11,414	51
\$30,551	\$84,090	(\$320,517)	\$12,865

*State of Idaho***Statement of Fiduciary Net Assets****Fiduciary Funds****June 30, 2010***(dollars in thousands)*

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	\$1,386		\$227	\$5,452
Pooled Cash and Investments	1,765			23,841
Investments:				
Pooled Short Term	366,742	\$135,325	9,088	
Fixed Income Investments	2,631,571	893,377		242,005
Marketable Securities	5,777,456			
Mutual Funds and Private Equities	1,230,659		151,670	
Mortgages and Real Estate	798,700	66,666		
Other Investments	4,023		7,623	
Securities Lending Collateral		761,607		
Receivables:				
Investments Sold	1,154,512			
Contributions	4,416			
Interest and Dividends	41,879	1,531	53	
Interfund Receivables	1,638			
Other Receivables	151			
Other Assets	43,919			
Capital Assets, Net	2,287			
Total Assets	12,061,104	1,858,506	168,661	\$271,298
LIABILITIES				
Accounts Payable	993	63	110	
Payroll and Related Liabilities				\$1,934
Interfund Payables	1,638			
Due to Other Entities				576
Amounts Held in Trust for Others				267,999
Obligations Under Securities Lending		761,607		
Investments Purchased	1,356,947		48	
Other Accrued Liabilities	8,918	645		789
Total Liabilities	1,368,496	762,315	158	\$271,298
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	10,471,996			
Postemployment Healthcare Benefits	220,612			
External Investment Pool Participants		1,096,191		
Trust Beneficiaries			168,503	
Total Net Assets	\$10,692,608	\$1,096,191	\$168,503	

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

*State of Idaho***Statement of Changes in Fiduciary Net Assets****Fiduciary Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions:			
Member	\$221,670		
Employer	318,643		
Transfers In from Other Plans	13,576		
Participant Deposits		\$2,418,622	\$31,245
Total Contributions	553,889	2,418,622	31,245
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	938,359	2,666	10,227
Interest, Dividends, and Other	263,099	8,101	4,019
Securities Lending Income	57	2,359	
Less Investment Expense:			
Investment Activity Expense	(44,019)	(679)	
Securities Lending Interest Expense	(44)	(2,215)	
Net Investment Income	1,157,452	10,232	14,246
Miscellaneous Income	1,651		
Total Additions	1,712,992	2,428,854	45,491
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	598,723		
Transfers Out to Other Plans	8,884		
Administrative Expense	6,704		965
Earnings Distribution		6,895	
Participant Withdrawals	9,105	2,911,837	15,451
Total Deductions	623,416	2,918,732	16,416
Change in Net Assets Held in Trust for:			
Employee Pension Benefits	1,058,143		
Employee Postemployment Healthcare Benefits	31,433		
External Investment Pool Participants		(489,878)	
Trust Beneficiaries			29,075
Net Assets - Beginning of Year, as Restated	9,603,032	1,586,069	139,428
Net Assets - End of Year	\$10,692,608	\$1,096,191	\$168,503

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

*State of Idaho***Statement of Net Assets****Component Units****June 30, 2010***(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	\$11,139	\$21,344		\$2,454
Pooled Cash and Investments			\$819	
Investments	769,854	326,787	32,161	19,003
Accounts Receivable, Net	23,862	41	419	131
Inventories and Prepaid Items	1,545	2		383
Due from Primary Government	353,820	2,830		
Loans, Notes, and Pledges Receivable, Net	1,384,999	27,094		
Deferred Outflows	64,481			
Other Assets	121,759	4,567	290	292
Restricted Assets:				
Cash and Cash Equivalents	24,843	16,491		
Investments		3,095		
Capital Assets:				
Nondepreciable	5,700	13		
Depreciable, Net	36,615	105		
Total Assets	\$2,798,617	\$402,369	\$33,689	\$22,263
LIABILITIES				
Accounts Payable	\$611	\$699		\$2
Payroll and Related Liabilities	573			
Unearned Revenue		3,243		18,242
Amounts Held in Trust for Others	21,285	14,895		
Due to Primary Government		70,195		
Other Accrued Liabilities	207,164	836	\$146	191
Long-Term Liabilities:				
Due Within One Year	128,619	445	1,771	3,828
Due in More Than One Year	2,220,995	16,693	4,960	
Total Liabilities	2,579,247	107,006	6,877	22,263
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	21,229	118		
Restricted for:				
Debt Service	153,705			
Permanent Trust - Expendable		105,023		
Permanent Trust - Nonexpendable		188,398		
Other Purposes	751			
Unrestricted	43,685	1,824	26,812	
Total Net Assets	219,370	295,363	26,812	
Total Liabilities and Net Assets	\$2,798,617	\$402,369	\$33,689	\$22,263

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

Bond Bank Authority	Total
\$26	\$34,963
	819
	1,147,805
	24,453
	1,930
	356,650
200,900	1,612,993
	64,481
6,196	133,104
	41,334
	3,095
	5,713
	36,720
<u>\$207,122</u>	<u>\$3,464,060</u>
	\$1,312
	573
	21,485
	36,180
	70,195
\$2,536	210,873
4,995	139,658
199,565	2,442,213
<u>207,096</u>	<u>2,922,489</u>
	21,347
	153,705
	105,023
	188,398
	751
26	72,347
26	541,571
<u>\$207,122</u>	<u>\$3,464,060</u>

*State of Idaho***Statement of Revenues, Expenses, and Changes in Fund Net Assets****Component Units****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	\$8,417	\$2,041		
Services and Supplies	12,004	4,453	\$1,533	\$357
Benefits, Awards, and Premiums	72,561	40,342	537	10,486
Interest Expense	101,993	471		20
Depreciation	2,791	14		
Other Expenses	6,098	665		
Total Expenses	203,864	47,986	2,070	10,863
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	14,059		2,165	
Sale of Goods and Services	4,240	272		4,408
Investment Income	120,159		1,041	356
Other Income	3,477	1,555		
Operating Grants and Contributions	73,402	78,894		1,420
Total Program Revenues	215,337	80,721	3,206	6,184
Net Revenues (Expenses)	11,473	32,735	1,136	(4,679)
GENERAL REVENUES				
Payments from State of Idaho		338		4,679
Total General Revenues		338		4,679
Capital Contributions	958			
Contributions to Permanent Endowments		1,632		
Change in Net Assets	12,431	34,705	1,136	
Net Assets - Beginning of Year, as Restated	206,939	260,658	25,676	
Net Assets - End of Year	\$219,370	\$295,363	\$26,812	

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

Bond Bank Authority	Total
	\$10,458
	18,347
	123,926
\$8,607	111,091
	2,805
43	6,806
8,650	273,433
40	16,264
	8,920
8,607	130,163
15	5,047
	153,716
8,662	314,110
12	40,677
	5,017
	5,017
	958
	1,632
12	48,284
14	493,287
\$26	\$541,571

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 2010, the State implemented the following GASB Statements:

- Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*
- Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*

The financial statements are presented for the fiscal year ended June 30, 2010, 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, 2009. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2009.

A. Reporting Entity

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

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

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

The *College and University Foundation* fund includes the foundations of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, and the University of Idaho. The foundations were established for the purpose of soliciting

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

donations in support of the growth and development of the colleges' and universities' programs and activities. Gifts and contributions are held, protected, managed, and invested for the exclusive benefit of the respective colleges and universities.

The *Petroleum Clean Water Trust* fund was created by Idaho Code, Section 41-4905, to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves, and may modify, the Fund's annual budget and thereby has the ability to impose its will on the Fund.

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

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

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

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

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

The Housing Company
P.O. Box 7899
Boise, ID 83707-1899

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

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

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

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

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

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

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

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

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Assets* and *Statement of Activities* report information on nonfiduciary activities of the

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

The *Statement of Net Assets* presents the State's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are displayed in the following three categories:

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

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

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

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

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

Fund Statements

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted to expenditures for specified purposes.

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

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

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

Operating and Nonoperating Revenues and Expenses of Proprietary Funds

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

Reconciling Government-Wide Statements to the Fund Statements

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

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

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

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

The foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), and Idaho State University (ISU), and THC issue financial statements using FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. The financial statements and note disclosures of these foundations and THC have been reformatted to comply with GASB requirements.

D. Assets and Liabilities

Cash and Cash Equivalents

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

Pooled Cash and Investments

Cash balances of most funds are deposited with the State Treasurer's Office (STO). Balances not required to meet immediate needs are pooled in an internal investment pool. Idaho Code, Sections 67-2725 through 67-2749

and Sections 67-1210 and 67-1210A, govern STO deposit and investment policies for the pooled balances. See Note 2 for more information.

Investments

The State reports most investments at fair value based on published market prices and quotations from investment brokers. Investments held in lieu of surety deposits, which are not held for investment purposes, are carried at historical cost in the State's agency funds. Certain entities disclosed in Note 2 report money market investments and other highly liquid investments with a remaining maturity of one year or less at the time of purchase using amortized cost. The Public Employee Retirement System of Idaho, the Judges' Retirement fund, and the Land Endowments fund are permitted to make investments in accordance with the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514, of the Idaho Code. See Note 2 for more information.

Securities Lending Collateral

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

Receivables, Net

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

Internal Balances

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Inventories and Prepaid Items

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

Deferred Outflows

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

Other Assets

Other assets include interest receivable and other miscellaneous items.

Restricted Assets

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

Capital Assets, Net

Capital assets include land, 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 (\$200,000 or more for intangible assets) 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. For all depreciable major asset classes, depreciation and amortization are calculated on a straight-line basis over their estimated useful lives, as follows:

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

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

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

See Note 6 for more information on capital assets.

Payables

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Unearned/Deferred Revenue

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

Amounts Held in Trust for Others

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

Obligations Under Securities Lending

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

Other Accrued Liabilities

Other accrued liabilities primarily consist of construction and infrastructure expenses, 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 twelve months designated separately from the portion payable in more than twelve months. Long-term liabilities include the following:

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts, as well as issuance costs, are deferred

and amortized over the life of the loan. See Note 12 for more information.

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

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

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

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

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

E. Equity

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

F. Newly Issued Accounting Pronouncements

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

The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement addresses issues related to the use of the alternative measurement method and the

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

frequency and timing of measurements by employers that participate in agent multiple-employer OPEB plans. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2012.

The GASB issued Statement No. 59, *Financial Instruments Omnibus*. This Statement updates existing

standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. Management has not yet determined the impact this standard will have on the State's financial statements. The requirements of this Statement are effective for the fiscal year ending June 30, 2011.

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

A. Deposits

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

Compensation Plan, and some of the Public Employee Retirement System of Idaho accounts. In accordance with Idaho Code, Sections 67-1210 and 67-1210A, the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of the pooled cash and investments held by the STO was 225 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, 2010
(dollars in thousands)

	Governmental and Business- Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	\$239,230	\$7,809	\$73,216
Uninsured and Uncollateralized Deposits	55,258	2,850	5,210
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	14,515		
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name			22,524

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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

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

Types of Investments

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

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

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

- Prime banker's acceptances and prime commercial paper

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

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

- Domestic equities and high-yield bonds
- International equities
- Collateralized mortgage obligations
- Fixed-income securities with a minimum Baa rating by Moody's or equivalent rating, Yankee bonds with a minimum A rating, equity-linked debt with a minimum rating of A, pass-through mortgage-backed securities with a minimum Aaa or equivalent rating

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 Idaho State Treasurer in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank, in the name of the insurance company and subject to custodial credit risk was \$242.0 million.
- The Judges' Retirement fund had \$12.4 million of government agency securities, \$0.6 million of foreign agency securities, \$3.3 million of corporate bonds, \$0.5 million of mortgage-backed securities, and \$35.9 million of equity securities held by the broker-dealer, not in the fund's name. The fund's investment policy does not contain legal or policy requirements that would limit exposure to custodial credit risk.
- The PERSI investment policy mitigates custodial credit risk, to the extent possible, by requiring that investments be registered in the name of the PERSI and be delivered to a third party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of \$49.4 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 \$4.4 million of U.S. Treasury bonds, \$23.2 million of corporate bonds, \$18.5 million of bond mutual funds, \$32.7 million of equity mutual funds, and \$1.7 million of private equity funds that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. The Foundation held \$12.2 million of government agency securities, \$30.8 million of corporate debt, \$2.9

million of preferred stock, \$1.0 million of municipal securities, \$23.7 million of U.S. Treasuries, \$89.9 million of common stock, \$3.2 million of international equity funds, \$3.6 million of private equities, and \$0.6 million of foreign currency that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. All investment managers are governed by the Idaho Uniform Prudent Investor Act as detailed in Idaho Code, Sections 68-501 through 68-514. The State has not adopted a formal policy that addresses interest rate risk, except as follows:

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the Endowment Funds interest rate risk quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities be based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2010.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2010
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	Total Fair Value
Debt Securities:								
Money Market Funds	\$1,008,667							\$1,008,667
Certificates of Deposit	7,930	\$125						8,055
Commercial Paper	64,984							64,984
U.S. Government Obligations	304,027	81,433	\$24,186			\$31		409,677
U.S. Gov't Agency Obligations	790,611	108,840	29,327	\$851	\$49	6,605	\$23,135	959,418
U.S. Gov't Agency Mortgage-Backed Securities*	5,654	250,554	21,745					277,953
U.S. Gov't Corporation Mortgage-Backed Securities*	1,726	27,440						29,166
Asset-Backed Securities*	385	2,097						2,482
Commercial Mortgages*		7,384	9,527					16,911
Corporate Obligations	56,094	32,436	8,012			1,046	437	98,025
Municipal and Public Entity Obligations	28,701	44						28,745
Bond Mutual Funds and Other Pooled Fixed-Income Securities	88,916							88,916
Foreign Agency Obligations		304	243					547
Idaho Small Business Loans	14	688	712		594			2,008
External Investment Pools	107,270							107,270
Total Debt Securities	2,464,979	511,345	93,752	851	643	7,682	23,572	3,102,824
Reinvestment of Securities Lending Collateral:								
Money Market Funds	129,145							129,145
Repurchase Agreements	720,400							720,400
Commercial Paper	148,956							148,956
Asset-Backed Securities*		21,205						21,205
Commercial Mortgages*	5,973							5,973
Corporate Obligations	85,047	82,377						167,424
Total Debt Securities and Reinvestment of Securities Lending Collateral	\$3,554,500	\$614,927	\$93,752	\$851	\$643	\$7,682	\$23,572	4,295,927
Other Investments:								
Mutual Funds								3,699
Equity Securities and Mutual Funds								1,002
Domestic Equity Securities								35,933
Total								\$4,336,561

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Endowment Funds Interest Rate Risk at June 30, 2010

(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
<u>Debt Securities:</u>		
Barclays Capital Aggregate Bond	\$274,724	4.20
U.S. Treasury Inflation-Protected Securities	30,382	3.90
Total Endowment Fund Debt Securities	305,106	
<u>Other Investments:</u>		
Equity Investments	720,057	
Money Market Funds	10,215	
Securities Lending Collateral	102,660	
Total Other Endowment Fund Investments	832,932	
<u>Unsettled Trades:</u>		
Receivable for Investments Sold	(75,415)	
Payable for Investments Purchased	83,948	
Total Endowment Fund Investments	\$1,146,571	

PERSI Investments at June 30, 2010

(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	\$2,402,932
Co-mingled Domestic Fixed-Income	65,288
Short-Term Domestic Investments	366,056
Idaho Commercial Mortgages	493,886
International Fixed-Income	48,755
Domestic Equities	3,450,486
Domestic Equities - Convertibles	722
International Equities	2,137,804
Short-Term Investments - Choice Plan	686
Real Estate	304,814
Private Equity	763,641
Mutual Funds	340,812
Co-mingled Domestic Equity - Domestic	119,064
Co-mingled Domestic Equity - International	33,448
Total Fair Value of PERSI Investments	\$10,528,394

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2010
(dollars in thousands)

Investment Type	Domestic Securities		International Securities		Total Fair Value
	Fair Value	Effective Duration in Years	Fair Value	Effective Duration in Years	
Asset-Backed Securities	\$4,978	1.40	\$126	*	\$5,104
Asset-Backed Securities	44	*			44
Mortgages	16,151	0.75			16,151
Commercial Paper	255,004	0.16			255,004
Corporate Bonds	417,647	6.13	2,758	2.39	420,405
Corporate Bonds	932	*			932
Fixed-Income Derivatives	11	*	(2)	*	9
Fixed-Income Derivatives	99	*			99
Government Agencies	93,312	5.56	5,258	1.73	98,570
Government Agencies	60	*			60
Government Bonds	431,160	5.88	40,615	3.87	471,775
Government Mortgage-Backed Securities	230,439	0.86			230,439
Government Mortgage-Backed Securities	1,719	*			1,719
Pooled Investments	22,213	0.08			22,213
Pooled Investments	65,288	*			65,288
Preferred Stock	370	8.76			370
Private Placements	20,291	3.36			20,291
Private Placements	127,905	*			127,905
U.S. Treasury Inflation-Protected Securities	1,104,112	6.66			1,104,112
Idaho Mortgages	493,885	*			493,885
Total PERSI Fixed Income Securities	\$3,285,620		\$48,755		\$3,334,375

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2010
(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Money Market Fund	\$18,398	Less than 1
Bond Fund	62,732	6.7
Inflation-Linked Bond Fund	9,355	9.2
Equity Funds	56,016	
International Equity Funds	14,257	
TIAA-CREF	7,623	
Total Idaho College Savings Program Investments	\$168,381	

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2010

Deferred Compensation Plan Investments at December 31, 2009

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
<u>Fixed Income:</u>		
Nationwide Life Fixed Fund	\$54,955	12.40
Idaho Retiree Fixed Fund	42,728	12.40
Great West Life Fixed Option	73	
Total Fixed Income	97,756	
<u>Variable Income:</u>		
Nationwide Investor Destinations Moderately Aggressive Fund	8,092	3.45
The Income Fund of America	10,080	4.22
Nationwide Investor Destinations Moderately Conservative Fund	1,852	4.86
Waddell & Reed Advisors High Income Fund	1,473	5.10
Nationwide Retirement Income Fund	98	5.58
Nationwide Investor Destinations Conservative Fund	860	5.70
Dreyfus Bond Market Index Fund	4,324	6.49
Nationwide Destinations 2015 Fund	437	9.27
Nationwide Destinations 2020 Fund	153	10.47
Nationwide Destinations 2025 Fund	36	10.87
Nationwide Investor Destination Moderate Fund	7,570	11.86
Nationwide Destinations 2035 Fund	24	12.80
Nationwide Destinations 2030 Fund	19	12.80
Nationwide Destinations 2040 Fund	16	12.80
Nationwide Destinations 2045 Fund	2	12.80
Nationwide Investor Destinations Aggressive Fund	3,554	12.86
The Growth Fund of America	25,718	
Fidelity	23,422	
Neuberger Berman	7,720	
Capital World	5,209	
State Street Equity	4,811	
EuroPacific Growth Fund	4,012	
Dreyfus	4,228	
American Century	4,544	
AllianceBernstein	2,059	
Van Kampen	1,944	
JPMorgan	1,928	
Charles Schwab	1,152	
Legg Mason Partners	468	
Great West	12	
Nationwide	387	
Carrier Suspense	2	
Total Variable Income	126,206	
<u>Annuity Payout Options:</u>		
Nationwide Life	3,560	
DCVAII	30	
Total Annuity Payout Options	3,590	
<u>Life Insurance Contracts:</u>		
Monumental Life	433	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	\$227,985	

All investments are unrated.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Component Units Maturity of Debt Investments at June 30, 2010

(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	\$204,850								\$204,850
Certificates of Deposit	115	\$586							701
U.S. Government Obligations	1,830	34,513	\$9,464	\$3,189	\$6,287	\$1	\$1,383	\$172,100	228,767
U.S. Gov't Agency Obligations	7,427	41,311	15,216	530	12,460	12,362	60,626		149,932
Corporate Obligations	14,938	43,799	12,846	1,206	1,308	2,409	4,387	2,342	83,235
Preferred Securities		3	2						5
Municipal Obligations		667	25	139	10	28		4,426	5,295
Bond Mutual Funds	22	8,567	9,893						18,482
Total Debt Securities	\$229,182	\$129,446	\$47,446	\$5,064	\$20,065	\$14,800	\$66,396	\$178,868	691,267
Other Investments									
Cash Equivalents included with Investments									2,846
Domestic Equities									90,004
Foreign Equities									502
Private Equities									5,237
Investment Agreements									243,833
Corporate Obligations Without Maturity Dates									2,936
Equity and Income Mutual Funds									2,503
Mutual Funds									62,661
International Equity Funds									19,630
Real Estate and Perpetual Trusts*									20,861
Insurance Annuities									268
Hedge Funds									6,386
Interest Rate Swaps									(1,515)
Land Held by Endowment**									3,481
Component Units Investments									\$1,150,900

*\$10,043 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 Aa grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that fixed-income securities must be rated Baa or better, commercial paper must be rated A1 (or the equivalent) or better,

and money market funds shall contain securities with an absolute minimum of investment grade by Standard & Poor's (S&P) or Moody's.

- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that are specific as to expected portfolio characteristics that usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance with the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code, Section 67-6215B, or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Investment Trust and the Bond Rating Compliance and Loan Guaranty Trust. The Board has not adopted

a formal policy related to the Association's business operations investments.

**Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2010
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)
(dollars in thousands)**

Investment Type	Fair Value	Aaa	Aa	A	Baa	Ba	A1-P1	Unrated
Money Market Funds*	\$1,047,266	\$966,227						\$81,039
Certificates of Deposit	8,055							8,055
Commercial Paper	64,984						\$64,984	
U.S. Gov't Agency Obligations	959,418	359,364	\$93	\$50			598,675	1,236
U.S. Gov't Agency Mortgage-Backed Securities	277,953	277,953						
Asset-Backed Securities	2,482	2,482						
Commercial Mortgages	16,911	16,658			115	\$97		41
Corporate Obligations	98,025	48,164	32,105	16,467	1,259	\$30		
Municipal and Public Entity Obligations	28,745		44	20				28,681
Bond Mutual Funds and Other Pooled Fixed-Income Securities	161,003		615					160,388
Foreign Agency Obligations	547	346	38	64	99			
External Investment Pools	107,270							107,270
Total	\$2,772,659	\$1,671,194	\$32,895	\$16,716	\$1,455	\$30	\$663,659	\$386,710

Reinvestment of Securities Lending Collateral:

Investment Type	Fair Value	Aaa	Aa	A	B	Caa	Ca	C	A1-P1	Unrated
Money Market Funds	\$129,145	\$128,707						\$438		
Repurchase Agreements	720,400									\$720,400
Commercial Paper	148,956		\$32,000						\$116,956	
Asset-Backed Securities	21,205					\$21,205				
Commercial Mortgages	5,973				\$2,632		\$3,341			
Corporate Obligations	167,424	49,971		\$82,407						35,046
Total	\$1,193,103	\$178,678	\$32,000	\$82,407	\$2,632	\$21,205	\$3,341	\$438	\$116,956	\$755,446

*Includes \$20.2 million of money market funds that are reported with cash and cash equivalents.

**Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2010
(dollars in thousands)**

Investment Type	Fair Value	Average S & P Rating
Barclays Capital Aggregate Bond	\$274,724	AA
Northern Money Market Fund	10,215	A
Securities Lending Collateral	101,194	A
Total	\$386,133	

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

**PERSI Credit Quality Ratings of Fixed-Income Securities at
June 30, 2010**
(dollars in thousands)

S & P Rating Level	Fair Value	Investment Type	
		Domestic Securities	International Securities
Agency (A-1+)	\$285,665	\$285,665	
AAA	98,708	78,868	\$19,840
AA	81,239	81,239	
A	217,799	202,131	15,668
BBB	126,605	124,749	1,856
BB	12,549	12,549	
B	20,591	20,591	
CCC	6,161	6,161	
CC	1,637	1,637	
C	56	56	
D	829	829	
Not Rated	357,802	346,411	11,391
Total	\$1,209,641	\$1,160,886	\$48,755

Component Units Credit Quality Ratings of Debt Securities at June 30, 2010
(dollars in thousands)

Investment Type	Fair Value	Aaa	Aa	A	Baa	Ba	B	Caa	Ca	Unrated
Money Market Funds	\$204,850									\$204,850
Certificates of Deposit	701	\$586								115
U.S. Government Agency Obligations	149,932	149,914								18
Corporate Obligations	83,235	9,076	\$22,078	\$25,165	\$15,605	\$2,040	\$4,397	\$1,928	\$82	2,864
Preferred Securities	5									5
Municipal Obligations	5,295	4,245	120	613		38				279
Bond Mutual Funds	18,482	5,999	12,284	157	11		19			12
Total	\$462,500	\$169,820	\$34,482	\$25,935	\$15,616	\$2,078	\$4,416	\$1,928	\$82	\$208,143

Concentration of Credit Risk

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

- The State, the Idaho Potato Commission, the STO pool portfolio, and the colleges and universities have not adopted a formal policy to address concentration of credit risk.

- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Primary Government Concentration of Credit Risk at June 30, 2010

(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Potato Commission:	Federal Home Loan Bank	\$882	100.0
STO Pool:	Federal Home Loan Mortgage Corporation	79,172	5.8
	Federal National Mortgage Association	82,713	6.1

Component Unit Concentration of Credit Risk at June 30, 2010

(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Housing and Finance Association:	Federal Farm Credit Bank	\$59,553	7.7
	Transamerica Life Insurance Corporation	124,939	16.3
	Trinity Plus Funding Company	101,924	13.3
Health Reinsurance:	Federal Farm Credit	3,763	20.4
	Federal Home Loan Bank	10,643	57.8
	Federal Home Loan Mortgage Corporation	2,003	10.9
	Federal National Mortgage Association	2,007	10.9

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.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010

Endowment Funds Foreign Currency Risk at June 30, 2010*(dollars in thousands)*

<u>Currency</u>	<u>Investment Type</u>	<u>Fair Value in U.S. Dollars</u>
Australian Dollar	Common Stock	\$4,673
Brazilian Real	Common Stock	1,109
Canadian Dollar	Common Stock	2,122
Danish Krone	Common Stock	1,479
Euro	Common Stock	32,953
Hong Kong Dollar	Common Stock	6,338
Indonesian Rupiah	Common Stock	1,332
Japanese Yen	Common Stock	35,126
Norwegian Krone	Common Stock	820
Singapore Dollar	Common Stock	1,967
South African Rand	Common Stock	2,535
South Korean Won	Common Stock	2,926
Swedish Krona	Common Stock	3,315
Swiss Franc	Common Stock	7,835
U.K. Pound	Common Stock	20,918
Total		<u><u>\$125,448</u></u>

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2010

PERSI Foreign Currency Risk at June 30, 2010

(dollars in thousands)

Currency	Investment Type			Fair Value of Currency in U.S. Dollars
	Short-Term Investments	Equities	Fixed Income	
Australian Dollar	(\$22,848)	\$73,752	\$14,166	\$65,070
Brazilian Real	932	97,175	1,900	100,007
British Pound Sterling	(52,678)	302,101	2,777	252,200
Canadian Dollar	(8,332)	26,959	14,904	33,531
Chilean Peso	197	1,798		1,995
Chinese Yuan Renminbi		154		154
Czech Koruna	164			164
Danish Krone	422	10,416		10,838
Egyptian Pound	406	16,515		16,921
Euro	(89,843)	512,944	2,834	425,935
Hong Kong Dollar	2,188	226,865		229,053
Hungarian Forint	36	8,934		8,970
Indonesian Rupiah	113	92,440		92,553
Israeli Shekel	95	4,356		4,451
Japanese Yen	1,692	310,356		312,048
Kenyan Shilling		294		294
Malaysian Ringgit		14,561		14,561
Mexican New Peso	280	17,312	7,331	24,923
New Taiwan Dollar	2,965	65,742		68,707
New Turkish Lira	1,719	52,236		53,955
New Zealand Dollar	7	1,742		1,749
Norwegian Krone	51	4,223		4,274
Philippine Peso		2,773		2,773
Polish Zloty	(3,579)	7,064	5,251	8,736
South African Rand	(787)	85,955		85,168
Singapore Dollar	3,957	31,698		35,655
South Korean Won	9,477	106,684		116,161
Sri Lanka Rupee		729		729
Swedish Krona	191	21,660		21,851
Swiss Franc	873	82,416		83,289
Thai Baht	346	21,995		22,341
Zimbabwe Dollar		410		410
Total	(\$151,956)	\$2,202,259	\$49,163	\$2,099,466

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2010

College and University Foundation Foreign Currency Risk at June 30, 2010

(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	\$2,483
Brazilian Real	Equities	320
Canadian Dollar	Equities	485
Chilean Peso	Equities	31
Chinese Yuan	Equities	298
Colombian Peso	Equities	16
Czech Koruna	Equities	7
Danish Krone	Equities	547
Egyptian Pound	Equities	11
Euro	Equities	2,560
Hong Kong Dollar	Equities	3,731
Hungarian Forint	Equities	9
Indian Rupee	Equities	175
Indonesian Rupiah	Equities	48
Israeli Shekel	Equities	25
Japanese Yen	Equities	4,559
Malaysian Ringgit	Equities	59
Mexican Peso	Equities	113
Moroccan Dirham	Equities	3
New Zealand Dollar	Equities	222
Norwegian Krone	Equities	22
Peruvian Nuevo Sol	Equities	9
Philippine Peso	Equities	10
Polish Zloty	Equities	25
Russian Ruble	Equities	132
Singapore Dollar	Equities	1,369
South African Rand	Equities	145
South Korean Won	Equities	270
Swedish Krona	Equities	587
Swiss Franc	Equities	1,002
Taiwan Dollar	Equities	214
Thai Baht	Equities	31
Turkish Lira	Equities	46
U.K. Pound	Equities	4,886
Total		\$24,450

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 \$30.4 million, and the PERSI had investments in TIPS with a fair value of \$1.1 billion.

The Idaho Housing and Finance Association has five U.S. agency obligations with an aggregate value of \$7.1 million with call options. The Association is invested in pay-fixed, receive variable interest rate swaps with notional amounts totaling \$21.7 million, and fair value of negative \$1.5 million. The Association pays fixed rate payments between 3.368 percent and 5.3 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) plus 20 basis points.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 \$6.9 million with Wells Fargo Bank and \$10.4 million with Key Bank.

Idaho State University Foundation invests idle cash in uninsured repurchase agreements that are fully collateralized by the U.S. government. The Foundation had repurchase agreements of \$0.8 million with Key Bank National Association.

Securities Lending Agreements

Securities lending agreements are transfers of securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. Idaho Code, Section 67-1210A, authorizes the STO to engage in securities lending agreements. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The investments are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair

value of securities lent and collateral received with additional collateral obtained as necessary to meet margin requirements. The cash collateral received is held in a separate account in the name of the STO. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end, the STO pool portfolio had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. No restrictions exist on the amount of loans that can be made. Either the State or the borrower can cancel all securities loans upon demand. Generally the average term of these loans is under ten days. The cash collateral received is invested by the agent in marketable securities of varying terms with maturities ranging between one day and three years. As of June 30, 2010, more than 20 percent of the portfolio was invested in instruments with a 10 day maturity or less and the weighted average maturity of the cash collateral portfolio was 259 days.

At year-end the STO pool securities lending portfolio held \$27.0 million in two foreign issued securities that were denominated in U.S. dollars. The securities violated the STO investment policy and Idaho Code section 67-1210 and 67-1210A. The current securities lending agreement requires the portfolio remain compliant with the STO investment policy and Idaho Code. The securities were identified as noncompliant and were removed from the portfolio subsequent to year end.

**Primary Government and Fiduciary Funds
Balances of Securities Lending Transactions at June 30, 2010**
(dollars in thousands)

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
U.S. Treasury Obligations	\$196,011	\$199,967
U.S. Government Agency Obligations	795,609	811,391
Mortgage-Backed Securities	217,962	223,197
Corporate Debt Instruments	13,921	14,288
Total	\$1,223,503	\$1,248,843

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

The EFIB engages in securities lending agreements. The EFIB custodian, Northern Trust Company, lends securities for collateral in the form of cash, irrevocable letters of credit or securities worth at least 102 percent of

the lent securities' fair value, (105 percent for international securities). At year-end the EFIB had no credit risk exposure to borrowers because the collateral exceeded the amounts borrowed. The securities loans

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

can be terminated on demand by either the EFIB or the borrower. The EFIB is indemnified if the borrowers fail to return the securities or fail to pay the EFIB for income distributions by the securities issuers while the securities are on loan. At June 30, 2010, the average term of a loan was 53 days. The maturities of loans are affected by the securities loans made by other entities that use the agent's pool. The EFIB cannot pledge or sell collateral securities unless the borrower defaults.

The Judges' Retirement fund engages in securities lending transactions. The Judges' custodian, Northern Trust Company, lends securities for collateral in the form of cash, securities and irrevocable letters of credit worth at least 102 percent of the lent securities' fair value, (105 percent for international securities). The carrying amount and fair value of the securities on loan was approximately \$23.4 million. Because these securities cannot be pledged or sold unless the borrower defaults, the collateral and related liability are not presented in the statement of net assets. The fund is indemnified for

losses by the custodian in the event the borrowers fail to return the securities, the collateral received is insufficient to replace the securities, or the borrowers fail to pay the fund for income distributions by the securities issuers while the securities are out on loan. All loans of securities can be terminated on demand by either the fund or the borrower.

C. Derivative Instruments

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge. On the government-wide Statement of Net Assets the fair value amount at June 30, 2010, was \$8.1 million which is reported as other liabilities; changes in fair value were \$2.6 million which is reported as deferred outflows. The contract has the following objectives and terms:

Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	\$42,695	12/1/2008	9/1/2025	Pay 4.3%; Receive 67% of 1-month LIBOR rate	Aa

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

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

The Authority is exposed to basis risk on its interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2010, the interest rate on the Authority's hedged variable-rated debt was 0.32 percent while 67 percent of 1-month LIBOR was 0.233 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.

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 \$98.8 million and is reported as other liabilities on the Statement of Net Assets. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value of \$64.5 million for hedge swaps are reported as deferred outflows on the Statement of Net Assets. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses and Changes in Net Assets at \$0.5 million. The Association has the following interest rate swap agreements:

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2000 Series F	\$5,110	(\$900)	\$107	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	7,015	(1,846)	26	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series A	8,545	(1,228)	(47)	11/6/2008	1/1/2020	4.7600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	5,060	(1,106)	36	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series C	8,790	(1,333)	(52)	11/6/2008	7/1/2020	4.8600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D	10,765	(1,791)	(136)	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series E	11,450	(1,707)	(170)	11/6/2008	7/1/2022	4.5300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series F	9,010	(1,322)	(75)	11/6/2008	1/1/2021	4.7000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A	7,590	(1,387)	(36)	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series B	5,640	(1,226)	11	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C	8,175	(1,379)	(52)	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D	9,540	(1,724)	(94)	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series E	8,905	(1,233)	(99)	11/6/2008	7/1/2021	4.4800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series F	7,630	(822)	(161)	11/6/2008	1/1/2024	3.7900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	6,595	(912)	(114)	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A	10,020	(1,675)	(199)	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series B	9,740	(1,137)	(138)	11/6/2008	7/1/2024	4.0360%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series C	5,765	(559)	(89)	11/6/2008	1/1/2025	3.7800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series D	9,150	(1,588)	(62)	11/6/2008	7/1/2025	4.8400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series E	9,150	(1,386)	(92)	11/6/2008	7/1/2025	4.5300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series A	9,080	(1,191)	(222)	11/7/2008	1/1/2026	4.0290%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series B	9,675	(1,541)	(233)	11/7/2008	1/1/2027	4.3700%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series C	9,435	(1,440)	(214)	11/7/2008	7/1/2025	4.3300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2004 Series D	11,915	(1,410)	(295)	11/7/2008	1/1/2028	3.8500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series A	12,385	(1,515)	(301)	11/7/2008	1/1/2029	3.9000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series B	12,195	(1,563)	(287)	11/7/2008	7/1/2028	3.9850%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series C	12,405	(1,348)	(305)	11/7/2008	7/1/2028	3.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series D	12,640	(1,463)	(311)	11/7/2008	7/1/2028	3.8650%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series E	12,875	(1,555)	(313)	11/7/2008	1/1/2029	3.9300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2005 Series F	13,315	(1,780)	(316)	11/7/2008	1/1/2029	4.0950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series A	13,160	(1,753)	(304)	11/7/2008	1/1/2029	4.1000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series B	9,920	(1,404)	(169)	11/7/2008	7/1/2025	4.3500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series C	9,860	(1,377)	(155)	11/7/2008	1/1/2025	4.3600%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series D	11,500	(1,673)	(174)	11/7/2008	1/1/2025	4.4500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series E	12,720	(1,787)	(258)	11/7/2008	1/1/2026	4.2800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series F	12,920	(1,629)	(273)	11/7/2008	1/1/2026	4.0300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2006 Series G	12,930	(1,514)	(276)	11/7/2008	7/1/2026	3.9100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series A	13,210	(1,699)	(290)	11/7/2008	7/1/2026	4.0438%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series B	15,320	(1,794)	(340)	11/7/2008	1/1/2027	3.8950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series C	15,685	(1,963)	(366)	11/7/2008	1/1/2027	3.9770%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-1	17,115	(2,071)	(220)	11/7/2008	1/1/2026	3.9800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-2	1,975	(232)	(25)	11/7/2008	7/1/2011	5.0870%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series E-1	21,000	(2,878)	(281)	11/7/2008	7/1/2025	4.0230%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series E-2	2,370	2	(1)	11/7/2008	7/1/2011	5.2470%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series F-1	3,110	(449)	(29)	11/7/2008	1/1/2025	4.3710%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series F-2	26,250	(3,794)	(244)	11/7/2008	7/1/2011	5.6590%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series G	25,000	(4,755)	(1,020)	11/7/2008	7/1/2028	4.3400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series H	30,000	(5,262)	(1,280)	11/7/2008	7/1/2030	4.1460%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series I	21,000	(3,468)	(867)	11/7/2008	7/1/2028	4.0900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series J	26,250	(4,230)	(1,086)	11/7/2008	7/1/2028	4.0500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series K	24,000	(3,456)	(990)	11/7/2008	7/1/2030	3.8800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

2008 Series A	24,000	(3,065)	(1,327)	11/7/2008	7/1/2030	3.7190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series B	26,995	(2,905)	(933)	11/7/2008	7/1/2029	3.5950%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series C	22,645	(2,414)	(517)	11/7/2008	7/1/2026	3.7500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	7,255	(635)	(174)	10/2/2008	7/1/2026	3.3680%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
	<u>\$685,755</u>	<u>(\$97,272)</u>	<u>(\$15,832)</u>				

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

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2000 Series F	\$1,935	(\$108)	(\$28)	11/6/2008	1/1/2018	5.3000%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2000 Series G	4,725	(337)	(125)	11/6/2008	7/1/2021	5.2500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series B	3,900	(262)	(91)	11/6/2008	7/1/2020	4.8660%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2001 Series D	685	(50)	(19)	11/6/2008	7/1/2022	4.7300%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series A	1,150	(80)	(29)	11/6/2008	1/1/2021	5.0200%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series B	3,190	(222)	(80)	11/6/2008	1/1/2021	4.9500%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series C	785	(55)	(20)	11/6/2008	1/1/2021	4.8900%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series D	2,305	(168)	(63)	11/6/2008	7/1/2022	4.7100%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2002 Series G	1,035	(76)	(29)	11/6/2008	1/1/2024	4.1400%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2003 Series A	535	(41)	(16)	11/6/2008	1/1/2026	4.5190%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series D-1	85	(7)	(2)	11/7/2008	1/1/2026	3.9800%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2007 Series E-2	115	(2)	1	11/7/2008	7/1/2011	5.2470%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
2008 Series D	1,235	(107)	(35)	10/2/2008	7/1/2026	3.3680%	SIFMA+.20% (LIBOR<3.5%)/68% LIBOR
	<u>\$21,680</u>	<u>(\$1,515)</u>	<u>(\$536)</u>				

During the fiscal year ended June 30, 2009, the Association terminated its interest swap agreements with Lehman Brothers Derivative Products Inc. on several single-family mortgage bond issues. Concurrently, the Association established contracts with Barclays Capital. Barclays Capital advanced the Association \$39.1 million, which assisted in making termination payments to Lehman Brothers. The advance is considered an off-market borrowing and is reported in Other Liabilities at \$32.8 million.

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

The Association's swaps have a dual basis: SIFMA index plus 20 basis points when the 1-month LIBOR is less than 3.5 percent and 68 percent of LIBOR when LIBOR is 3.5 percent or greater. The Association is exposed to basis risk when variable payments received are based on LIBOR and do not offset the variable-rate paid on bonds, which is based on SIFMA. On June 30,

2010, SIFMA was 25 basis points and 1-month LIBOR was 34.84 basis points.

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

D. Restricted Assets

A portion of cash and investments are classified as restricted assets for governmental activities, business-type activities, and component units on the Statement

of Net Assets. The break out of purpose and amount are as follows:

**Primary Government and Component Units
Restricted Assets at June 30, 2010
(dollars in thousands)**

Purpose	Amount
<u>Governmental Activities:</u>	
Restricted Cash:	
Group Insurance Reserves	\$16,865
Pollution Clean Up	15,910
Bond Covenants	500
Matching Fund Contributions	26,914
Donations for Various Projects	8,136
Petroleum Violation Escrow	4,090
Legal Settlements	260
Juvenile Corrections Social Security Benefits	699
Legislation and Donations	8,062
The Idaho State Bar Client Assistance Fund	436
Debt Service	19,141
Restricted Investments:	
Matching Fund Contributions	364
Donations for Various Projects	4,903
Legal Settlements	2,338
Legislation and Donations	97,362
Debt Service	4,368
	<u><u>\$210,348</u></u>
<u>Business-Type Activities:</u>	
Restricted Cash:	
Debt Service	\$553
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	22,294
Bond Indentures	20,888
Idaho Lottery Dividends Payout	37,025
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	63,390
Bond Indentures	704
	<u><u>\$144,854</u></u>
<u>Component Units:</u>	
Restricted Cash:	
Single-Family and Multi-Family Escrow Deposits	\$24,843
Donations for the College and University Foundations	16,491
Restricted Investments:	
Donations for the College and University Foundations	3,095
	<u><u>\$44,429</u></u>

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

NOTE 3. EXTERNAL INVESTMENT POOLS

A. Overview of the External Investment Pools

Idaho Code, Sections 67-1301 and 67-2328 authorizes the State Treasurer to combine the money of public agencies jointly in external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to \$10.0 million. Withdrawals of more than \$10.0 million require 3 business days' notification. The weighted average maturity of investments in the LGIP at June 30, 2010, was 69 days. The LGIP distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool. The STO created the DBF for those state and public agencies able to exchange current liquidity for potentially greater returns over the long run (3.5 years or longer). Withdrawals of \$10.0 million or less generally require 5 business days' notification prior to the last day of the month. Withdrawals of more than \$10.0 million require 25 business days' notification prior to the last day of the month. All withdrawals from the DBF occur on the last day of the month. The weighted average maturity of investments in the DBF at June 30, 2010, was 3.17 years. The DBF distributes earnings monthly to the participants based on their average daily balance as a percentage of the total pool.

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

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

Investments were valued through a quoted market price at June 30, 2010. 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 whose investment income is assigned to the Miscellaneous Special Revenue fund (a nonmajor governmental fund) per Idaho Code 72-1347A.

The LGIP and the DBF engage in securities lending transactions. A securities lending agent manages the securities lending program. During the year, the agent lent securities for cash collateral. The cash collateral can be pledged without borrower default. The securities are collateralized at no less than 102 percent of the fair value. The securities lending agreement requires daily monitoring of the fair value of securities lent and collateral received with additional collateral obtained as necessary to meet margin requirements. The STO is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end the STO had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed and no custodial credit risk existed because the securities were held by the State's agent in the STO's name. No restrictions exist on the amount of loans that can be made. Substantially all securities loans can be terminated on demand either by the State or by the borrower. Generally the average term of these loans is under 10 days. The cash collateral received is invested by the agent in marketable securities with maturities ranging between one day and three years. As of June 30, 2010, more than 55 percent of the LGIP cash collateral was invested in instruments with a 1-day maturity and the weighted average maturity of all collateral investments was 46 days; more than 39 percent of the DBF cash collateral was invested in instruments with a 1-day maturity and the weighted average maturity of all cash collateral investments was 56 days.

At year-end the LGIP and DBF securities lending portfolios held \$36.0 million and \$19.0 million respectively in two foreign issued securities that were denominated in U.S. dollars. The securities violated the STO investment policy and Idaho Code section 67-1210 and 67-1210A. The current securities lending agreement requires the portfolios remain compliant with the STO investment policy and Idaho Code. The securities were

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

identified as noncompliant and were removed from the portfolios subsequent to year end.

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

Interest rate risk occurs when investments are fixed for longer periods. The Pools do not have a formally adopted policy to address interest rate risk.

Concentration of credit risk results when investments are concentrated in one issuer which represents heightened risk of potential loss. No specific percentage identifies when concentration of credit risk is present. The GASB has adopted a principle that when governments invest discretely on behalf of their various funds, such as the LGIP or the DBF, they should disclose the amount and

percentage when 5 percent of the total fund investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Pools do not have a formally adopted policy to address the amount that may be invested with any one issuer.

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

B. Local Government Investment Pool

**Local Government Investment Pool
Condensed Statement of Net Assets
June 30, 2010**

(amounts in thousands)

Assets	
Investments, at Fair Value	\$1,079,464
Interest Receivable to the Pool	784
Reinvestment of Securities Lending Collateral	743,925
Securities Lending Income Receivable	185
Total Assets	<u>1,824,358</u>
Liabilities	
Distributions Payable	182
Administrative Fees Payable	36
Obligations Under Securities Lending	743,925
Securities Lending Agent Fees Payable	28
Securities Lending Borrower Rebates Payable	154
Total Liabilities	<u>744,325</u>
Net Assets Held in Trust for Pool Participants	<u>\$1,080,033</u>
Net Assets Consist of:	
Net Assets Held in Trust for External Participants (\$1.00 par)	\$974,644
Net Assets Held in Trust for Internal Participants (\$1.00 par)	105,389
Net Assets Held in Trust for Pool Participants	<u>\$1,080,033</u>
Total Participant Units Outstanding (\$1.00 par)	1,071,739
Participant Net Asset Value, Offering Price and Redemption Price Per Share (\$1,080,033 divided by 1,701,739 units)	<u>\$1.01</u>

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

**Local Government Investment Pool
Condensed Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010
(dollars in thousands)**

Investment Income		
Interest Income		\$3,848
Securities Lending Income		2,331
Change in Fair Value of Investments		(455)
Total Investment Income		<u>5,724</u>
Expense		
Administrative Fees		(476)
Securities Lending Agent Fees		(297)
Securities Lending Borrower Rebates		(1,897)
Total Investment Expense		<u>(2,670)</u>
Net Investment Income		3,054
Distributions to Participants		
Distributions Paid and Payable		(3,537)
Share Transactions at Net Asset Value of \$1.00 per Share		
Pooled Participant Deposits	\$2,728,600	
Pooled Participant Withdrawals	<u>(3,220,520)</u>	
Change in Net Assets and Shares Resulting From		
Share Transactions		(491,920)
Total Change in Net Assets		<u>(492,403)</u>
Net Assets Held in Trust for Pool Participants		
Beginning of Period		<u>1,572,436</u>
End of Period		<u><u>\$1,080,033</u></u>

**Local Government Investment Pool
Summary of Fair Value and Interest Rate Risk at June 30, 2010
(dollars in thousands)**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rates</u>	<u>Investment Maturities</u>	
			<u>Less than 1</u>	<u>1-5</u>
Money Market Mutual Funds	\$143,328	0.190%-0.500%	\$143,328	
Corporate Debt Instruments	56,617	0.636%-1.800%	56,617	
U.S. Government Agency Obligations	794,539	0.160%-4.375%	794,539	
U.S. Treasury Obligations	84,980	0.165%-0.318%	84,980	
Total Securities	<u>1,079,464</u>		<u>1,079,464</u>	
Accrued Interest	784		784	
Reinvestment of Securities Lending Collateral:				
Money Market Mutual Funds	113,238	0.000%-0.195%	113,238	
Repurchase Agreements	497,400	0.100%-0.510%	497,400	
Commercial Paper	47,986	0.300%-0.550%	47,986	
Corporate Debt Instruments	83,985	0.280%-0.734%	46,002	\$37,983
Commercial Mortgages*	1,316	0.408%	1,316	
Securities Lending Income Receivable	185		185	
Total Assets	<u><u>\$1,824,358</u></u>		<u><u>\$1,786,375</u></u>	<u><u>\$37,983</u></u>

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Local Government Investment Pool

Change in Fair Value

(dollars in thousands)

Fair Value of Investments at June 30, 2010	\$1,079,464
Proceeds of Investments Sold in FY2010	7,213,208
Cost of Investments Purchased in FY2010	(6,721,147)
Fair Value at June 30, 2009	(1,571,980)
Change in Fair Value of Investments During FY2010	<u>(455)</u>

Local Government Investment Pool

Concentration of Credit Risk at June 30, 2010

(dollars in thousands)

Issuer	Fair Value	Percent of Total LGIP Investments
Citigroup	\$105,400	5.78
Federal Home Loan Bank	195,782	10.74
Federal Home Loan Mortgage Corporation	269,086	14.76
Federal National Mortgage Association	304,679	16.71
Goldman Sachs	171,212	9.39
Morgan Stanley	145,500	7.98
RBS Securities Inc.	98,500	5.40

Local Government Investment Pool

Credit Quality Ratings of Debt Securities at June 30, 2010

(dollars in thousands)

Investment Type	Fair Value	Aaa	Aa	A	B	C	P-1	Unrated
Money Market Mutual Funds	\$143,328	\$88,485						\$54,843
Corporate Debt Instruments	56,617	51,616		\$5,001				
U.S. Government Agency Obligations	794,539	186,524					\$608,015	
Reinvestment of Securities Lending Collateral:								
Money Market Mutual Funds	113,238	113,046				\$192		
Repurchase Agreements	497,400							497,400
Commercial Paper	47,986		\$13,000				34,986	
Corporate Debt Instruments	83,985	22,987		60,998				
Commercial Mortgages	1,316				\$1,316			
Total Investments	<u>\$1,738,409</u>	<u>\$462,658</u>	<u>\$13,000</u>	<u>\$65,999</u>	<u>\$1,316</u>	<u>\$192</u>	<u>\$643,001</u>	<u>\$552,243</u>

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

**Local Government Investment Pool
Balances of Securities Lending Transactions at June 30, 2010
(dollars in thousands)**

Securities Lent for Cash Collateral	Fair Value of Lent Securities	Cash Collateral Received for Lent Securities
U.S. Government Agency Obligations	\$644,570	\$657,466
U.S. Government Obligations	84,980	86,691
Total	\$729,550	\$744,157

C. Diversified Bond Fund

**Diversified Bond Fund
Condensed Statement of Net Assets
June 30, 2010
(amounts in thousands)**

Assets	
Investments, at Fair Value	\$404,226
Interest Receivable to the Pool	2,093
Reinvestment of Securities Lending Collateral	300,983
Securities Lending Income Receivable	94
Total Assets	707,396
Liabilities	
Distributions Payable	1,082
Administrative Fees Payable	9
Obligations Under Securities Lending	300,983
Securities Lending Agent Fees Payable	10
Securities Lending Borrower Rebates Payable	57
Total Liabilities	302,141
Net Assets Held in Trust for Pool Participants	\$405,255
Net Assets Consist of:	
Net Assets Held in Trust for External Participants (\$1.00 par)	\$121,547
Net Assets Held in Trust for Internal Participants (\$1.00 par)	283,708
Net Assets Held in Trust for Pool Participants	\$405,255
Total Participant Units Outstanding (\$1.00 par)	385,231
Participant Net Asset Value, Offering Price and Redemption Price Per Share (\$405,255 divided by 385,231 units)	\$1.05

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

**Diversified Bond Fund
Condensed Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010
(dollars in thousands)**

Investment Income		
Interest Income		\$15,716
Securities Lending Income		659
Change in Fair Value of Investments		10,552
Total Investment Income		<u>26,927</u>
Expense		
Administrative Fees		(823)
Securities Lending Agent Fees		(92)
Securities Lending Borrower Rebates		(510)
Total Investment Expense		<u>(1,425)</u>
Net Investment Income		25,502
Distributions to Participants		
Distributions Paid and Payable		(12,615)
Share Transactions at Net Asset Value of \$1.00 per Share		
Pooled Participant Deposits	\$37,021	
Pooled Participant Withdrawals	(29,397)	
Change in Net Assets and Shares Resulting From Share Transactions		<u>7,624</u>
Total Change in Net Assets		20,511
Net Assets Held in Trust for Pool Participants		
Beginning of Period		<u>384,744</u>
End of Period		<u><u>\$405,255</u></u>

**Diversified Bond Fund
Summary of Fair Value and Interest Rate Risk at June 30, 2010
(dollars in thousands)**

Investment Type	Fair Value	Interest Rates	Investment Maturities		
			Less than 1	In Years 1-5	6-10
Money Market Mutual Fund	\$19,949	0.190%	\$19,949		
Corporate Debt Instruments	23,988	0.794%-5.900%		\$18,674	\$5,314
Asset-Backed Securities*	2,097	4.900%		2,097	
Mortgage-Backed Securities*	11,631	5.197%-5.396%		7,383	4,248
U.S. Gov't Agency Obligations	67,225	1.875%-5.000%	11,306	49,718	6,201
U.S. Gov't Agency Mortgage-Backed Securities*	192,711	3.500%-6.500%	1,011	176,339	15,361
U.S. Gov't Corporation Mortgage-Backed Securities*	15,835	5.000%-6.000%		15,835	
U.S. Treasury Obligations	70,790	1.125%-4.625%	10,014	54,520	6,256
Total Securities	<u>404,226</u>		<u>42,280</u>	<u>324,566</u>	<u>37,380</u>
Accrued Interest	2,093		2,093		
Reinvestment of Securities Lending Collateral:					
Money Market Mutual Fund	15,538	0.000%-0.195%	15,538		
Commercial Paper	43,988	0.300%-0.550%	43,988		
Corporate Debt Instruments	18,457	0.280%-0.734%	4,000	14,457	
Repurchase Agreements	223,000	0.100%-0.510%	223,000		
Securities Lending Income Receivable	94		94		
Total Assets	<u><u>\$707,396</u></u>		<u><u>\$330,993</u></u>	<u><u>\$339,023</u></u>	<u><u>\$37,380</u></u>

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Fair Value of Investments at June 30, 2010	\$404,226
Proceeds of Investments Sold in FY2010	321,280
Cost of Investments Purchased in FY2010	(331,259)
Fair Value at June 30, 2009	(383,695)
Change in Fair Value of Investments During FY2010	\$10,552

**Diversified Bond Fund
Concentration of Credit Risk at June 30, 2010
(dollars in thousands)**

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent of Total DBF Investments</u>
Citigroup	\$59,000	8.37
Federal Home Loan Mortgage Corporation	108,088	15.33
Federal National Mortgage Association	127,123	18.03
Goldman Sachs	86,603	12.28
Morgan Stanley	48,000	6.81

**Diversified Bond Fund
Credit Quality Ratings of Debt Securities at June 30, 2010
(dollars in thousands)**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>C</u>	<u>P-1</u>	<u>Unrated</u>
Money Market Mutual Fund	\$19,949	\$19,949					
Corporate Debt Instruments	23,988		\$19,385	\$4,603			
Asset-Backed Securities	2,097	2,097					
Mortgage-Backed Securities	11,631	11,631					
U.S. Gov't Agency Obligations	67,225	67,225					
U.S. Gov't Agency Mortgage-Backed Securities	192,711	192,711					
Reinvestment of Securities Lending Collateral:							
Money Market Mutual Fund	15,538	15,495			\$43		
Commercial Paper	43,988		12,000			\$31,988	
Corporate Debt Instruments	18,457	6,996		11,461			
Repurchase Agreements	223,000						\$223,000
Total Investments	\$618,584	\$316,104	\$31,385	\$16,064	\$43	\$31,988	\$223,000

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

**Diversified Bond Fund
Balances of Securities Lending Transactions at June 30, 2010
(dollars in thousands)**

<u>Securities Lent for Cash Collateral</u>	<u>Fair Value of Lent Securities</u>	<u>Cash Collateral Received for Lent Securities</u>
Corporate Debt Instruments	\$10,107	\$10,374
U.S. Treasury Obligations	71,258	72,711
Mortgage-Backed Securities	145,382	148,886
U.S. Government Agency Obligations	67,742	68,998
Total	\$294,489	\$300,969

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

NOTE 4. INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

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

		Interfund Payables								
		General Fund	Health and Welfare	Trans- portation	Nonmajor Govern- mental	College and University	Nonmajor Enterprise	Internal Service	Pension Trust	Total
Interfund Receivables	General Fund				\$301	\$2,402	\$7			\$2,710
	Health and Welfare				42					42
	Transportation				9			\$7		16
	Nonmajor Governmental	\$21	\$35	\$324	1,910					2,290
	College and University	1,128	125	89	802					2,144
	Nonmajor Enterprise			161						161
	Internal Service	178	275	121	48	21				643
	Pension Trust								\$1,638	1,638
	Total	\$1,327	\$435	\$695	\$3,112	\$2,423	\$7	\$7	\$1,638	\$9,644

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

The receivables not expected to be collected within one year include \$0.3 million advanced by the General Fund to nonmajor governmental funds and \$1.2 million advanced by nonmajor governmental funds to other nonmajor governmental funds.

B. Interfund Transfers

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

		Transfers In					
		General Fund	Health and Welfare	Nonmajor Govern- mental	College and University	Internal Service	Total
Transfers Out	General Fund		\$423,403	\$14,420	\$266,188	\$1,831	\$705,842
	Health and Welfare	\$81		156			237
	Transportation			15,386			15,386
	Land Endowments	45,955					45,955
	Nonmajor Governmental	68,470	891	79	100		69,540
	Unemployment Compensation			7,573			7,573
	Loan	105		320			425
	Nonmajor Enterprise	48,194	2,730	1,120			52,044
	Internal Service	1,680					1,680
Total	\$164,485	\$427,024	\$39,054	\$266,288	\$1,831	\$898,682	

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.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

During fiscal year 2010 the following nonroutine statutory transfer was made:

- The Division of Human Resources (DHR) transferred \$1.7 million to the General Fund to refund money for services no longer provided by DHR.



NOTE 5. NONCURRENT RECEIVABLES

Primary Government

Loans and notes receivable in the General Fund consist of long-term receivables from low interest loans made available to upgrade and modernize Idaho's freight-shipping infrastructure in the amount of \$2.4 million, of which \$1.9 million is not expected to be collected within one year. Taxes receivable in the General Fund primarily consist of income and sales tax in the amount of \$297.5 million. The amount not expected to be collected within one year is \$46.6 million, net of allowance for doubtful accounts of \$0.5 million.

Loans and notes receivable in the Transportation fund consist of long-term receivables from the sale of capital assets in the amount of \$1.4 million, of which \$1.3 million is not expected to be collected within one year. Taxes receivable in the Transportation fund consist of long-term receivables for fuel tax in the amount of \$20.4 million, of which \$0.2 million is not expected to be collected within one year.

Loans and notes receivable in the nonmajor special revenue funds primarily consist of long-term receivables for energy and soil conservation projects and for the construction of an irradiation facility in the amount of \$10.7 million, of which \$8.8 million is not expected to be collected within one year. Accounts receivable in the nonmajor special revenue funds is mainly due to compliance penalties, restitution to crime victims who have suffered an economic loss, and cost of supervision of individuals on probation and parole in the amount of \$7.2 million. The amount not expected to be collected within one year is \$2.6 million, net of allowance for doubtful accounts of \$1.9 million. Taxes receivable in the nonmajor special revenue funds consist of sales, travel and convention, potato, cigarette, tobacco, and fuel tax in the amount of \$2.6 million, of which \$0.1 million is not expected to be collected within one year.

Loans and notes receivable in the College and University fund consist of student loans, pledges receivable, and notes receivable in the amount of \$25.8 million. The amount not expected to be collected within one year is \$22.1 million, net of allowance for doubtful accounts of \$2.1 million.

Loans and notes receivable in the Loan fund consist of long-term receivables for water project development, drinking water system improvements, and wastewater facility enhancements in the amount of \$278.3 million, of which \$267.7 million is not expected to be collected within one year.

Noncurrent interfund receivables are discussed in Note 4.

Component Units

Loans, notes, and pledges receivable for the Idaho Housing and Finance Association primarily consist of long-term receivables from single-family mortgage loans in the amount of \$1.4 billion. The amount not expected to be collected within one year is \$1.2 billion.

Loans, notes, and pledges receivable for the College and University Foundation fund consist of long-term receivables mainly from pledges in the amount of \$27.1 million. The amount not expected to be collected within one year is \$18.8 million, net of allowance for doubtful accounts of \$1.3 million.

Loans, notes, and pledges receivable for the Bond Bank Authority consist of long-term receivables from loans to municipalities in the amount of \$200.9 million. The amount not expected to be collected within one year is \$195.9 million.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

NOTE 6. CAPITAL ASSETS

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

Primary Government	Balances at			Balances at
Governmental Activities:	July 1, 2009 As	Increases	Decreases	June 30, 2010
	Restated*			
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$973,479	\$39,219	(\$367)	\$1,012,331
Capital Assets in Progress	1,141,938	329,029	(432,792)	1,038,175
Infrastructure	2,030,524	131,439	(6,317)	2,155,646
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,146,063	499,687	(439,476)	4,206,274
Capital Assets Being Depreciated:				
Buildings and Improvements	698,803	208,363	(32,349)	874,817
Improvements Other Than Buildings	68,282	14,094	(1,938)	80,438
Machinery, Equipment, and Other	370,400	71,728	(30,964)	411,164
Infrastructure	696,844	65,264	(1,641)	760,467
Total Capital Assets Being Depreciated	1,834,329	359,449	(66,892)	2,126,886
Less Accumulated Depreciation for:				
Buildings and Improvements	(263,665)	(32,007)	15,650	(280,022)
Improvements Other Than Buildings	(20,358)	(4,668)	113	(24,913)
Machinery, Equipment, and Other	(230,396)	(32,598)	19,482	(243,512)
Infrastructure	(170,121)	(13,333)	1,317	(182,137)
Total Accumulated Depreciation	(684,540)	(82,606)	36,562	(730,584)
Total Capital Assets Being Depreciated, Net	1,149,789	276,843	(30,330)	1,396,302
Governmental Activities Capital Assets, Net	\$5,295,852	\$776,530	(\$469,806)	\$5,602,576

*Beginning balances were restated due to the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

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

Governmental Activities:	
General Government	\$5,824
Public Safety and Correction	8,258
Health and Human Services	8,064
Education	2,124
Economic Development	31,838
Natural Resources	8,916
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	2,057
Total Depreciation Expense for Governmental Activities	67,081
Accumulated depreciation transferred in	15,525
Total Accumulated Depreciation Increase for Governmental Activities	\$82,606

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2010

	Balances at July 1, 2009 As Restated*	Increases	Decreases	Balances at June 30, 2010
Business-Type Activities:				
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$95,247	\$4,026	(\$46)	\$99,227
Capital Assets in Progress	57,473	64,067	(27,128)	94,412
Historical Art and Collections	2,158	373	(340)	2,191
Total Capital Assets not Being Depreciated	<u>154,878</u>	<u>68,466</u>	<u>(27,514)</u>	<u>195,830</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,082,407	53,857	(7,394)	1,128,870
Improvements Other Than Buildings	48,174	1,492	(14)	49,652
Machinery, Equipment, and Other	346,128	25,021	(9,031)	362,118
Total Capital Assets Being Depreciated	<u>1,476,709</u>	<u>80,370</u>	<u>(16,439)</u>	<u>1,540,640</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(352,254)	(28,479)	2,222	(378,511)
Improvements Other Than Buildings	(27,436)	(1,924)	13	(29,347)
Machinery, Equipment, and Other	(246,406)	(25,182)	7,317	(264,271)
Total Accumulated Depreciation	<u>(626,096)</u>	<u>(55,585)</u>	<u>9,552</u>	<u>(672,129)</u>
Total Capital Assets Being Depreciated, Net	<u>850,613</u>	<u>24,785</u>	<u>(6,887)</u>	<u>868,511</u>
Business-Type Activities Capital Assets, Net	<u>\$1,005,491</u>	<u>\$93,251</u>	<u>(\$34,401)</u>	<u>\$1,064,341</u>
Component Units:				
Capital Assets not Being Depreciated:				
Land	\$4,420	\$1,293		\$5,713
Total Capital Assets not Being Depreciated	<u>4,420</u>	<u>1,293</u>	<u>0</u>	<u>5,713</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	60,813	535	(\$593)	60,755
Improvements Other Than Buildings	243			243
Machinery, Equipment, and Other	7,192	620	(120)	7,692
Total Capital Assets Being Depreciated	<u>68,248</u>	<u>1,155</u>	<u>(713)</u>	<u>68,690</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(24,836)	(2,373)	163	(27,046)
Improvements Other Than Buildings	(203)	(4)		(207)
Machinery, Equipment, and Other	(4,307)	(428)	18	(4,717)
Total Accumulated Depreciation	<u>(29,346)</u>	<u>(2,805)</u>	<u>181</u>	<u>(31,970)</u>
Total Capital Assets Being Depreciated, Net	<u>38,902</u>	<u>(1,650)</u>	<u>(532)</u>	<u>36,720</u>
Component Unit Activities Capital Assets, Net	<u>\$43,322</u>	<u>(\$357)</u>	<u>(\$532)</u>	<u>\$42,433</u>

*Beginning balances for business-type activities were restated due to the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Adjustments between asset classes were also made. Beginning balances for component units were restated due to the inclusion of The Housing Company's capital assets, which were not included in the FY09 capital asset note disclosure. Adjustments between asset classes were also made.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

NOTE 7. RETIREMENT PLANS

A. Summary of Public Employee Retirement System of Idaho Plans

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

Summary of Significant Accounting Policies

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

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

1. PERSI Base Plan

Plan Description

Organization and Purpose

The PERSI Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan. The Base Plan is governed by Idaho Code, Sections 59-1301 through 59-1399.

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units is 730.

Benefits

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

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

Funding Policy

Contributions and Vesting

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

The last actuarial valuation was performed as of July 1, 2010. 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 \$72.5 million, \$74.3 million, and \$71.7 million for the fiscal years ended June 30, 2008, 2009, and 2010, respectively.

After five years of credited service (five months for elected or appointed officials) members become fully vested in retirement benefits earned to date. Upon termination of employment accumulated member contributions plus interest are refundable. Interest is compounded monthly per annum and accrued at 1 percent from July 1, 2009, through June 30, 2010. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

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

Funding

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

2. Firefighters' Retirement Fund

Plan Description

The FRF is a cost-sharing multiple-employer defined benefit retirement plan. The FRF is governed by Idaho Code, Sections 72-1401 through 72-1472. The FRF is administered by the PERSI, which is part of the primary government. However, the State does not employ firefighters participating in the FRF; therefore, no employer costs are disclosed. Twenty-two employer units, all consisting of local fire departments, were participating in the FRF. The significant accounting policies are the same as detailed for the PERSI. Complete FRF disclosures may be found in the PERSI financial statements.

3. Defined Contribution Retirement Plans

Plan Description

Organization and Purpose

The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code, Sections 59-1301 through 59-1399. The 414(k) plan was established for gain sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan 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 730 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

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

Funding Policy

Contributions

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

plan became open to voluntary employer matching contributions at rates determined by the employers. Employers and participants in the plans contributed \$0.1 million and \$33.4 million, respectively, during the fiscal year.

B. Other State-Sponsored Retirement Plans

1. Judges' Retirement Fund

Plan Description

Organization and Purpose

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

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

Membership and Vesting

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

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

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

Benefits

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

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

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

In addition to the above benefits, option B includes:

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

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

Summary of Significant Accounting Policies

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

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

Funding Policy

Contributions

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Judicial Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy provides for Department and member contributions at 7 percent and 6 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately \$5.6 million for the fiscal year. In addition, specified court-filing fees in civil court actions are dedicated to the JRF.

Actuarial valuations of the funding status and required contribution levels are generally performed biennially using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The unfunded actuarial liability created by this

method is amortized as a level percentage of salary over 25 years on an open basis. The actuarial assumptions include a 7.5 percent investment rate of return, projected annual salary increases of 3 percent, an inflation rate of 3 percent, and annual postretirement benefit increases of 3 percent. Assets are presented at market value. Based on the most recent actuarial valuation as of June 30, 2010, the annual required contribution (ARC) is \$3.7 million. Total Judicial Department and member contributions to the pension plan for the fiscal year amounted to \$2.3 million, of which \$1.6 million was received from filing fees, \$0.4 million from the Judicial Department, and \$0.3 million from the members. Net pension obligation increased from \$9.3 million in 2009 to \$11.1 million in 2010 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*):

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2) - (1)	Funded Ratios (1) : (2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (3) : (5)
6/30/10	\$53,367	\$76,100	\$22,733	70.1%	\$5,645	403

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*)

	2008	2009	2010
Annual Required Contribution (ARC)	\$2,582	\$2,377	\$3,735
Interest on Net Pension Obligation (NPO)	129	178	700
Adjustment to ARC	(154)	(213)	(608)
Annual Pension Cost (APC)	2,557	2,342	3,827
Contributions Made	(1,896)	(2,006)	(2,023)
Increase in NPO	661	336	1,804
Prior Year NPO	1,714	2,375	2,711
Change in Actuarial Estimate			6,625
Current Year NPO	\$2,375	\$2,711	\$11,140
Percentage of APC Contributed	74.2	85.7	52.9

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Membership

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

Funding Policy

Contributions and Vesting

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was \$38.5 million, which consisted of \$21.9 million from the colleges and universities and \$16.6 million from employees. The contribution rates as a percentage of payroll for the fiscal year are as follows:

<u>Employee Group</u>	<u>Employer</u>	<u>Employee</u>
Boise State University	9.27%	6.97%
Eastern Idaho Technical College	7.72%	6.97%
Idaho State University	9.30%	6.96%
Lewis-Clark State College	9.35%	6.97%
University of Idaho	9.27%	6.97%

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

3. Department of Labor Retirement Plan

Plan Description

Organization and Purpose

This stand-alone insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980. The Plan is governed by Idaho Code, Section 72-1335, and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Idaho Department of Labor, which may be reached at (208) 332-3570 ext. 3228.

Membership

As of September 30, 2009, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	389
Inactive Participants	10
Current Active Employees	<u>23</u>
Total	422

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, 2009, 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 \$121.3 million. The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6 percent for 2010. Net assets available for benefits (at fair value) are \$156.4 million.

Funding Policy

Contributions

Until August 1999, 7 percent of payroll was contributed by the employee. The employee contribution was required by the Plan and was made even though a contribution was not actuarially needed to finance future benefits. In August 1999 the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions were then suspended through September 30, 2010, consistent with the most recent actuarial valuations. This valuation certified that the total contribution rate should remain at zero through September 30, 2011. The total employer contribution for federal fiscal year 2010 was zero.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 benefit is a single-employer defined benefit plan. Idaho Code, Sections 67-5760 to 67-5768 and 72-1335, establishes the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2008. No assets have been set aside to pay future benefits; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans are financed by a surcharge to employers on all active employees, \$0.17 per person per month for fiscal year 2010. This rate is reviewed annually.

Each of the participating employers is required by GASB Statement No. 45 to disclose additional information regarding funding policy, the employer's annual OPEB

cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report that includes financial statements and required supplementary information for these benefits. That report may be obtained by writing to the University of Idaho, P.O. Box 443166, Moscow, ID 83844-3166. The plan obligations are actuarially determined. The most recent actuarial valuation is as of July 1, 2009. 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, 2009. The cost of administering the medical and dental portion of the plan is included in medical claim costs; the life insurance portion is financed by a 10 percent surcharge.

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

Classes of Employees and Number of Participating Employers

	Retiree Healthcare Plan	Long-Term Disability Plan		Retiree Life Insurance Plan	University of Idaho Plan	
		Income	Healthcare			Life Insurance
Active Employees	20,107	-	20,107	20,107	4,719	1,281
Retired/Disabled Employees	3,092	148	125	572	1,290	850
Terminated, Vested Employees	3,484	-	3,484	3,484	11	-
Number of participating employers	27	27	27	27	1	1

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who is eligible to retire under the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Employees must enroll within 60 days of the date of their retirement. Additionally, the unreduced PERSI monthly benefit at the time of retirement must meet or exceed the monthly cost of single retiree health insurance coverage, or employees must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must be an active employee on or before June 30, 2009,

and retire directly from State service. 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 2010 retired plan members contributed 85 percent of the total premium cost. In fiscal year 2010 employers were charged \$16.44 per active employee per month towards the retiree premium cost, 15 percent of the total cost of the retiree plan. As of January 1, 2010, coverage was no longer available to Medicare-eligible retirees or their Medicare-eligible dependents.

Long-Term Disability Plan

Disabled employees are defined as being unable to perform each of the substantial and material duties of the

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

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

Employees disabled on or after July 1, 2003, are insured by Principal Life Insurance Company, and the obligation for the payment of benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for the period was 0.324 percent of payroll. The employers' actual contribution was \$2.8 million in fiscal year 2010. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

For up to 30 months following the date of disability an employee may continue healthcare coverage under this plan. Each employer pays 100 percent of the employer's share of medical and dental premiums while the employee remains disabled. The employee is required to pay the normal active employee contribution for the plan and rate category in which the employee is enrolled. In fiscal year 2010 employers were charged \$7.61 per active employee per month.

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

the contribution is actuarially determined based on actual claims experience.

Retiree Life Insurance Plan

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

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

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

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

Retiree Life Insurance Contribution Rates

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

University of Idaho Plan

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

Employees hired after January 1, 2002, are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. The University determines the defined premium costs that will be borne by the retiree plan

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

participants. The University solely bears the risk for adverse financial performance, subject to a cap of \$150,000 per retiree per year, after which the University is reinsured. Retiree health plan performance is reviewed annually and premium rates are then adjusted by the University as necessary.

Medicare Part D

The Department of Administration received payments from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D. GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires these on-behalf payments to be recorded as revenues and

expenses. The Department of Administration reported \$2.0 million of Medicare Part D payments from the federal government for fiscal year 2010.

Summary of Significant Accounting Policies

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

Statement of Plan Net Assets						
<i>(dollars in thousands)</i>						
	Retiree Healthcare Plan	Long-Term Disability Plan		Retiree Life Insurance Plan	University of Idaho Plan	
	Income	Healthcare	Life Insurance			
ASSETS						
Pooled Cash and Investments	\$108		\$106			\$352
Interest Receivable						10
Investments, at Fair Value						
Fixed Income Securities						6,052
Equity Securities						5,415
Total Assets	\$108	\$0	\$106	\$0	\$0	\$11,829
LIABILITIES						
Deferred Revenue	\$108		\$106			
Total Liabilities	\$108	\$0	\$106	\$0	\$0	0
NET ASSETS						
Net Assets Held in Trust for OPEB						11,829
Total Net Assets						11,829
TOTAL LIABILITIES AND NET ASSETS						\$11,829

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

	University of Idaho Plan
ADDITIONS	
Contributions	
Employer	\$5,452
Total Contributions	<u>5,452</u>
Interest	230
Unrealized gain in investments	<u>1,664</u>
Total Additions	<u>7,346</u>
DEDUCTIONS	
Realized loss on investments	153
Administrative expenses	<u>2</u>
Total Deductions	<u>155</u>
Net Increase in Plan Net Assets	7,191
Net Plan Assets, Beginning of Year	<u>4,638</u>
Net Plan Assets, End of Year	<u><u>\$11,829</u></u>

Annual OPEB Cost

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

cost, the amount of contributions made, the increase (decrease) in the net OPEB obligation (NOO) and NOO (funding excess) for the current year:

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

	Retiree Healthcare Plan	Long-Term Disability Plan		Retiree Life Insurance Plan	University of Idaho Plan
		Income	Healthcare		
Annual required contribution	\$3,062	\$882	\$1,613	\$696	\$2,800
Interest on NOO	1,109	(30)	32	(1)	168
Adjustment to ARC	(1,486)	40	(43)	1	(224)
Total Annual OPEB Cost	<u>2,685</u>	<u>892</u>	<u>1,602</u>	<u>696</u>	<u>2,744</u>
Contributions Made	(1,573)	(711)	(892)	(748)	(859)
Increase (Decrease) in NOO	1,112	181	710	(52)	1,885
NOO (Funding Excess) – Beginning of Year	<u>25,162</u>	<u>(611)</u>	<u>736</u>	<u>(14)</u>	<u>3,733</u>
NOO (Funding Excess) – End of Year	<u><u>\$26,274</u></u>	<u><u>(\$430)</u></u>	<u><u>\$1,446</u></u>	<u><u>(\$66)</u></u>	<u><u>\$5,618</u></u>

Annual OPEB Cost Comparison

The following table compares the annual OPEB cost, the percentage of annual OPEB cost contributed, and the net

OPEB obligation (funding excess) for the current and prior year.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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	
			Income	Healthcare			Life Insurance
Annual OPEB Cost	2008	\$33,311	\$238	\$1,540	\$706	\$2,542	\$7,157
	2009	\$2,851	\$892	\$1,562	\$698	\$2,639	\$6,362
	2010	\$2,685	\$892	\$1,602	\$696	\$2,744	\$5,863
Percentage of AOC Contributed	2008	23.5%	371.3%	56.2%	55.1%	19.2%	101.1%
	2009	111.0%	96.0%	96.1%	147.4%	36.4%	101.1%
	2010	58.6%	79.7%	55.7%	107.5%	31.3%	116.3%
NOO (Funding Excess) – End of Year	2008	\$25,476	(\$646)	\$674	\$317	\$2,055	(\$77)
	2009	\$25,162	(\$611)	\$736	(\$14)	\$3,733	(\$145)
	2010	\$26,274	(\$430)	\$1,446	(\$66)	\$5,618	(\$1,101)

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
		Income	Healthcare		
Actuarial Valuation Date	7/1/2008	7/1/2008	7/1/2008	7/1/2008	7/1/2009
1 Actuarial Value of Assets	\$0	\$0	\$0	\$0	\$13,768
2 Actuarial Accrued Liability (AAL)	21,603	5,813	9,975	8,344	75,973
3 Unfunded AAL (UAAL) (2) - (1)	\$21,603	\$5,813	\$9,975	\$8,344	\$62,205
4 Funded Ratios (1) : (2)	0.0%	0.0%	0.0%	0.0%	18.1%
5 Annual Covered Payroll	\$803,608	\$803,608	\$803,608	\$803,608	\$248,565
6 UAAL as a Percentage of Covered Payroll (3) : (5)	2.7	0.7	1.2	1.0	49.9

Actuarial Methods and Assumptions

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

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Significant Methods and Actuarial Assumptions

	Retiree	Long-Term Disability Plan		Retiree Life	University of Idaho Plan	
	Healthcare Plan	Income	Healthcare	Life Insurance		Insurance Plan
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level	Level Dollar	Level	Level	Level	Level Dollar
Amortization Period	Percentage of Payroll	Level Dollar Amount	Percentage of Payroll	Percentage of Payroll	Percentage of Payroll	Level Dollar
Assumptions:	11 years, Closed	8 years, Closed	30 years, Open	30 years, Open	30 years, Open	30 years, Open
Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	N/A
Investment Return	4.50%	5.25%	4.50%	5.25%	4.50%	6.25%
OPEB Increases	N/A	N/A	N/A	N/A	3.75%	N/A
Projected Salary Increases	3.75%	3.75%	3.75%	3.75%	3.75%	3.00%
Healthcare Cost Initial Trend Rate	13.60%	N/A	13.60%	N/A	N/A	11.00%
Healthcare Cost Ultimate Trend Rate	5.00%	N/A	5.00%	N/A	N/A	5.00%

NOTE 9. RISK MANAGEMENT

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

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

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end \$15.2 million of unpaid claim liabilities for Risk Management are recorded at the present value of \$14.1 million, using a 3.5 percent discount interest rate.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs. Life, health, and disability insurance programs are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 11.8 percent of the annual premiums for medical, 10 percent for dental, and 10 percent for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2010 refunds from the Group Insurance carriers reflect favorable claims experience. Unpaid claim liabilities at fiscal year-end of \$2.8 million for Group Insurance are not discounted. The State maintains program and premium stabilization balances; these amounts are included with restricted net assets in the Group Insurance fund.

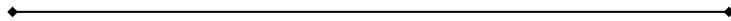
All state entities may participate in the Risk Management and Group Insurance programs. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered. Payments made to the Group Insurance fund are based on actuarial estimates of the amounts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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably

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

	<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimate</u>	<u>Claims (Payments) Refunds</u>	<u>Ending Balance</u>
Risk Management	2009	\$17,108	\$2,509	(\$3,792)	\$15,825
	2010	\$15,825	\$2,021	(\$3,739)	\$14,107
Group Insurance	2009	\$3,056	(\$4,436)	\$5,308	\$3,928
	2010	\$3,928	(\$2,461)	\$1,382	\$2,849



NOTE 10. LEASES

A. State as Lessee

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

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the

related funds when paid or incurred. The total operating lease expenditures/expenses for fiscal year 2010 were \$27.2 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*):

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Land	\$1,576		\$1,576
Buildings and Improvements	34,651	\$6,973	41,624
Improvements Other Than Buildings	609		609
Machinery, Equipment, and Other	1,948	2,858	4,806
Accumulated Depreciation	(3,289)	(5,759)	(9,048)
Total Assets under Capital Leases	\$35,495	\$4,072	\$39,567

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Fiscal Year	<u>Operating Leases</u>	<u>Capital Leases</u>			
	Primary Government	Governmental Activities	Business-Type Activities With Third Parties	Business-Type Activities With Component Units	Total Primary Government
2011	\$26,775	\$4,105	\$184	\$430	\$4,719
2012	20,614	3,909	168	426	4,503
2013	17,811	3,769	134	431	4,334
2014	14,800	3,720	22	429	4,171
2015	12,542	3,655		432	4,087
2016 - 2020	19,812	17,088		848	17,936
2021 - 2025	2,232	16,403			16,403
2026 - 2030	1,218	10,826			10,826
Total Payments	<u>\$115,804</u>	<u>63,475</u>	<u>508</u>	<u>2,996</u>	<u>66,979</u>
Executory Costs		(12,231)			(12,231)
Imputed Interest		(18,015)	(40)	(619)	(18,674)
Total Present Value of Minimum Lease Payments		<u>\$33,229</u>	<u>\$468</u>	<u>\$2,377</u>	<u>\$36,074</u>

B. State as Lessor

Operating Leases

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

Capital Leases

The Boise State University Foundation, a component unit, leases a building to Boise State University. The

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

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

<u>Asset Class</u>	<u>Primary Government</u>
Land	\$1,248
Buildings and Improvements	21,050
Improvements Other Than Buildings	10
Accumulated Depreciation	(1,667)
Total Assets Held for Lease	<u>\$20,641</u>

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

Fiscal Year	<u>Operating Leases</u>	<u>Capital Leases</u>
	Primary Government	Component Unit
2011	\$9,403	\$430
2012	9,153	426
2013	8,874	431
2014	9,038	429
2015	8,824	432
2016 - 2020	39,911	848
2021 - 2025	6,859	
2026 - 2030	4,686	
Total Rentals and Receivables	<u>\$96,748</u>	<u>\$2,996</u>
 Net Investment in Direct Financing Lease:		
Minimum Lease Payments Receivable		\$2,996
Unearned Income		(619)
Net Investment in Direct Financing Lease		<u>\$2,377</u>



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 2010 the State anticipated that 43 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 67.6 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, 2009, and were redeemed on June 30, 2010.

The University of Idaho entered into a line of credit agreement to finance safety renovations and improvements for the University's Kibbie Dome athletic facility. The total available line of credit extended to the University under this agreement is \$10.0 million. This note was refinanced with a new bond issuance.

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, 2010, the Association has commercial paper outstanding, maturing within 1 to 59 days from date of issue, with a weighted average interest rate of 0.47 percent.

The Idaho Small Employer Health Reinsurance Program has a \$1.0 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 1.65 percent per annum and was 4.9 percent as of December 31, 2009. The line matures November 2, 2010, and is not secured.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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

	<u>Beginning Balance</u>	<u>Issued/Draws</u>	<u>Redeemed/ Repayments</u>	<u>Ending Balance</u>
Primary Government				
Governmental Activities:				
External Tax Anticipation Notes	\$0	\$500,000	(\$500,000)	\$0
Business-Type Activities:				
Line of Credit	\$1,880		(\$1,880)	\$0
Component Units				
Commercial Paper	\$30,000	\$239,700	(\$219,700)	\$50,000
Line of Credit	\$260	\$1,097	(\$1,257)	\$100



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.

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, 2010, 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 \$591.6 million in bonds between 1998 and 2010. Annual principal and interest payments on the bonds are expected to require less than 12.6 percent of the revenues. The total principal and interest payments remaining on the bonds are \$784.5 million, payable through 2041. For the current year principal and interest payments and total pledged revenues were \$33.5 million and \$265.4 million, respectively.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 \$5.4 million, payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 69.2 percent of the revenues. For the current year principal and interest payments and total pledged revenues were \$0.6 million and \$0.9 million, respectively.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code, Sections 67-6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments and the construction of highway transportation projects. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or

any of its political subdivisions. The bonds have been issued in a variable rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation bonds are secured by principal and interest payments from the Idaho Transportation Department.

The State's college and university foundations have a number of bonds outstanding for the purpose of funding construction projects. Foundation bonds are secured by various revenue sources, including leases, donations, pledges, and other funds. The college and university foundations issued \$27.0 million in bonds between 2001 and 2002. The total principal and interest payments remaining on the bonds are \$12.7 million, payable through 2021. Annual principal and interest payments on the bonds are expected to require 100 percent of the revenues. For the current year principal and interest payments and total pledged revenues were \$2.0 million and \$0.7 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
2011	\$23,060	\$11,340	\$15,085	\$22,211	\$360	\$240	\$38,505	\$33,791
2012	24,210	10,289	13,575	21,160	380	220	38,165	31,669
2013	25,370	9,148	14,240	20,362	400	198	40,010	29,708
2014	25,620	7,943	14,890	19,533	425	175	40,935	27,651
2015	18,830	6,904	15,795	17,039	450	151	35,075	24,094
2016-2020	41,405	28,071	80,215	80,174	2,065	327	123,685	108,572
2021-2025	47,370	17,625	68,865	58,210			116,235	75,835
2026-2030	14,410	9,697	54,935	41,658			69,345	51,355
2031-2035	10,830	7,657	54,695	26,248			65,525	33,905
2036-2040	13,905	4,580	35,850	8,747			49,755	13,327
2041-2045	11,090	940	100,492	495			111,582	1,435
Total	\$256,100	\$114,194	\$468,637	\$315,837	\$4,080	\$1,311	\$728,817	\$431,342
Interest Rate	0.27% to 5.98%		2.00% to 6.52%		5.46% to 6.28%			

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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
2011	\$127,645	\$67,410	\$445	\$419	\$4,995	\$8,467	\$133,085	\$76,296
2012	50,500	65,880	455	405	6,770	8,792	57,725	75,077
2013	53,760	63,637	475	390	7,280	8,526	61,515	72,553
2014	57,395	61,347	5,548	209	7,565	8,237	70,508	69,793
2015	60,675	58,876	935	216	7,795	7,942	69,405	67,034
2016-2020	352,275	253,238	4,070	847	43,305	34,826	399,650	288,911
2021-2025	414,030	179,119	5,210	1,303	59,165	23,277	478,405	203,699
2026-2030	452,610	94,696			48,400	9,260	501,010	103,956
2031-2035	322,235	40,992			9,090	2,947	331,325	43,939
2036-2040	407,945	13,161			6,535	673	414,480	13,834
2041-2045	10,083	307					10,083	307
Total	\$2,309,153	\$898,663	\$17,138	\$3,789	\$200,900	\$112,947	\$2,527,191	\$1,015,399

Interest Rate 0.22% to 8.7% *0.25% to 5.35% 2.00% to 5.63%

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

C. Advance Refundings

Primary Government

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

In prior years Boise State University and the University of Idaho defeased several bonds by placing the proceeds of general revenue and refunding bonds into escrow accounts in amounts sufficient to pay all future debt service payments on those bonds. The related liabilities were appropriately removed from the financial statements in the year of defeasance.

Component Unit

During the current year the Idaho Housing and Finance Association issued Single-Family Mortgage Bonds 2009 Series A and B in the amount of \$207.1 million. The 2009 Series A and B Bonds were issued to provide money for the Issuer to purchase and refund certain outstanding Bonds of the Association originally issued to finance the making or purchase of mortgage loans to low income persons for single-family, owner-occupied housing within the State and to pay for certain costs of issuance of the 2009 Series A and B bonds. The refunding resulted in a decrease in the aggregate debt service requirements of approximately \$8.9 million and an economic gain to the Association of \$17.6 million.

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

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2003 Series B Bonds	\$4,765	\$4,765
Boise State University	2001 Series Bonds	3,350	3,140
	2002 Series Bonds	34,710	34,710
University of Idaho	2001 Series Bonds	38,035	620

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 \$431.9 million in notes payable to the Idaho Housing and Finance Association. The notes are related to GARVEE bonds and will be repaid by grant revenues

received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require less than 7.6 percent of the revenues. The total principal and interest payments remaining on the notes are \$604.1 million, payable through 2028. For the current year principal and interest payments and total pledged revenues were \$27.3 million and \$358.0 million, respectively. The

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

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 notes payable.

The State's colleges and universities purchased land and financed various construction projects through the issuance of notes payable. The notes are secured by student fees revenues. Lewis-Clark State College issued \$5.8 million in notes payable between 2003 and 2010. Annual principal and interest payments on the notes are expected to require less than 32.1 percent of the revenues. The total principal and interest remaining

on the notes is \$5.8 million, payable through 2014. For the current year principal and interest payments and total pledged revenues were \$0.1 million and \$0.4 million, respectively.

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

Component Unit

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

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

Fiscal Year Ending June 30	Primary Government Governmental Activities							
	Transportation		Special Revenue		Internal Service		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$19,484	\$25,902	\$78	\$87	\$127	\$176	\$19,689	\$26,165
2012	19,815	25,195	82	83	146	168	20,043	25,446
2013	20,625	24,376	87	78	166	160	20,878	24,614
2014	21,420	23,579	91	74	187	151	21,698	23,804
2015	21,094	22,487	96	69	210	140	21,400	22,696
2016-2020	99,383	77,540	568	257	1,457	498	101,408	78,295
2021-2025	107,489	31,072	578	82	1,041	79	109,108	31,233
2026-2030	61,120	3,494					61,120	3,494
Total	\$370,430	\$233,645	\$1,580	\$730	\$3,334	\$1,372	\$375,344	\$235,747
Interest Rate	2.00% to 6.35%		5.52%		5.34%			

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

The Petroleum Clean Water Trust Fund had policy claim liabilities of \$6.7 million for unpaid losses and loss adjustments.

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

F. Changes in Long-Term Liabilities

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

Long-Term Liabilities	Balances at July 1, 2009 As Restated	Increases	Decreases	Balances at June 30, 2010	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	\$279,364		(\$23,264)	\$256,100	\$23,060
Premiums/Discounts/Other	1,958		(970)	988	
Notes Payable	5,118		(204)	4,914	205
Notes Payable to Component Unit	215,045	\$163,562	(8,177)	370,430	19,484
Total Bonds and Notes Payable	501,485	163,562	(32,615)	632,432	42,749
Capital Leases	11,475	23,765	(2,011)	33,229	1,793
Compensated Absences	54,893	45,638	(48,535)	51,996	51,993
Policy Claim Liabilities	19,753	3,403	(6,200)	16,956	8,036
Claims and Judgments	112,935	208	(33,253)	79,890	50,921
Net Pension Obligation	2,711	8,429		11,140	
Net OPEB Obligation	20,373	1,796		22,169	
Arbitrage Rebate Liability	180		(100)	80	
Total Governmental Activity	\$723,805	\$246,801	(\$122,714)	\$847,892	\$155,492
Governmental Activities Net OPEB Obligations were restated due to separate presentation of OPEB Assets from OPEB Liabilities.					
Business-Type Activities:					
Revenue Bonds	\$449,045	\$47,617	(\$23,945)	\$472,717	\$15,335
Premiums/Discounts	365	616	(31)	950	
Notes Payable	50,198	188,234	(22,298)	216,134	203,892
Premiums/Discounts	(3)	3			
Total Bonds and Notes Payable	499,605	236,470	(46,274)	689,801	219,227
Capital Leases	627	263	(422)	468	163
Capital Leases to Component Unit	2,652		(275)	2,377	295
Compensated Absences	20,814	20,828	(20,760)	20,882	20,882
Net OPEB Obligation	9,233	2,034		11,267	
Arbitrage Rebate Liability	528		(527)	1	
Voluntary Termination Benefits		1,787	(893)	894	
Total Business-Type Activity	\$533,459	\$261,382	(\$69,151)	\$725,690	\$240,567
Business-Type Activities Net OPEB Obligations were restated due to separate presentation of OPEB Assets from OPEB Liabilities.					
Component Units:					
Revenue Bonds	\$2,385,753	\$526,775	(\$385,337)	\$2,527,191	\$133,085
Premiums/Discounts	22,109	1,885	(961)	23,033	
Notes Payable	24,925	194	(4,033)	21,086	974
Total Bonds and Notes Payable	2,432,787	528,854	(390,331)	2,571,310	134,059
Policy Claim Liabilities	12,385	9,838	(11,662)	10,561	5,599
Total Component Unit Activity	\$2,445,172	\$538,692	(\$401,993)	\$2,581,871	\$139,658

Internal service funds predominantly serve the governmental funds. Accordingly, \$0.8 million of

compensated absences, \$17.0 million of policy claim liabilities, and \$0.7 million of capital leases were

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

included in the governmental activities for internal service fund liabilities.

The compensated absences liability attributable to governmental activities will be liquidated by the General Fund, special revenue, and internal service funds. In the past approximately 28.5 percent has been paid by the General Fund, 69.8 percent by special revenue funds, and the remainder by internal service funds. Primarily the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim liabilities will be liquidated through the State's Group Insurance and Risk Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds, and nonmajor special revenue funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the property financed and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the revenues pledged under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Six series of Water Resource Bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of \$76.5 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 property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Twenty-six series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of \$101.0 million.

H. Arbitrage Rebate

The Tax Reform Act of 1986 imposes a rebate requirement with respect to some tax exempt bonds issued by the State. Under the rebate requirement, an amount equal to the sum of (a) the excess of the aggregate amount earned on all investments (other than certain specified exceptions) over the amount that would have been earned if all investments were invested at a rate equal to the yield on the bonds, and (b) any income earned on the excess described in (a) must be rebated to the United States Treasury, in order for the interest on the bonds to be excluded from gross income for federal income tax purposes. In accordance with the Internal Revenue Service Regulations, arbitrage rebate liability has been calculated as of June 30, 2010, and changes for the fiscal year then ended are presented in Section F of this note.

I. Termination Benefits

Primary Government

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

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

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

The exit incentive payment provided to eligible employees and faculty who enrolled is one-half of the employee's or faculty member's salary as defined in their salary agreement or salary letter and did not include any compensation amounts not included in the agreement or letter such as bonuses or summer salaries for faculty. Payment of the exit incentive amount will occur in two equal payments, the first in July 2010 and the second in July 2011, each payment comprised of one-quarter of the employee or faculty member's salary as described above. Total incentive payments for those staff and faculty members who enrolled in the program have been

calculated to be \$1.8 million. This amount has been recognized and recorded in the Statement of Net Assets in "Other" liabilities, divided equally between current and noncurrent liabilities to reflect the timing of EIP payments. In accordance with the requirements of GASB Statement No. 47, *Accounting for Termination Benefits*, the University performed a present value analysis of the calculated payments for both years that resulted in an immaterial difference between the discounted and full value of these payments. The University therefore chose to record the EIP liability at its full amount.

NOTE 13. EQUITY

A. Restatement of Beginning Fund Balances and Net Assets

During fiscal year 2010, the State implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The adoption of this standard required the restatement of beginning net assets by the following amounts:

- The College and University fund recorded intangible assets of \$2.2 million.
- A nonmajor enterprise fund recorded intangible assets of \$0.5 million.

The State also implemented GASB Statement No. 53, *Accounting and Reporting for Derivative Instruments*, which required the restatement of beginning equity by the following amounts:

- A nonmajor governmental fund reported an increase in fund balance of \$6.7 million.
- The Idaho Housing and Finance Association, a component unit, reported an increase in net assets of \$47.1 million.

Net assets of internal service funds decreased \$0.9 million and net assets of governmental activities increased by the same amount due to a capital asset transferred in a prior year.

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

- An increase of \$61.2 million due to the implementation of GASB Statement No. 51 and the inclusion of intangible assets.

The Pension Trust Fund net assets increased by \$188.5 million due to new information that permits inclusion of the Idaho Public Employees' Deferred Compensation Plan within the State's financial statements.

B. Net Assets Restricted by Enabling Legislation

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

The government-wide Statement of Net Assets reported restricted net assets of \$1.8 billion for governmental activities, \$605.0 million for business-type activities, and \$447.9 million for component units. These amounts include \$374.3 million of net assets restricted by enabling legislation for governmental activities and \$363.7 million of net assets restricted by enabling legislation for business-type activities.

C. Designated Governmental Fund Balances

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

- Transportation fund: \$69.8 million for trustee and benefit payments, highway projects, and matching federal dollars on state transportation projects

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

- Nonmajor special revenue funds: \$20.5 million for water quality programs and environmental remediation projects; \$4.3 million for parks and recreation capital projects

NOTE 14. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code, Title 57, Chapter 7 and Title 67, Chapter 16. Net appreciation on investments of the donor-restricted endowments available for the Land Board or the EFIB to authorize expenditures for the Land Endowments fund was \$19.5 million, which is included in net assets restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Department of Parks and Recreation has a \$1.0 million donor-restricted endowment for the preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. Only earnings from investments may be expended by the Idaho Parks and Recreation Board, although no less than 3 percent of the total value of the endowment shall be designated as earnings even if such designation temporarily reduces the principal. 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 \$29,114, which is reported in net assets restricted for other purposes.

Component Units

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

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. During the fiscal year the Foundation received new contributions of \$2.8 million. The amount permanently restricted by donors was \$61.5 million, which is included in net assets restricted for permanent trust-nonexpendable. The amount temporarily restricted by donors was \$1.1 million, which is included in net assets restricted for permanent trust-expendable. The endowments had net appreciation of \$1.1 million during the fiscal year. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. The Foundation has set a “total return” spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Eastern Idaho Technical College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of scholarships at the College. During the fiscal year the Foundation received new contributions of \$50,000. The amount permanently restricted by donors was \$0.8 million, which is included in net assets restricted for permanent trust-nonexpendable. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. The Foundation determines the amount to be paid out as scholarships to the College on an annual basis.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. During the fiscal year the Foundation received new contributions of \$1.6 million. The amount permanently restricted by donors was \$27.9 million, which is included in net assets restricted for permanent trust-nonexpendable. The amount temporarily restricted by donors was \$7.0 million, which is included in net assets restricted for permanent trust-expendable. The endowments had net appreciation of \$1.6 million during the fiscal year. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

appropriating for annual distribution 4.5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distributions are planned.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. During the fiscal year the Foundation received \$0.9 million in new contributions. The amount permanently restricted by donors was \$0.4 million, which is included in net assets restricted for permanent trust-nonexpendable. The endowments had net appreciation of \$0.3 million during the fiscal year. Accumulated earnings are reported in net assets restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The Foundation received \$2.4 million in new contributions during the fiscal year. The amount permanently restricted by donors was \$95.3 million, which is included in net assets restricted for permanent

trust-nonexpendable. The endowments had net appreciation of \$16.7 million during the fiscal year. Unrealized appreciation is included in net assets restricted for permanent trust-nonexpendable. All other appreciation is also included in restricted net assets as expendable or nonexpendable permanent trust depending on the terms of the endowment agreements. The Foundation has the following two-tier spending policy dependent upon the endowment agreement that exists for each endowment:

1. Endowments with agreements that require reinvestment of all realized capital gains as principal can distribute only realized interest and dividends, and all realized gains are reinvested.
2. For endowments without restrictive reinvestment language, the Board of Directors establishes an annual spending rate. For fiscal year 2010, the spending rate was set at 4 percent of the three-year rolling average of the endowments' monthly fair market value. If the total realized dividends, interest, and short-term capital gains are less than the total amount required to make a distribution based on the established spending rate, realized long-term capital gains will be used to make up the shortfall.

NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation and Contingencies

Primary Government

In November 1998 a Master Settlement Agreement was reached between the 5 largest tobacco manufacturers and 46 states. Since then more than 40 tobacco companies have joined the Agreement. Under the terms of the Agreement, the State of Idaho anticipates receiving annual payments in perpetuity, subject to numerous adjustments. The State received cash payments of \$26.0 million during fiscal year 2010. A number of tobacco manufacturers allege that Idaho has not diligently enforced the Idaho Master Settlement Agreement Act, and therefore should have one or more of its annual payments eliminated. While Idaho believes the allegations regarding Idaho enforcement are without merit, the litigation, until resolved, threatens one or more future payments.

The State is also a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of

contracts, condemnation proceedings, and other alleged violations of state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code, Section 33-5303, requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distributions normally made to the school district to reimburse the State. As of June 30, 2010, the principal amount of qualified bonds outstanding to school districts was \$642.2 million, and the interest amount outstanding was \$220.9 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, 2010, the Idaho

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

Bond Bank Authority had a principal amount of qualified bonds outstanding to municipalities of \$200.9 million and the interest amount outstanding was \$112.9 million.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The Department of Health and Welfare had \$14.8 million of questioned costs at June 30, 2010. These costs will be contested with the federal agency involved. Management estimates the liability to be less than the questioned amounts.

The Idaho Transportation Department (ITD) faces a potential liability of \$3.3 million for unpaid contractual claims. A probable cost of \$1.2 million has been recognized as a liability with a remaining contingent liability of \$2.1 million.

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

B. Commitments

Primary Government

The Public Employee Retirement System of Idaho has a total of \$502.2 million in outstanding commitments for investments to private equity partnerships.

The ITD has a total of \$261.3 million in outstanding commitments for infrastructure and \$30.7 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay Idaho Housing and Finance Association \$623.9 million in principal and \$337.3 million in interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date ITD has borrowed \$431.9 million against the total; of that amount, \$61.5 million has been repaid, resulting in a \$370.4 million liability being recorded. Details can be found in Note 12.

The Department of Administration has a total of \$78.9 million in outstanding commitments for capital asset-related construction projects underway at year-end. The Department has also entered into a contract with One Visions Systems to provide video conferencing services for students and communities which enables

them to receive classes and courses from education providers. The contract will expire in September 2011 and the total estimated cost is \$3.3 million. The estimated cost for fiscal year 2011 is \$1.0 million.

The colleges and universities estimate costs of \$86.1 million to complete a variety of capital asset-related construction projects underway at year-end.

The Department of Environmental Quality (DEQ) administers two revolving loan funds. The funds provide a financing source for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of \$80.6 million. Most of these loan commitments will be funded from accumulated repayments and investment revenue which are perpetually appropriated for this purpose. The Drinking Water Loan fund had \$36.0 million of loan commitments that are funded with approximately 80 percent federal funds and 20 percent state matching dollars. DEQ also has committed to various contracts addressing pollution remediation, best management practice implementation, and other environmental projects totaling \$5.9 million.

The Department of Correction has a contract with Corrections Corporation of America to operate a 2,080 bed prison. The estimated cost for fiscal year 2011 is \$27.9 million. The Department has a contract until June 30, 2013, with Correctional Medical Services, Inc. to provide medical services for inmates. The estimated cost for fiscal year 2011 is approximately \$21.4 million. The Department also has a contract with the Ada County Sheriff's Office to house an average of 50 inmates in a work release program. The fiscal year 2011 estimated cost is \$0.8 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 2011 is \$7.2 million.

The Department of Parks and Recreation has a total of \$6.8 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Superintendent of Public Instruction has a total of \$3.7 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Fish and Game has a contract with Outdoor Central to facilitate selling hunting and fishing licenses. The contract will expire in March 2012 and the total estimated cost is \$3.5 million.

**Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2010**

The Department of Lands has a total of \$1.8 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Dairy Products Commission annually commits to participate in a national advertising pool administered by Dairy Management, Inc. By contractual agreement, the Commission's 2010 advertising pool commitment is \$4.0 million.

The State Lottery contracted with INTRALOT, Inc. through February 18, 2014, to pay 1.98 percent of total

net sales and a \$3,466 monthly fee for a wireless tablet-reporting system to be used by Lottery's regional sales representatives.

Component Units

Idaho Housing and Finance Association has commitments to purchase \$21.0 million of single-family mortgages. The Association has commitments to sell or secure \$87.2 million of single-family mortgages.



NOTE 16. SUBSEQUENT EVENTS

Subsequent to June 30, 2010, the following events occurred:

Primary Government

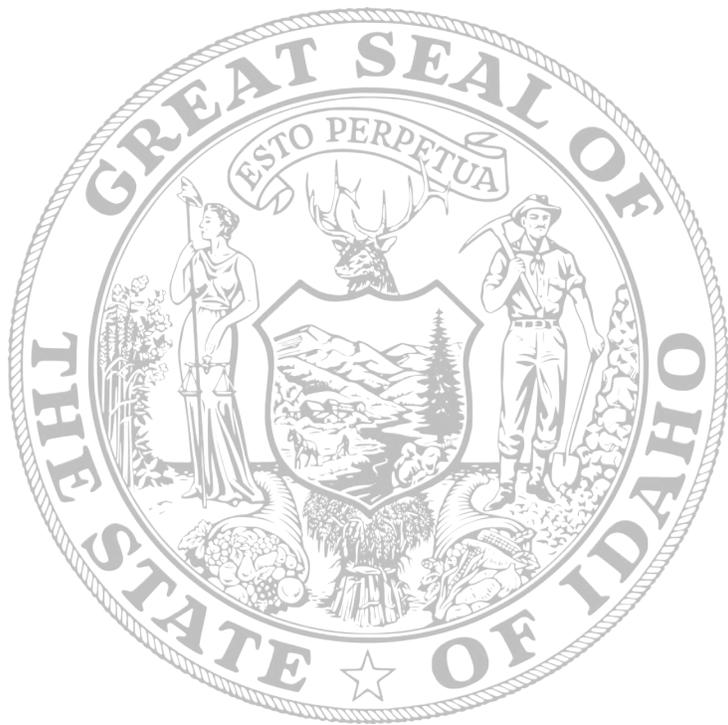
On July 1, 2010, the Office of the State Treasurer issued tax anticipation notes in the amount of \$500.0 million. The notes were issued to cover temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2011 fiscal year. The notes mature on June 30, 2011.

Subsequent to June 30, 2010, the University of Idaho entered into two loan agreements with Wells Fargo Bank, both of which mature in August 2016. The first

loan was acquired in the amount of \$2.9 million to finance improvements to the Kibbie Dome, and the second loan was acquired in the amount of \$2.5 million to finance improvements to the Dan O'Brien Track and Field Complex. Both of these facilities are owned by the University.

Component Units

On August 1, 2010, the Idaho Housing and Finance Association redeemed \$4.7 million of Series 2008D bonds due to non origination of mortgage loans. This amount is included in the par value redeemed for Series 2008D on July 1, 2010.



Required Supplementary Information



Calvin E. Wright served from 1939 to 1945 through a constitutional battle over the powers of the State Auditor and trying to offset the loss of nearly half of the auditor’s staff to military service in World War II. The 1939 Idaho Legislature passed a law creating a position of Comptroller to be appointed by the Governor and defining duties normally vested in the State Auditor’s Office. Auditor Wright filed suit. The court ruled in *Wright v. Callahan* (61 Idaho 167-183; 1940) that the “...entire statute creating office of State Comptroller [was] void for unconstitutionality of part, the essential purpose of which [was] to divest the State Auditor of his constitutional powers and duties....” These constitutional powers remain intact today.

State of Idaho

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(dollars in thousands)

	General			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	
REVENUES				
Sales Tax	\$1,119,098	\$1,119,098	\$1,119,098	
Individual and Corporate Taxes	1,506,892	1,506,892	1,506,892	
Other Taxes	54,968	54,968	54,968	
Licenses, Permits, and Fees	18,839	18,839	18,839	
Sale of Goods and Services	36,519	36,519	36,519	
Grants and Contributions	2,950	2,950	2,950	
Investment Income	18,338	18,338	18,338	
Tobacco Settlement	25,990	25,990	25,990	
Other Income	11,072	11,072	11,072	
Total Revenues	\$2,794,666	\$2,794,666	2,794,666	
EXPENDITURES				
General Government	\$860,717	\$858,606	764,622	\$93,984
Public Safety and Correction	241,006	233,113	227,916	5,197
Health and Human Services	39,377	39,377	39,260	117
Education	1,736,160	1,664,336	1,632,524	31,812
Economic Development	37,242	35,132	28,318	6,814
Natural Resources	35,642	34,637	34,709	(72)
Total Expenditures	\$2,950,144	\$2,865,201	2,727,349	\$137,852
Revenues Over (Under) Expenditures			67,317	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			22,580	
Sale of Capital Assets			178	
Transfers In			164,485	
Transfers Out			(705,842)	
Total Other Financing Sources (Uses)			(518,599)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			(451,282)	
Reconciling Items				
Changes Affected by Accrued Revenues			(283,359)	
Changes Affected by Accrued Expenditures			606,813	
Fund Balances - Beginning of Year			748,016	
Fund Balances - End of Year			\$620,188	

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
\$13,120	\$13,120	\$13,120		\$221,228	\$221,228	\$221,228	
7,090	7,090	7,090		116,719	116,719	116,719	
97,788	97,788	97,788		5,062	5,062	5,062	
1,349,811	1,349,811	1,349,811		374,449	374,449	374,449	
1,144	1,144	1,144		2,491	2,491	2,491	
2,978	2,978	2,978		5,410	5,410	5,410	
<u>\$1,471,931</u>	<u>\$1,471,931</u>	<u>1,471,931</u>		<u>\$725,359</u>	<u>\$725,359</u>	<u>725,359</u>	
\$150	\$150		\$150				
2,016,861	2,054,055	1,924,879	129,176				
				\$1,029,090	\$1,035,909	679,930	\$355,979
<u>\$2,017,011</u>	<u>\$2,054,205</u>	<u>1,924,879</u>	<u>\$129,326</u>	<u>\$1,029,090</u>	<u>\$1,035,909</u>	<u>679,930</u>	<u>\$355,979</u>
		(452,948)				45,429	
		5				12,453	
		427,024					
		(237)				(15,386)	
		<u>426,792</u>				<u>(2,933)</u>	
		(26,156)				42,496	
		340,788				(1,432)	
		(325,198)				(8,225)	
		21,197				156,565	
		<u>\$10,631</u>				<u>\$189,404</u>	

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2010**

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Budgetary Process and Control

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

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

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

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

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

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

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

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

Budgetary Basis of Accounting

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

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2010**

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

The State does not adopt a revenue budget. For financial reporting purposes, the Budgetary Comparison Schedule

reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov. Look under “Accounting” and then “Financial Reports and Public Information.”

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

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

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

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 11,989 lane miles.

Measurement Scale

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

Road Roughness is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. In Idaho, the public’s perception of the state highway system is very important. For that reason, a roughness index (RI) was adopted that correlates the

longitudinal profile of the road surface to an index based upon the public’s perception of road roughness. The RI ranges from 0.0 (extremely rough) to 5.0 (smooth).

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

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

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

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

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2010**

Established Condition Level

In fiscal year 2010, the ITD changed the administrative policy on established condition level from no more than 18 percent to no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2009 the assessed level was maintained at 18 percent.

Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the Idaho Transportation Department has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

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

	2009		2008		2007		2006		2005	
Good	7,226	60%	7,401	62%	7,370	62%	7,318	61%	7,364	62%
Fair	2,653	22%	2,203	18%	2,293	19%	2,223	19%	2,244	19%
Poor	1,589	13%	1,779	15%	1,810	15%	1,879	16%	1,772	15%
Very Poor	521	5%	561	5%	457	4%	457	4%	494	4%
Total Lane Miles	11,989	100%	11,944	100%	11,930	100%	11,877	100%	11,874	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*):

	<u>FY2011</u>	<u>FY2010</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2007</u>	<u>FY2006</u>	<u>FY2005</u>
Estimated	\$170,828	\$144,000	\$85,000	\$90,800	\$88,200	\$69,200	\$67,156
Actual		111,489	103,720	108,624	79,301	69,502	79,310

The lane miles approaching deficient condition in fiscal years 2010 and 2011 are more expensive to maintain than the lane miles in prior years due to the nature and location of the roads, causing an increase in the

estimates. Actual costs were less than estimated costs in fiscal year 2010 by 22.6 percent due to a decline in road construction costs.

PENSION – Schedule of Funding Progress

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

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2) - (1)	Funded Ratios (1) : (2)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (3) : (5)
6/30/08	\$60,136	\$72,519	\$12,383	82.9%	\$5,723	216
6/30/09	\$48,439	\$75,345	\$26,906	64.3%	\$5,960	451
6/30/10	\$53,367	\$76,100	\$22,733	70.1%	\$5,645	403

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2010**

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Funding Progress (dollars in thousands):

OPEB Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1) : (2)	(5) Annual Covered Payroll	(6)
							UAAL as a Percentage of Covered Payroll (3) : (5)
Retiree Healthcare	7/1/2006	\$0	\$353,159	\$353,159	0.0%	\$764,953	46.2
	7/1/2008	\$0	\$21,603	\$21,603	0.0%	\$803,608	2.7
Long-Term Disability Income	7/1/2006	\$0	\$6,378	\$6,378	0.0%	\$764,953	0.8
	7/1/2008	\$0	\$5,813	\$5,813	0.0%	\$803,608	0.7
Healthcare	7/1/2006	\$0	\$10,006	\$10,006	0.0%	\$764,953	1.3
	7/1/2008	\$0	\$9,975	\$9,975	0.0%	\$803,608	1.2
Life Insurance	7/1/2006	\$0	\$10,616	\$10,616	0.0%	\$764,953	1.4
	7/1/2008	\$0	\$8,344	\$8,344	0.0%	\$803,608	1.0
Retiree Life Insurance	7/1/2006	\$0	\$30,577	\$30,577	0.0%	\$237,374	12.9
	7/1/2008	\$0	\$33,482	\$33,482	0.0%	\$248,565	13.5
University of Idaho	7/1/2007	\$4,325	\$83,011	\$78,686	5.2%	\$120,560	65.3
	7/1/2008	\$8,333	\$77,141	\$68,808	10.8%	\$129,435	53.2
	7/1/2009	\$13,768	\$75,973	\$62,205	18.1%	\$124,584	49.9

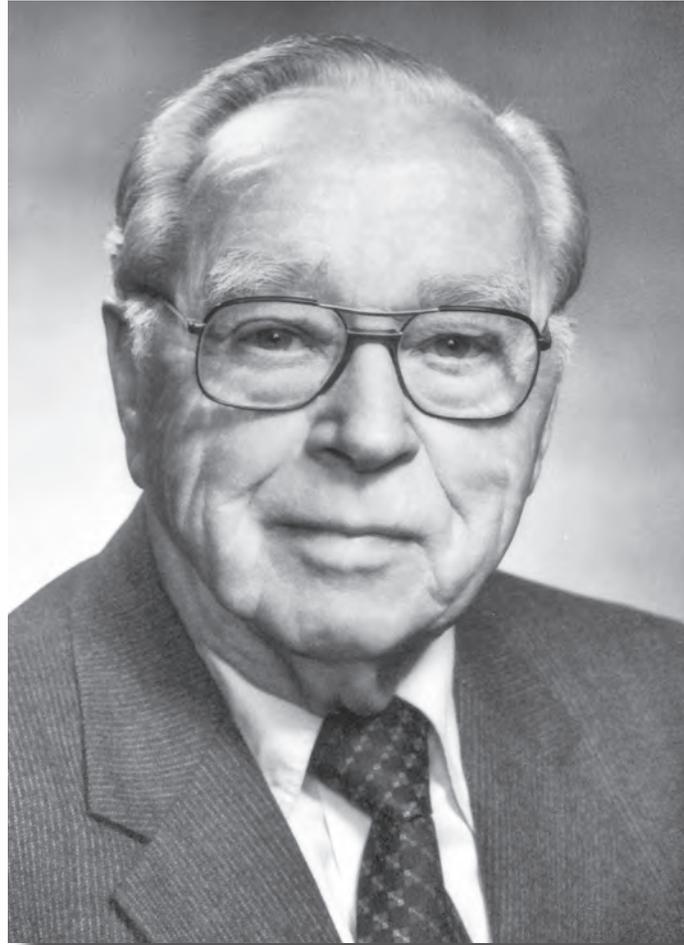
To be eligible for the Retiree Healthcare Plan, an officer or employee must be an active employee on or before June 30, 2009, and retire directly from State service; the maximum benefit is \$1,860 per retiree per year. As of

January 1, 2010, coverage was no longer available to Medicare-eligible retirees or their Medicare-eligible dependents. These changes have significantly reduced the liability.

Schedule of Employer Contributions (dollars in thousands):

OPEB Plan	Fiscal Year Ended	Annual Required Contribution (ARC)	Actual Contributions	Actual Contributions as Percentage of ARC
Retiree Life Insurance	06/30/08	\$2,542	\$487	19.16
	06/30/09	\$2,673	\$961	35.95
	06/30/10	\$2,800	\$859	30.69
University of Idaho	06/30/08	\$7,157	\$7,234	101.08
	06/30/09	\$6,362	\$6,430	101.07
	06/30/10	\$5,863	\$6,819	116.31

Combining Financial Statements



Joe R. Williams, State Auditor from 1959 to 1989, served longer than any other State Auditor in Idaho's history. Promptly after his first election, he introduced the State to automated data processing of the state's fiscal accounts. Before retiring he began the initial development of a new accounting and payroll system.

In 1983 Joe R. Williams challenged the Idaho State Legislature over the post-audit duties of the state auditor. He filed for and received a permanent injunction against the Legislature, which had appropriated funds to the Legislative Auditor's Office to conduct post-audits instead of the auditor's office. The permanent injunction in effect placed authority for post-audits in the hands of the state auditor and forbade the legislature from usurping the power of a constitutionally created executive agency through a line-item appropriation.

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

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

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

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

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

The Federal Fund accounts for a portion of the financial position and operations associated with federal grants received by the State. 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 source of funding is provided by 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 designated to finance construction of capital assets.

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

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

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

State of Idaho
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010
(dollars in thousands)

	Special Revenue			
	Agriculture and Natural Resources	Regulatory	Fish and Game	Federal
ASSETS				
Cash and Cash Equivalents	\$9,279	\$1,356		
Pooled Cash and Investments	64,346	61,412	\$10,897	\$16,622
Investments	11,047	390	4,533	4,780
Securities Lending Collateral	6,036		9,467	3,830
Accounts Receivable, Net	2,661	27		64
Taxes Receivable, Net	1,344			
Interfund Receivables	1,404	72	387	112
Due from Other Entities	2,461		5,721	52,599
Inventories and Prepaid Items	2,124	292	5,816	908
Loans, Notes, and Pledges Receivable, Net	8,701		10	
Other Assets	151		68	35
Restricted Assets:				
Cash and Cash Equivalents	21,565	436	2,792	18,862
Investments	2,338		8,182	364
Total Assets	\$133,457	\$63,985	\$47,873	\$98,176
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$2,535	\$32	\$900	\$42,634
Payroll and Related Liabilities	2,161	1,147	1,957	3,773
Interfund Payables	410	7	19	2,638
Due to Other Entities	7			
Deferred Revenue	4,152	604	1,780	23,386
Amounts Held in Trust for Others	2,994	464	5	
Obligations Under Securities Lending	6,036		9,467	3,830
Other Accrued Liabilities	1,154	552	617	226
Total Liabilities	19,449	2,806	14,745	76,487
Fund Balances				
Reserved for:				
Bond Retirement				
Encumbrances	4,615	259	1,209	6,648
Inventories and Prepaid Items	2,124	292	5,816	908
Noncurrent Receivables	9,701	50		
Other Purposes	22,375	436	10,973	785
Unreserved, Reported in:				
Special Revenue Funds	75,193	60,142	15,130	13,348
Capital Projects Fund				
Total Fund Balances	114,008	61,179	33,128	21,689
Total Liabilities and Fund Balances	\$133,457	\$63,985	\$47,873	\$98,176

Capital Projects

Federal Stimulus	Miscellaneous	Building Authority	Transportation Infrastructure	Total
	\$1	\$373		\$11,009
\$8	101,200		\$11	254,496
	16,843	2,421		40,014
	12,541			31,874
	9,552		15,214	27,518
	1,260			2,604
	315			2,290
2,522				63,303
114	1,849			11,103
	2,000			10,711
	512	1		767
5,398	1,067	19,141		69,261
	971	4,368		16,223
\$8,042	\$148,111	\$26,304	\$15,225	\$541,173
\$1,783	\$1,355	\$1,261	\$14,760	\$65,260
69	2,585			11,692
	38			3,112
				7
5,478	6,487			41,887
	5			3,468
	12,541			31,874
420	381		455	3,805
7,750	23,392	1,261	15,215	161,105
		18,944		18,944
33,906	1,194			47,831
114	1,849			11,103
	2,004			11,755
	2,037	16,313		52,919
(33,728)	117,635	(10,214)		237,506
			10	10
292	124,719	25,043	10	380,068
\$8,042	\$148,111	\$26,304	\$15,225	\$541,173

*State of Idaho***Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Special Revenue			
	Agriculture and Natural Resources	Regulatory	Fish and Game	Federal
REVENUES				
Sales Tax	\$4,800			
Other Taxes	34,074	\$62,972		
Licenses, Permits, and Fees	33,828	44,100	\$34,137	\$1
Sale of Goods and Services	2,416	1,227	289	309
Grants and Contributions	33,840		40,313	445,146
Investment Income	1,346	148	981	442
Other Income	15,966	214	693	247
Total Revenues	126,270	108,661	76,413	446,145
EXPENDITURES				
Current:				
General Government		2,852		37,271
Public Safety and Correction		2,601		9,214
Education				261,063
Economic Development	38,988	41,132	100	85,918
Natural Resources	63,228	785	68,476	4,758
Capital Outlay	6,370	300	7,100	4,322
Intergovernmental Revenue Sharing	9,828			50,283
Debt Service:				
Principal Retirement	58		563	
Interest and Other Charges	15		434	6
Total Expenditures	118,487	47,670	76,673	452,835
Revenues Over (Under) Expenditures	7,783	60,991	(260)	(6,690)
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions			1,165	
Sale of Capital Assets	362	25	278	26
Transfers In	14,636	14	7	155
Transfers Out	(164)	(60,114)	(139)	(621)
Total Other Financing Sources (Uses)	14,834	(60,075)	1,311	(440)
Net Changes in Fund Balances	22,617	916	1,051	(7,130)
Fund Balances - Beginning of Year, as Restated	91,391	60,263	32,077	28,819
Fund Balances - End of Year	\$114,008	\$61,179	\$33,128	\$21,689

Capital Projects

Federal Stimulus	Miscellaneous	Building Authority	Transportation Infrastructure	Total
				\$4,800
	\$25,113			122,159
	19,614			131,680
\$5	28,802	\$34,102		67,150
216,192	9,938			745,429
76	4,285	237	\$8,990	16,505
1	21,749			38,870
216,274	109,501	34,339	8,990	1,126,593
3,166	6,136	328		49,753
510	50,012			62,337
181,250	10,100			452,413
31	37,441		12,365	215,975
20,174	1,171			158,592
1,392	3,801	26,376	160,322	209,983
9,900	9,846			79,857
	171	23,335		24,127
	108	12,549		13,112
216,423	118,786	62,588	172,687	1,266,149
(149)	(9,285)	(28,249)	(163,697)	(139,556)
			163,562	163,562
				1,165
	100			791
265	23,977			39,054
(1)	(7,366)	(1,135)		(69,540)
264	16,711	(1,135)	163,562	135,032
115	7,426	(29,384)	(135)	(4,524)
177	117,293	54,427	145	384,592
\$292	\$124,719	\$25,043	\$10	\$380,068

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Special Revenue			
	Agriculture and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$4,800	\$4,800	\$4,800	
Other Taxes	34,302	34,302	34,302	
Licenses, Permits, and Fees	35,944	35,944	35,944	
Sale of Goods and Services	2,393	2,393	2,393	
Grants and Contributions	36,867	36,867	36,867	
Investment Income	1,221	1,221	1,221	
Other Income	15,857	15,857	15,857	
Total Revenues	\$131,384	\$131,384	131,384	
EXPENDITURES				
General Government				
Public Safety and Correction				
Education				
Economic Development	\$43,860	\$43,980	39,241	\$4,739
Natural Resources	105,740	109,697	84,686	25,011
Total Expenditures	\$149,600	\$153,677	123,927	\$29,750
Revenues Over (Under) Expenditures			<u>7,457</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			362	
Transfers In			14,636	
Transfers Out			(164)	
Total Other Financing Sources (Uses)			<u>14,834</u>	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			<u>22,291</u>	
Reconciling Items				
Changes Affected by Accrued Revenues			(5,114)	
Changes Affected by Accrued Expenditures			5,440	
Fund Balances - Beginning of Year, as Restated			<u>91,391</u>	
Fund Balances - End of Year			<u><u>\$114,008</u></u>	

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
\$68,868	\$68,868	\$68,868					
44,038	44,038	44,038		\$34,137	\$34,137	\$34,137	
819	819	819		288	288	288	
				38,463	38,463	38,463	
148	148	148		573	573	573	
214	214	214		460	460	460	
<u>\$114,087</u>	<u>\$114,087</u>	<u>114,087</u>		<u>\$73,921</u>	<u>\$73,921</u>	<u>73,921</u>	
\$2,852	\$2,852	2,852					
3,340	3,354	2,671	\$683				
49,663	49,759	43,859	5,900	\$216	\$216	100	\$116
2,273	2,273	775	1,498	77,481	82,965	74,496	8,469
<u>\$58,128</u>	<u>\$58,238</u>	<u>50,157</u>	<u>\$8,081</u>	<u>\$77,697</u>	<u>\$83,181</u>	<u>74,596</u>	<u>\$8,585</u>
		<u>63,930</u>				<u>(675)</u>	
						1,165	
		25				278	
		14				7	
		<u>(60,114)</u>				<u>(139)</u>	
		<u>(60,075)</u>				<u>1,311</u>	
		3,855				636	
		(5,426)				2,492	
		2,487				(2,077)	
		60,263				32,077	
		<u>\$61,179</u>				<u>\$33,128</u>	

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Special Revenue			Variance with Final Budget
	Federal			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees	\$1	\$1	\$1	
Sale of Goods and Services	74	74	74	
Grants and Contributions	446,241	446,241	446,241	
Investment Income	276	276	276	
Other Income	245	245	245	
Total Revenues	\$446,837	\$446,837	446,837	
EXPENDITURES				
General Government	\$89,922	\$90,858	54,780	\$36,078
Public Safety and Correction	17,063	19,356	13,587	5,769
Education	325,472	329,917	261,917	68,000
Economic Development	113,438	119,254	102,355	16,899
Natural Resources	17,311	18,828	10,413	8,415
Total Expenditures	\$563,206	\$578,213	443,052	\$135,161
Revenues Over (Under) Expenditures			3,785	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			26	
Transfers In			155	
Transfers Out			(621)	
Total Other Financing Sources (Uses)			(440)	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			3,345	
Reconciling Items				
Changes Affected by Accrued Revenues			(692)	
Changes Affected by Accrued Expenditures			(9,783)	
Fund Balances - Beginning of Year, as Restated			28,819	
Fund Balances - End of Year			\$21,689	

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
				\$21,240	\$21,240	\$21,240	
				19,572	19,572	19,572	
				21,984	21,984	21,984	
\$233,282	\$233,282	\$233,282		9,648	9,648	9,648	
76	76	76		3,408	3,408	3,408	
1	1	1		21,124	21,124	21,124	
\$233,359	\$233,359	233,359		\$96,976	\$96,976	96,976	
\$7,139	\$7,140	4,725	\$2,415	\$7,254	\$7,402	6,797	\$605
4,283	5,703	2,181	3,522	66,002	67,995	57,454	10,541
165,822	200,067	195,568	4,499	8,782	15,910	11,046	4,864
17,471	17,704	1,023	16,681	50,219	50,657	42,403	8,254
51,765	80,665	24,977	55,688	3,872	3,877	1,164	2,713
\$246,480	\$311,279	228,474	\$82,805	\$136,129	\$145,841	118,864	\$26,977
		4,885				(21,888)	
						100	
		265				23,977	
		(1)				(7,366)	
		264				16,711	
		5,149				(5,177)	
		(17,085)				12,525	
		12,051				78	
		177				117,293	
		\$292				\$124,719	

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Special Revenue			Variance with Final Budget
	Building Authority			
	Original Budget	Final Budget	Actual Amounts	
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services	\$34,102	\$34,102	\$34,102	
Grants and Contributions				
Investment Income	237	237	237	
Other Income				
Total Revenues	<u>\$34,339</u>	<u>\$34,339</u>	<u>34,339</u>	
EXPENDITURES				
General Government	\$62,588	\$62,588	62,588	
Public Safety and Correction				
Education				
Economic Development				
Natural Resources				
Total Expenditures	<u>\$62,588</u>	<u>\$62,588</u>	<u>62,588</u>	
Revenues Over (Under) Expenditures			<u>(28,249)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Capital Lease Acquisitions				
Sale of Capital Assets				
Transfers In				
Transfers Out			(1,135)	
Total Other Financing Sources (Uses)			<u>(1,135)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			<u>(29,384)</u>	
Reconciling Items				
Changes Affected by Accrued Revenues				
Changes Affected by Accrued Expenditures				
Fund Balances - Beginning of Year, as Restated			<u>54,427</u>	
Fund Balances - End of Year			<u>\$25,043</u>	

Capital Projects				Total			
Transportation Infrastructure							
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				\$4,800	\$4,800	\$4,800	
				124,410	124,410	124,410	
				133,692	133,692	133,692	
				59,660	59,660	59,660	
				764,501	764,501	764,501	
\$8,992	\$8,992	\$8,992		14,931	14,931	14,931	
				37,901	37,901	37,901	
<u>\$8,992</u>	<u>\$8,992</u>	<u>8,992</u>		<u>\$1,139,895</u>	<u>\$1,139,895</u>	<u>1,139,895</u>	
				\$169,755	\$170,840	131,742	\$39,098
				90,688	96,408	75,893	20,515
				500,076	545,894	468,531	77,363
\$172,688	\$172,688	172,687	\$1	447,555	454,258	401,668	52,590
				258,442	298,305	196,511	101,794
<u>\$172,688</u>	<u>\$172,688</u>	<u>172,687</u>	<u>\$1</u>	<u>\$1,466,516</u>	<u>\$1,565,705</u>	<u>1,274,345</u>	<u>\$291,360</u>
		(163,695)				(134,450)	
		163,562				163,562	
						1,165	
						791	
						39,054	
						(69,540)	
		<u>163,562</u>				<u>135,032</u>	
		(133)				582	
		(2)				(13,302)	
		145				8,196	
		<u>\$10</u>				<u>384,592</u>	
						<u>\$380,068</u>	

*State of Idaho***Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual****Major Permanent Fund****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Land Endowments			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sale of Goods and Services	\$48,024	\$48,024	\$48,024	
Investment Income	145,897	145,897	145,897	
Total Revenues	<u>\$193,921</u>	<u>\$193,921</u>	<u>193,921</u>	
EXPENDITURES				
Natural Resources	\$32,078	\$32,080	27,375	\$4,705
Total Expenditures	<u>\$32,078</u>	<u>\$32,080</u>	<u>27,375</u>	<u>\$4,705</u>
Revenues Over (Under) Expenditures			<u>166,546</u>	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			9	
Transfers Out			(45,955)	
Total Other Financing Sources (Uses)			<u>(45,946)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			<u>120,600</u>	
Reconciling Items				
Changes Affected by Accrued Expenditures			(513)	
Fund Balances - Beginning of Year			<u>923,584</u>	
Fund Balances - End of Year			<u>\$1,043,671</u>	

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

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

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

The Correctional Industries provides employment for inmates of the Department of Correction. Correctional Industries manufactures and sells a variety of items including license plates, furniture, highway signs, printing services, and other miscellaneous products and services.

*State of Idaho***Combining Statement of Net Assets****Nonmajor Enterprise Funds****June 30, 2010***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$2,504		\$1,120	\$3,624
Pooled Cash and Investments		\$18,527	2,962	21,489
Accounts Receivable, Net	2,177	147	409	2,733
Interfund Receivables			161	161
Inventories and Prepaid Items	464	11,755	1,778	13,997
Total Current Assets	5,145	30,429	6,430	42,004
Noncurrent Assets				
Restricted Cash and Cash Equivalents	37,025			37,025
Other Noncurrent Assets		4	1	5
Capital Assets, Net	440	7,056	2,037	9,533
Total Noncurrent Assets	37,465	7,060	2,038	46,563
Total Assets	\$42,610	\$37,489	\$8,468	\$88,567
LIABILITIES				
Current Liabilities				
Accounts Payable	\$1,299	\$8,061	\$106	\$9,466
Payroll and Related Liabilities	122	409	74	605
Interfund Payables			7	7
Due to Other Entities		6,091		6,091
Other Accrued Liabilities	3,187		451	3,638
Capital Leases Payable	49			49
Compensated Absences Payable	115	482	116	713
Total Current Liabilities	4,772	15,043	754	20,569
Noncurrent Liabilities				
Capital Leases Payable	34			34
Other Long-Term Obligations	66	217	39	322
Total Noncurrent Liabilities	100	217	39	356
Total Liabilities	4,872	15,260	793	20,925
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	357	7,056	2,037	9,450
Restricted for:				
Other Purposes	37,381			37,381
Unrestricted		15,173	5,638	20,811
Total Net Assets	37,738	22,229	7,675	67,642
Total Liabilities and Net Assets	\$42,610	\$37,489	\$8,468	\$88,567

*State of Idaho***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets****Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Sale of Goods and Services	\$147,860	\$135,017	\$6,035	\$288,912
Other Income	60	58		118
Total Operating Revenues	147,920	135,075	6,035	289,030
OPERATING EXPENSES				
Personnel Costs	2,450	9,951	3,116	15,517
Services and Supplies	18,937	78,237	3,083	100,257
Benefits, Awards, and Premiums	88,276			88,276
Depreciation	194	342	327	863
Other Expenses	345	3,641	27	4,013
Total Operating Expenses	110,202	92,171	6,553	208,926
Operating Income (Loss)	37,718	42,904	(518)	80,104
NONOPERATING REVENUES (EXPENSES)				
Investment Income	11	218	56	285
Interest Expense	(2)			(2)
Intergovernmental Distributions		(25,851)		(25,851)
Gain (Loss) on Sale of Capital Assets		2		2
Other Nonoperating Revenues (Expenses)		(6)		(6)
Total Nonoperating Revenues (Expenses)	9	(25,637)	56	(25,572)
Income (Loss) Before Transfers	37,727	17,267	(462)	54,532
Transfers Out	(35,000)	(17,044)		(52,044)
Change in Net Assets	2,727	223	(462)	2,488
Total Net Assets - Beginning of Year, as Restated	35,011	22,006	8,137	65,154
Total Net Assets - End of Year	\$37,738	\$22,229	\$7,675	\$67,642

*State of Idaho***Combining Statement of Cash Flows****Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$147,329	\$134,986	\$3,041	\$285,356
Receipts for Interfund Services			3,363	3,363
Payments to Suppliers	(19,423)	(75,365)	(2,809)	(97,597)
Payments to Employees	(2,438)	(9,955)	(3,199)	(15,592)
Payments for Interfund Services		(3,704)	(21)	(3,725)
Payments for Benefits, Awards, and Claims	(87,715)			(87,715)
Net Cash Provided (Used) by Operating Activities	37,753	45,962	375	84,090
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(24,429)		(24,429)
Transfers Out	(35,000)	(17,044)		(52,044)
Net Cash Provided (Used) by Noncapital Financing Activities	(35,000)	(41,473)		(76,473)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of Bonds and Notes	(48)			(48)
Interest Payments	(2)			(2)
Acquisition and Construction of Capital Assets	(111)	(1,666)	(84)	(1,861)
Net Cash Provided (Used) by Capital and Related Financing Activities	(161)	(1,666)	(84)	(1,911)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	11	218	56	285
Net Cash Provided (Used) by Investing Activities	11	218	56	285
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	2,603	3,041	347	5,991
Beginning Cash, Cash Equivalents, and Pooled Cash	36,926	15,486	3,735	56,147
Ending Cash, Cash Equivalents, and Pooled Cash	\$39,529	\$18,527	\$4,082	\$62,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$37,718	\$42,904	(\$518)	\$80,104
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	194	342	327	863
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	(592)	(89)	378	(303)
Inventories and Prepaid Items		330	(162)	168
Other Assets	(25)	(4)	(1)	(30)
Accounts Payable/Interfund Payables	499	2,479	(5)	2,973
Unearned Revenue			(9)	(9)
Compensated Absences		(41)	29	(12)
Other Accrued Liabilities	(41)	41	336	336
Net Cash Provided (Used) by Operating Activities	\$37,753	\$45,962	\$375	\$84,090

Noncash Transactions (dollars in thousands):

State Liquor disposed of capital assets at a loss of \$6.

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

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

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

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

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

State of Idaho

Combining Statement of Net Assets

Internal Service Funds

June 30, 2010

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	\$79,444	\$7,210	\$5,730	\$1,679	\$94,063
Securities Lending Collateral	19,896	11,513			31,409
Accounts Receivable, Net			66		66
Interfund Receivables	17		97	529	643
Inventories and Prepaid Items		75	1,784	465	2,324
Loans, Notes, and Pledges Receivable, Net	26				26
Other Current Assets	143	83	1		227
Total Current Assets	99,526	18,881	7,678	2,673	128,758
Noncurrent Assets					
Restricted Cash and Cash Equivalents	16,865				16,865
Investments	26,720	15,462			42,182
Loans, Notes, and Pledges Receivable, Net	74				74
Other Noncurrent Assets			2	1	3
Capital Assets, Net	7	8	17,246	679	17,940
Total Noncurrent Assets	43,666	15,470	17,248	680	77,064
Total Assets	\$143,192	\$34,351	\$24,926	\$3,353	\$205,822
LIABILITIES					
Current Liabilities					
Accounts Payable			\$458		\$458
Payroll and Related Liabilities	\$11	\$18	318	\$177	524
Interfund Payables			7		7
Unearned Revenue	12,605		61		12,666
Obligations Under Securities Lending	19,896	11,513			31,409
Other Accrued Liabilities	4	3	173		180
Capital Leases Payable			149	125	274
Compensated Absences Payable	17	21	463	275	776
Bonds and Notes Payable			127		127
Policy Claim Liabilities	2,849	5,184			8,033
Total Current Liabilities	35,382	16,739	1,756	577	54,454
Noncurrent Liabilities					
Capital Leases Payable			345	52	397
Bonds and Notes Payable			3,207		3,207
Policy Claim Liabilities		8,923			8,923
Other Long-Term Obligations	5	8	126	60	199
Total Noncurrent Liabilities	5	8,931	3,678	112	12,726
Total Liabilities	35,387	25,670	5,434	689	67,180
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	7	8	13,418	502	13,935
Restricted for:					
Claims and Judgments	83,161				83,161
Unrestricted	24,637	8,673	6,074	2,162	41,546
Total Net Assets	107,805	8,681	19,492	2,664	138,642
Total Liabilities and Net Assets	\$143,192	\$34,351	\$24,926	\$3,353	\$205,822

*State of Idaho***Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets****Internal Service Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Sale of Goods and Services	\$211,874	\$5,649	\$19,888	\$7,259	\$244,670
Grants and Contributions	2,043		24		2,067
Other Income	2	361	55		418
Total Operating Revenues	213,919	6,010	19,967	7,259	247,155
OPERATING EXPENSES					
Personnel Costs	267	444	7,334	4,026	12,071
Services and Supplies	384	3,107	11,514	3,551	18,556
Benefits, Awards, and Premiums	196,339	2,021			198,360
Depreciation	1	2	1,689	365	2,057
Other Expenses	107	226	2,086	38	2,457
Total Operating Expenses	197,098	5,800	22,623	7,980	233,501
Operating Income (Loss)	16,821	210	(2,656)	(721)	13,654
NONOPERATING REVENUES (EXPENSES)					
Investment Income	2,847	1,090	86	27	4,050
Interest Expense	(31)	(17)	(197)	(16)	(261)
Gain (Loss) on Sale of Capital Assets			(5)	5	
Total Nonoperating Revenues (Expenses)	2,816	1,073	(116)	16	3,789
Income (Loss) Before Transfers	19,637	1,283	(2,772)	(705)	17,443
Transfers In			1,831		1,831
Transfers Out			(1,680)		(1,680)
Change in Net Assets	19,637	1,283	(2,621)	(705)	17,594
Total Net Assets - Beginning of Year, as Restated	88,168	7,398	22,113	3,369	121,048
Total Net Assets - End of Year	\$107,805	\$8,681	\$19,492	\$2,664	\$138,642

State of Idaho

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2010

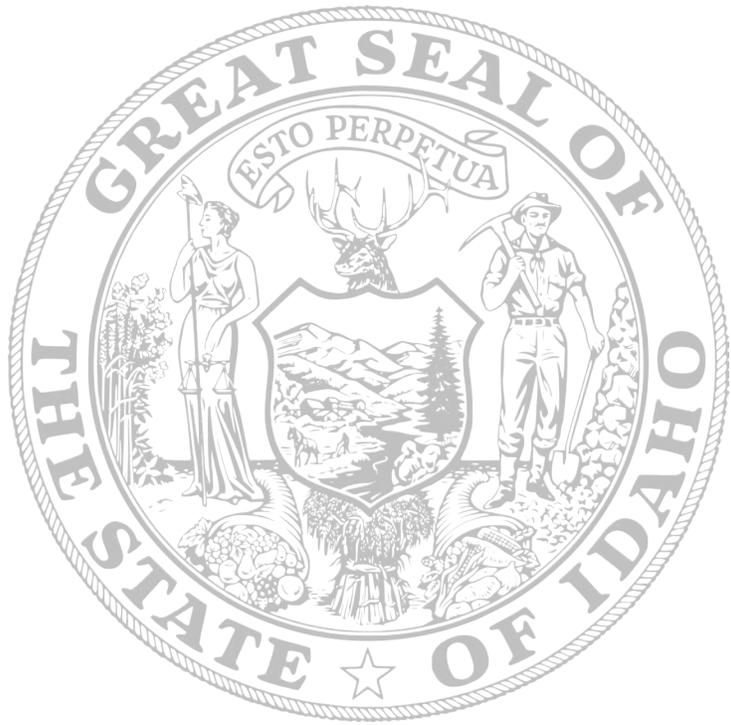
(dollars in thousands)

	Group Insurance	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers		\$149
Receipts for Interfund Services	\$211,844	5,862
Receipts from Grants and Contributions	2,043	
Payments to Suppliers	(301)	(3,093)
Payments to Employees	(265)	(443)
Payments for Interfund Services	(190)	(238)
Payments for Benefits, Awards, and Claims	(197,418)	(3,739)
Net Cash Provided (Used) by Operating Activities	15,713	(1,502)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers In		
Transfers Out		
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Bonds and Notes		
Capital Lease Payments		
Interest Payments		
Acquisition and Construction of Capital Assets		
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	2,053	630
Purchase of Investments	(912)	(486)
Redemption of Investments	41	
Other Investing Activities	(30)	(17)
Net Cash Provided (Used) by Investing Activities	1,152	127
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	16,865	(1,375)
Beginning Cash, Cash Equivalents and Pooled Cash	79,444	8,585
Ending Cash, Cash Equivalents, and Pooled Cash	\$96,309	\$7,210
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$16,821	\$210
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1	2
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(4)	
Inventories and Prepaid Items		1
Other Assets		1
Accounts Payable/Interfund Payables		
Unearned Revenue	(28)	
Compensated Absences	2	4
Policy Claim Liabilities	(1,079)	(1,718)
Other Accrued Liabilities		(2)
Net Cash Provided (Used) by Operating Activities	\$15,713	(\$1,502)

Noncash Transactions (dollars in thousands):

Investments increased in fair value by \$796 for Group Insurance and \$461 for Risk Management. General Services disposed of capital assets at a loss of \$5 and acquired capital assets by capital lease for \$20. Data Processing Services recognized \$5 in deferred revenue as a gain on sale of capital assets as part of a sale-leaseback agreement.

General Services	Data Processing Services	Total
\$1,485	\$1	\$1,635
18,234	6,906	242,846
24		2,067
(11,872)	(2,821)	(18,087)
(7,266)	(3,993)	(11,967)
(2,002)	(42)	(2,472)
		(201,157)
(1,397)	51	12,865
1,831		1,831
(1,680)		(1,680)
151		151
(134)		(134)
(177)	(161)	(338)
(228)		(228)
(668)	(156)	(824)
(1,207)	(317)	(1,524)
86	27	2,796
		(1,398)
		41
		(47)
86	27	1,392
(2,367)	(239)	12,884
8,097	1,918	98,044
\$5,730	\$1,679	\$110,928
(\$2,656)	(\$721)	\$13,654
1,689	365	2,057
(64)	(93)	(161)
(193)	726	534
(2)	(1)	(2)
(88)		(88)
(160)	(259)	(447)
39	19	64
		(2,797)
38	15	51
(\$1,397)	\$51	\$12,865



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 survivors of eligible members or beneficiaries.

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

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

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

The Sick Leave Insurance Reserve-State Fund and the Sick Leave Insurance Reserve-Schools Fund provide payment of health insurance

premiums on behalf of retired employees based on accumulated unused sick leave at the time of retirement.

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

The Local Government Investment Pool accounts for the investments managed by the State Treasurer's Office for Local Government Investment Pool participants.

The Diversified Bond Fund accounts for the investments managed by the State Treasurer's Office for Diversified Bond Fund participants.

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

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

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

*State of Idaho***Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds****June 30, 2010***(dollars in thousands)*

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457
ASSETS				
Cash and Cash Equivalents	\$1,111	\$29	\$191	
Pooled Cash and Investments	1,213	31	402	
Investments:				
Pooled Short Term	356,827	9,229		
Fixed Income Investments	2,389,879	61,809	16,839	\$97,755
Marketable Securities	5,448,110	140,902	35,933	
Mutual Funds and Private Equities	744,389	19,252		126,207
Mortgages and Real Estate	778,564	20,136		
Other Investments				4,023
Receivables:				
Investments Sold	1,125,108	28,966		438
Contributions	4,031	13	54	46
Interest and Dividends	39,713	1,022	7	
Interfund Receivables				
Other Receivables			151	
Other Assets	42,838			
Capital Assets, Net	2,287			
Total Assets	10,934,070	281,389	53,577	228,469
LIABILITIES				
Accounts Payable	975		18	
Interfund Payables	1,638			
Investments Purchased	1,322,890	34,057		
Other Accrued Liabilities	8,675	217		
Total Liabilities	1,334,178	34,274	18	
NET ASSETS				
Held in Trust for:				
Employee Pension Benefits	9,599,892	247,115	53,559	228,469
Postemployment Healthcare Benefits				
Total Net Assets	\$9,599,892	\$247,115	\$53,559	\$228,469

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
	\$55			\$1,386
		\$44	\$75	1,765
	686			366,742
		24,829	40,460	2,631,571
		57,173	95,338	5,777,456
\$53,584	287,227			1,230,659
				798,700
				4,023
				1,154,512
	272			4,416
215	922			41,879
		475	1,163	1,638
				151
		262	819	43,919
				2,287
53,799	289,162	82,783	137,855	12,061,104
				993
				1,638
				1,356,947
		10	16	8,918
		10	16	1,368,496
53,799	289,162			10,471,996
		82,773	137,839	220,612
\$53,799	\$289,162	\$82,773	\$137,839	\$10,692,608

*State of Idaho***Combining Statement of Changes in Fiduciary Net Assets****Pension and Other Employee Benefit Trust Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457
ADDITIONS				
Contributions:				
Member	\$178,124	\$16	\$338	\$9,779
Employer	284,933	13,542	395	
Transfers In from Other Plans				8,708
Total Contributions	463,057	13,558	733	18,487
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	833,597	21,424	5,813	26,909
Interest, Dividends, and Other	242,875	6,257	1,264	3,680
Securities Lending Income			57	
Less Investment Expense:				
Investment Activity Expense	(42,395)	(1,092)	(131)	
Securities Lending Interest Expense			(44)	
Net Investment Income	1,034,077	26,589	6,959	30,589
Miscellaneous Income	12		1,634	
Total Additions	1,497,146	40,147	9,326	49,076
DEDUCTIONS				
Benefits and Refunds Paid to Plan Members	553,795	18,372	4,549	
Transfers Out to Other Plans				
Administrative Expense	6,471		122	7
Participant Withdrawals				9,105
Total Deductions	560,266	18,372	4,671	9,112
Change in Net Assets Held in Trust for:				
Employee Pension Benefits	936,880	21,775	4,655	39,964
Employee Postemployment Healthcare Benefits				
Net Assets - Beginning of Year, as Restated	8,663,012	225,340	48,904	188,505
Net Assets - End of Year	\$9,599,892	\$247,115	\$53,559	\$228,469

Defined Contribution 414(k)	Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	Total
	\$33,413			\$221,670
	127	\$5,791	\$13,855	318,643
	4,868			13,576
	38,408	5,791	13,855	553,889
\$4,877	20,858	9,319	15,562	938,359
1,359	6,246	536	882	263,099
				57
(191)	(101)	(41)	(68)	(44,019)
				(44)
6,045	27,003	9,814	16,376	1,157,452
		2	3	1,651
6,045	65,411	15,607	30,234	1,712,992
1,690	6,013	3,657	10,647	598,723
1,208	7,676			8,884
		39	65	6,704
				9,105
2,898	13,689	3,696	10,712	623,416
3,147	51,722			1,058,143
		11,911	19,522	31,433
50,652	237,440	70,862	118,317	9,603,032
\$53,799	\$289,162	\$82,773	\$137,839	\$10,692,608

*State of Idaho***Combining Statement of Fiduciary Net Assets****Investment Trust Funds****June 30, 2010***(dollars in thousands)*

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Investments:			
Pooled Short Term	\$129,342	\$5,983	\$135,325
Fixed Income Investments	844,788	48,589	893,377
Mortgages and Real Estate		66,666	66,666
Securities Lending Collateral	671,334	90,273	761,607
Receivables:			
Interest and Dividends	875	656	1,531
Total Assets	1,646,339	212,167	1,858,506
LIABILITIES			
Accounts Payable	58	5	63
Obligations Under Securities Lending	671,334	90,273	761,607
Other Accrued Liabilities	303	342	645
Total Liabilities	671,695	90,620	762,315
NET ASSETS			
Held in Trust for:			
External Investment Pool Participants	974,644	121,547	1,096,191
Total Net Assets	\$974,644	\$121,547	\$1,096,191

*State of Idaho***Combining Statement of Changes in Fiduciary Net Assets****Investment Trust Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions:			
Participant Deposits	\$2,390,620	\$28,002	\$2,418,622
Total Contributions	2,390,620	28,002	2,418,622
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(390)	3,056	2,666
Interest, Dividends, and Other	3,584	4,517	8,101
Securities Lending Income	2,170	189	2,359
Less Investment Expense:			
Investment Activity Expense	(444)	(235)	(679)
Securities Lending Interest Expense	(2,043)	(172)	(2,215)
Net Investment Income	2,877	7,355	10,232
Total Additions	2,393,497	35,357	2,428,854
DEDUCTIONS			
Earnings Distribution	3,294	3,601	6,895
Participant Withdrawals	2,900,849	10,988	2,911,837
Total Deductions	2,904,143	14,589	2,918,732
Change in Net Assets Held in Trust for:			
External Investment Pool Participants	(510,646)	20,768	(489,878)
Net Assets - Beginning of Year	1,485,290	100,779	1,586,069
Net Assets - End of Year	\$974,644	\$121,547	\$1,096,191

State of Idaho

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2010

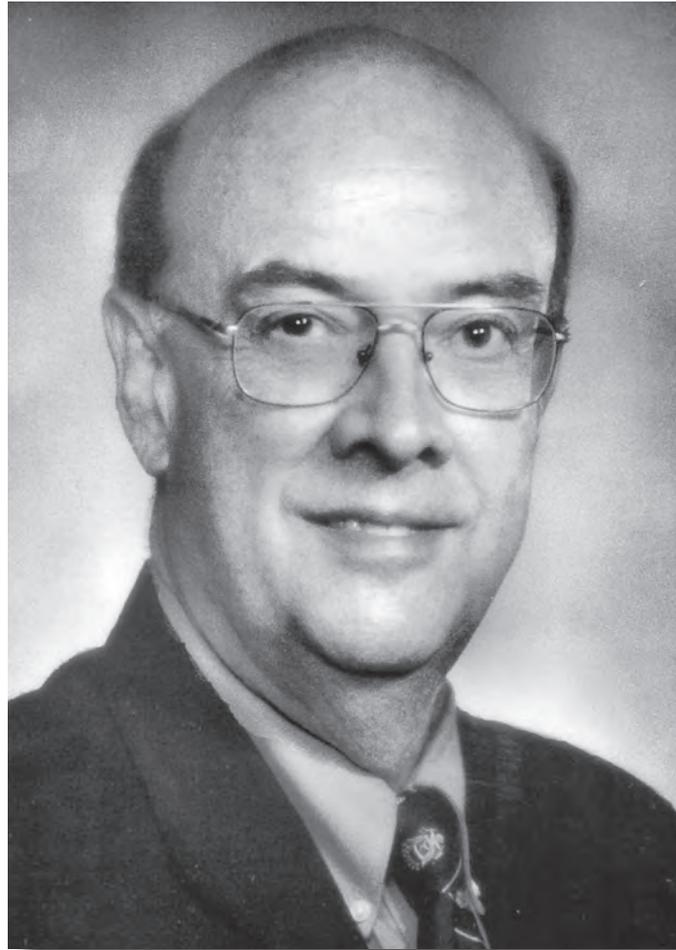
(dollars in thousands)

	Custodial	Payroll	Total
ASSETS			
Cash and Cash Equivalents	\$5,452		\$5,452
Pooled Cash and Investments	21,907	\$1,934	23,841
Investments:			
Fixed Income Investments	242,005		242,005
Total Assets	\$269,364	\$1,934	\$271,298
LIABILITIES			
Payroll and Related Liabilities		\$1,934	\$1,934
Due to Other Entities	\$576		576
Amounts Held in Trust for Others	267,999		267,999
Other Accrued Liabilities	789		789
Total Liabilities	\$269,364	\$1,934	\$271,298

*State of Idaho***Combining Statement of Changes in Assets and Liabilities****Agency Funds****For the Fiscal Year Ended June 30, 2010***(dollars in thousands)*

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
CUSTODIAL				
Assets				
Cash and Cash Equivalents	\$5,418	\$5,451	\$5,417	\$5,452
Pooled Cash and Investments	23,753	190,677	192,523	21,907
Fixed Income Investments	233,815	242,005	233,815	242,005
Interest and Dividends	3		3	
Total Assets	\$262,989	\$438,133	\$431,758	\$269,364
Liabilities				
Due to Other Entities	\$597	\$6,461	\$6,482	\$576
Amounts Held in Trust for Others	261,238	352,160	345,399	267,999
Other Accrued Liabilities	1,154	35,672	36,037	789
Total Liabilities	\$262,989	\$394,293	\$387,918	\$269,364
PAYROLL				
Assets				
Pooled Cash and Investments	\$1,805	\$1,224,559	\$1,224,430	\$1,934
Total Assets	\$1,805	\$1,224,559	\$1,224,430	\$1,934
Liabilities				
Payroll and Related Liabilities	\$1,805	\$1,796,758	\$1,796,629	\$1,934
Total Liabilities	\$1,805	\$1,796,758	\$1,796,629	\$1,934
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$5,418	\$5,451	\$5,417	\$5,452
Pooled Cash and Investments	25,558	1,415,236	1,416,953	23,841
Fixed Income Investments	233,815	242,005	233,815	242,005
Interest and Dividends	3		3	
Total Assets	\$264,794	\$1,662,692	\$1,656,188	\$271,298
Liabilities				
Payroll and Related Liabilities	\$1,805	\$1,796,758	\$1,796,629	\$1,934
Due to Other Entities	597	6,461	6,482	576
Amounts Held in Trust for Others	261,238	352,160	345,399	267,999
Other Accrued Liabilities	1,154	35,672	36,037	789
Total Liabilities	\$264,794	\$2,191,051	\$2,184,547	\$271,298

Statistical Section



The Office of the State Controller was not always known as such. In 1994 Idaho citizens adopted an amendment to the Idaho Constitution changing some duties of the State Auditor and renaming the office as “State Controller.” Under previous laws, the State Auditor was responsible for paying all of the State's bills and auditing his own books. New requirements from the federal General Accounting Office made the auditing practice unacceptable for any state receiving federal dollars. **J.D. Williams**, State Controller from 1989 to 2002, complemented this amendment by bringing the State into compliance with generally accepted accounting principles (GAAP).

STATISTICAL SECTION INDEX

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

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

Schedule 1 - Net Assets by Component
Fiscal Years 2002-2010
(accrual basis of accounting, dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$3,563,662	\$3,681,836	\$3,820,843	\$4,043,883	\$4,244,622	\$4,467,319
Restricted ¹	995,178	1,032,921	1,219,013	1,244,363	1,343,427	1,762,246
Unrestricted ²	333,330	220,604	342,847	571,337	849,405	955,513
Total Governmental Activities Net Assets	\$4,892,169	\$4,935,360	\$5,382,702	\$5,859,583	\$6,437,454	\$7,185,079
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$395,040	\$420,923	\$413,842	\$449,889	\$469,958	\$516,267
Restricted ³	602,218	653,739	637,531	619,352	720,721	813,880
Unrestricted ⁴	109,473	33,872	84,174	146,942	163,636	189,577
Total Business-Type Activities Net Assets	\$1,106,731	\$1,108,534	\$1,135,547	\$1,216,183	\$1,354,315	\$1,519,724
Primary Government						
Invested in Capital Assets, Net of Related Debt	\$3,958,702	\$4,102,759	\$4,234,684	\$4,493,772	\$4,714,580	\$4,983,586
Restricted	1,597,396	1,686,660	1,856,544	1,863,715	2,064,148	2,576,126
Unrestricted	442,803	254,476	427,021	718,279	1,013,041	1,145,090
Total Primary Government Net Assets	\$5,998,901	\$6,043,894	\$6,518,249	\$7,075,766	\$7,791,769	\$8,704,802

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

¹In fiscal year 2009 governmental activities' restricted net assets decreased mainly due to the national recession and the decrease in fair market value of investments, primarily related to the Endowment fund. In fiscal year 2008 governmental activities' restricted net assets increased mainly due to increased operating grants for health care assistance, education, and infrastructure. In fiscal year 2007 governmental activities' restricted net assets increased mainly due to Endowment fund investment income, receipts from timber sales and land leases, and increased operating grants for health care assistance and infrastructure.

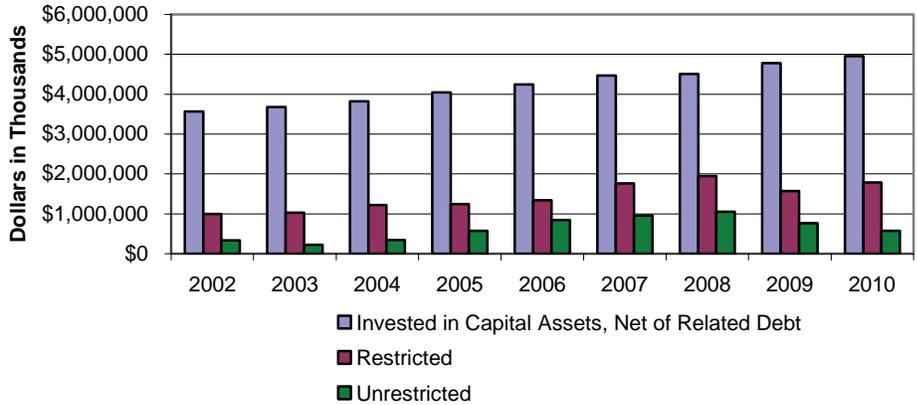
²In fiscal years 2010 and 2009 the governmental activities' unrestricted net assets decreased primarily due to a decrease in individual and sales tax revenues. The Property Tax Relief Act of 2006 increased the sales tax by 1 percent and reduced property tax by shifting public schools' maintenance and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

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

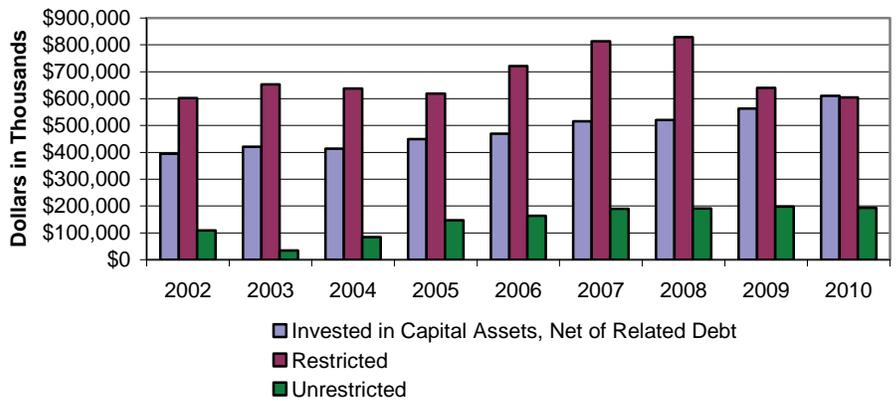
⁴In fiscal year 2005 business-type activities' unrestricted net assets increased primarily due to increased student tuition and fees for the colleges and universities. In fiscal year 2004 unrestricted net assets increased due to grant revenues for colleges and universities. In fiscal year 2003 the unrestricted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

2008 (as restated)	2009 (as restated)	2010
\$4,511,545	\$4,782,892	\$4,953,158
1,950,191	1,573,417	1,784,243
1,052,145	762,203	578,255
\$7,513,881	\$7,118,512	\$7,315,656
\$520,632	\$562,915	\$610,890
829,375	640,725	604,989
190,656	198,573	193,027
\$1,540,663	\$1,402,213	\$1,408,906
\$5,032,176	\$5,345,806	\$5,564,048
2,779,566	2,214,142	2,389,232
1,242,801	960,776	771,282
\$9,054,543	\$8,520,724	\$8,724,562

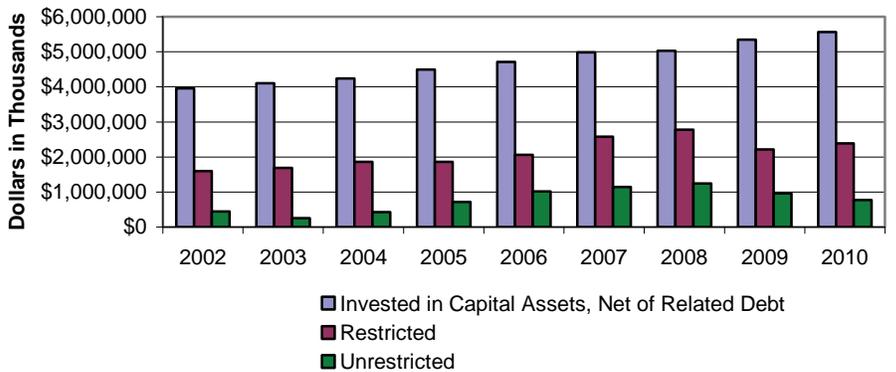
**Governmental Activities Net Assets by Component
Fiscal Years 2002-2010**



**Business-Type Activities Net Assets by Component
Fiscal Years 2002-2010**



**Primary Government Net Assets by Component
Fiscal Years 2002-2010**



Schedule 2 - Changes in Net Assets

Fiscal Years 2002-2010

(accrual basis of accounting, dollars in thousands)

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

¹In fiscal year 2010 operating grants and contributions increased due to the American Recovery and Reinvestment Act benefiting health, transportation, education, and natural resources.

²In fiscal years 2010 and 2009 state sales tax revenues decreased due to the recession and decreased levels of employment and personal income. In fiscal year 2007 the state sales tax increased from 5 to 6 percent. The state sales tax increased from 5 to 6 percent on May 1, 2003, and reverted to 5 percent on July 1, 2005.

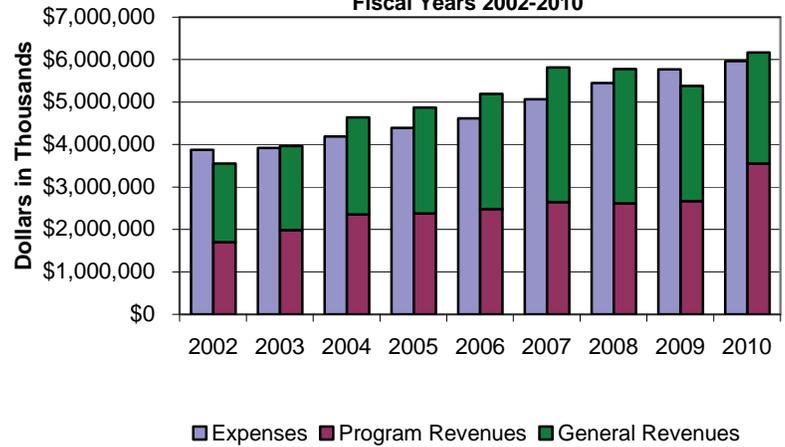
³In fiscal years 2010 and 2009 individual and corporate income taxes decreased due to the recession and decreased levels of employment and personal income. In fiscal years 2007 and 2006 individual and corporate income taxes increased due to increased levels of employment and personal income.

⁴In fiscal year 2010 unemployment compensation revenues increased due to federal grant revenue for unemployment benefits. In fiscal years 2009 and 2008 unemployment compensation expenses increased due to higher unemployment claims.

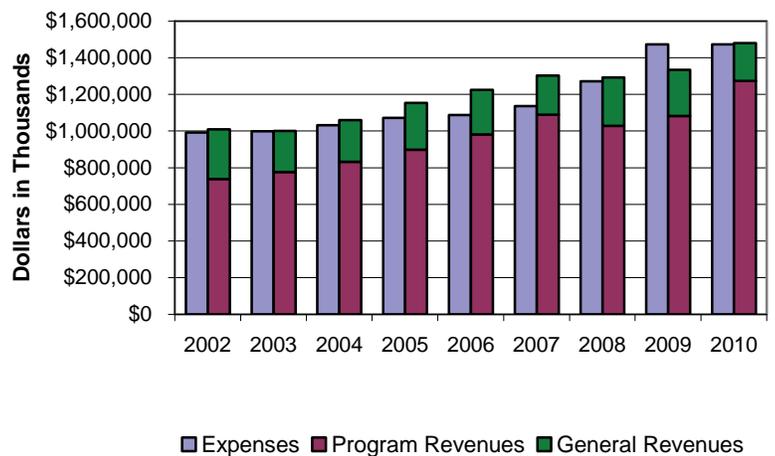
2008 (as restated)	2009 (as restated)	2010
\$463,125	\$450,875	\$548,757
324,843	326,125	320,423
1,818,932	2,115,148	2,182,592
1,796,160	1,850,258	1,830,608
756,677	743,811	799,054
243,925	241,108	241,508
45,530	46,767	45,782
5,449,192	5,774,092	5,968,724
119,443	93,376	79,833
258,576	256,184	239,107
150,752	133,138	127,037
128,367	138,276	166,848
1,955,236	2,034,795	2,935,393
906	8,892	4,660
2,613,280	2,664,661	3,552,878
(2,835,912)	(3,109,431)	(2,415,846)
1,334,032	1,177,106	1,127,013
1,599,881	1,320,968	1,242,032
228,786	214,113	221,142
185,874	186,489	186,130
28,631	31,094	26,120
51,537	36,139	16,800
(264,027)	(251,847)	(206,246)
3,164,714	2,714,062	2,612,991
\$328,802	(\$395,369)	\$197,145

\$875,586	\$896,993	\$898,012
171,918	338,600	331,116
2,267	5,910	9,624
102,065	105,780	110,204
112,476	117,185	118,022
7,574	8,323	6,553
1,271,886	1,472,791	1,473,531
337,699	339,989	368,504
126,575	130,879	255,278
137,664	140,316	147,931
152,428	156,483	156,407
244,954	293,673	301,764
29,478	21,154	44,094
1,028,798	1,082,494	1,273,978
(243,088)	(390,297)	(199,553)
264,027	251,847	206,246
264,027	251,847	206,246
\$20,939	(\$138,450)	\$6,693
\$349,741	(\$533,819)	\$203,838

Expenses and Revenues - Governmental Activities
Fiscal Years 2002-2010



Expenses and Revenues - Business-Type Activities
Fiscal Years 2002-2010



Schedule 3 - Fund Balances - Governmental Funds
 Fiscal Years 2001-2010

(modified accrual basis of accounting, dollars in thousands)

	2001	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
General Fund							
Reserved ¹	\$55,064	\$40,311	\$16,248	\$33,012	\$28,703	\$30,404	\$98,908
Unreserved ²	519,321	277,578	158,844	290,874	497,605	744,413	985,312
Total General Fund³	574,385	317,889	175,092	323,886	526,308	774,817	1,084,220
All Other Governmental Funds							
Reserved ⁴	70,819	722,033	784,150	893,308	911,390	985,836	1,231,429
Unreserved, Reported in:							
Special Revenue Funds ⁵	250,225	255,214	248,629	273,142	271,410	261,256	314,840
Capital Projects							25
Permanent Funds ⁶		15,886	11,495	28,421	53,992	94,651	163,125
Total All Other Governmental Funds	321,044	993,133	1,044,274	1,194,871	1,236,792	1,341,743	1,709,419
Total Fund Balances - Governmental Funds	\$895,429	\$1,311,022	\$1,219,366	\$1,518,757	\$1,763,100	\$2,116,560	\$2,793,639

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

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

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

³In fiscal years 2010, 2009, 2003, and 2002 Idaho's economy suffered during a national recession, as reflected in the decreased General Fund balances.

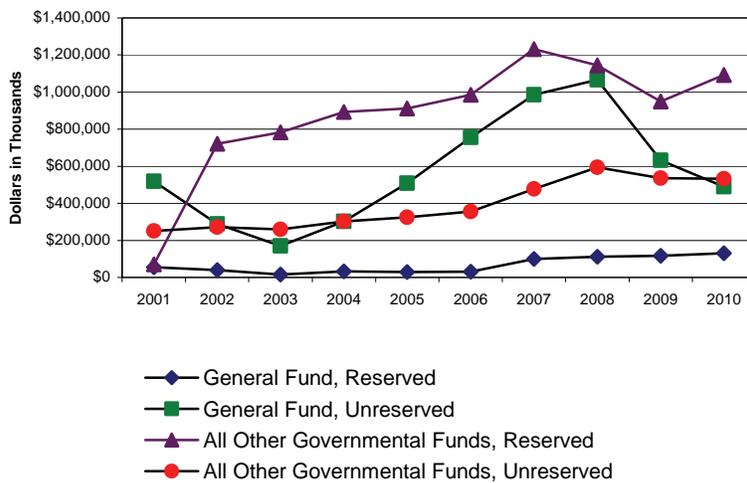
⁴In fiscal year 2010 the other governmental funds reserved fund balance increased primarily due to an increase in Endowment fund investment income. In fiscal years 2009 and 2008 the decrease is mainly due to a decrease in the fair market value of Endowment fund investments. In fiscal year 2007 the increase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

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

⁶In fiscal year 2009 the decrease in the unreserved permanent funds balance was primarily due to the national recession and the resultant decrease in the fair value of investments, mainly relating to the Endowment fund. In fiscal years 2007 and 2006 the increase was due primarily to expendable Endowment fund investment income and receipts from timber sales and land leases. In fiscal year 2002 the Land Endowments fund was reclassified from a non-expendable trust fund to a permanent fund.

2008 (as restated)	2009 (as restated)	2010
\$112,341	\$116,619	\$130,491
1,067,000	631,397	489,697
1,179,341	748,016	620,188
1,144,757	950,515	1,092,047
400,535	378,929	363,581
51	145	10
194,335	156,349	168,136
1,739,678	1,485,938	1,623,774
\$2,919,019	\$2,233,954	\$2,243,962

**Fund Balances - Governmental Funds
Fiscal Years 2001-2010**



Schedule 4 - Changes in Fund Balances - Governmental Funds
Fiscal Years 2001-2010

(modified accrual basis of accounting, dollars in thousands)

	2001	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)
Revenues							
Sales Tax ¹	\$778,162	\$778,028	\$864,509	\$1,040,448	\$1,137,138	\$1,060,612	\$1,300,416
Individual and Corporate Taxes ²	1,171,467	889,746	904,204	997,454	1,176,903	1,436,168	1,598,702
Other Taxes	412,171	362,546	387,820	397,950	406,620	406,336	417,763
Licenses, Permits, and Fees	214,509	212,733	230,599	240,323	244,165	256,900	273,223
Sale of Goods and Services	112,987	173,220	181,049	252,291	231,728	235,410	235,750
Grants and Contributions ³	1,264,609	1,330,474	1,447,574	1,719,520	1,757,713	1,806,749	1,880,049
Investment Income ⁴	96,525	(52,315)	49,681	135,718	104,557	144,559	225,717
Tobacco Settlement	22,441	26,602	23,772	22,848	23,151	21,253	23,712
Other Income	34,799	46,641	79,033	47,658	48,047	47,606	65,538
Total Revenues	4,107,670	3,767,675	4,168,241	4,854,210	5,130,022	5,415,593	6,020,870
Expenditures							
General Government	253,747	127,440	104,109	122,876	143,584	147,445	151,358
Public Safety and Correction	233,793	218,142	212,878	219,417	233,598	253,504	269,874
Health and Human Services	1,078,943	1,206,910	1,315,668	1,468,736	1,561,765	1,641,421	1,701,863
Education ⁵	1,226,922	1,219,332	1,240,835	1,279,486	1,324,069	1,379,775	1,683,254
Economic Development	436,532	326,868	347,280	307,312	346,256	358,814	368,439
Natural Resources	135,682	162,199	147,630	163,769	178,401	188,784	186,179
Capital Outlay ⁶	401,518	353,389	401,279	436,133	433,096	423,582	452,755
Intergovernmental Revenue Sharing	259,360	342,501	315,444	385,698	393,195	425,414	441,421
Debt Service:							
Principal		4,850	6,915	8,061	10,880	10,751	12,403
Interest		11,587	12,511	8,069	17,671	20,736	25,576
Total Expenditures	4,026,497	3,973,218	4,104,549	4,399,557	4,642,515	4,850,226	5,293,122
Revenues Over (Under) Expenditures	81,173	(205,543)	63,692	454,653	487,507	565,367	727,748
Other Financing Sources (Uses)							
Bonds and Notes Issued	5,856	16,440	64,145	64,795	26	10,790	155,463
Premium/(Discount) on Bonds Issued		(144)	(763)	(864)		(23)	6,533
Capital Lease Acquisitions	669	8			3,757	5,697	
Payment to Refunded Bond Escrow Agent							(4,765)
Sale of Capital Assets				6,909	8,037	17,193	7,066
Transfers In	484,088	547,785	525,453	553,181	594,877	640,776	713,275
Transfers Out	(458,235)	(776,385)	(744,183)	(779,283)	(849,861)	(886,340)	(928,241)
Total Other Financing Sources (Uses)	32,378	(212,296)	(155,348)	(155,262)	(243,164)	(211,907)	(50,669)
Net Changes in Fund Balances	\$113,551	(\$417,839)	(\$91,656)	\$299,391	\$244,343	\$353,460	\$677,079

Debt Service as a Percentage of Noncapital Expenditures <1 <1 <1 <1 <1 <1

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

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

²In fiscal years 2010 and 2009 individual and corporate income taxes decreased due to the national recession and decreased levels of employment and personal income. In fiscal years 2007 and 2006 individual and corporate income taxes increased due to increased levels of employment and personal income. In fiscal years 2002 individual and corporate income taxes decreased due to a structural reduction in the state tax base and the national recession.

³In fiscal years 2010 and 2009 grants and contributions increased primarily due to federal grants for health, transportation, and education.

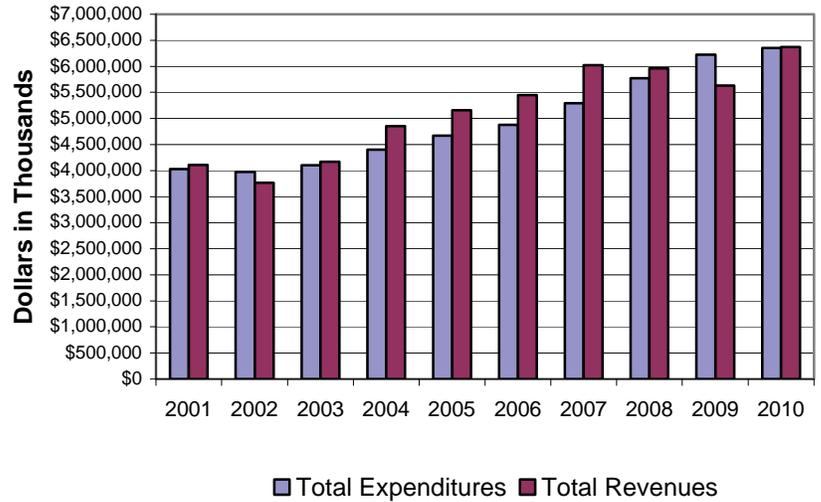
⁴In fiscal years 2010, 2007, and 2006 investment income increased primarily due to an increase in fair value of investments to the Endowment fund. In fiscal years 2009 and 2008 the decrease is due to the decrease in fair market value of the Endowment fund. The loss for fiscal year 2002 was due to the effects of the national recession and the resultant decrease in the fair value of investments, mainly relating to the Endowment fund.

⁵From fiscal years 2007 to 2009 education expenses increased due to an increased public school distribution for facilities improvements, salaries, and operating expenses.

⁶From fiscal years 2008 to 2010 capital outlay expense increased mainly due to transportation infrastructure and state building expenses.

2008 (as restated)	2009 (as restated)	2010
\$1,333,018	\$1,174,802	\$1,122,384
1,587,694	1,325,996	1,228,463
414,671	398,639	409,924
279,156	277,354	275,018
231,885	232,526	228,220
1,962,931	2,251,714	2,808,307
63,406	(123,820)	191,596
28,504	30,965	25,990
61,530	61,943	78,565
5,962,795	5,630,119	6,368,467
177,312	186,119	208,784
300,106	305,141	284,457
1,775,609	2,096,507	2,201,538
1,777,690	1,843,401	1,810,276
390,424	406,694	416,776
217,214	212,398	214,291
545,059	634,187	677,097
452,089	436,866	459,716
92,377	55,645	33,222
45,365	49,368	46,648
5,773,245	6,226,326	6,352,805
189,550	(596,207)	15,662
187,603	152,641	163,562
1,039	22	23,745
11,590	11,947	13,436
731,774	700,654	630,563
(996,176)	(954,122)	(836,960)
(64,170)	(88,858)	(5,654)
\$125,380	(\$685,065)	\$10,008
2.5	1.8	1.3

Revenues and Expenditures - Governmental Funds
Fiscal Years 2001-2010



Schedule 5 - Revenue Base

Fiscal/Calendar Years 2001-2010 (dollars in thousands)

Taxable Sales by Industry	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Commercial Farms	\$5,449	\$8,020	\$7,674	\$7,265	\$8,687	\$10,093	\$11,416
Agricultural/Forestry, Fishing, and Other	58,662	70,264	73,489	75,997	85,183	99,736	124,479
Mining	32,138	35,884	39,280	47,589	53,612	67,655	72,407
Construction	273,933	327,244	322,652	315,977	410,645	484,901	572,823
Manufacturing	994,325	1,063,164	1,150,728	1,012,159	1,026,589	998,714	1,403,805
Transportation and Public Utilities	224,342	247,881	176,603	226,260	253,306	250,375	347,677
Wholesale Trade	874,526	948,927	1,004,481	1,063,094	1,246,743	1,481,922	1,766,289
Retail Trade	9,567,159	11,020,633	11,386,198	11,968,267	12,769,055	14,083,361	15,364,551
Finance, Insurance, and Real Estate	171,804	133,105	123,765	116,476	117,091	153,983	149,466
Services	1,615,100	1,873,229	1,858,090	1,855,726	1,884,819	2,105,191	2,330,698
State and Local Government	394,094	1,720,162	523,861	620,550	671,249	690,509	782,729
Total Taxable Sales	\$14,211,532	\$17,448,513	\$16,666,821	\$17,309,360	\$18,526,979	\$20,426,440	\$22,926,340
Direct Sales Tax Rate	5.0%	5.0%	5.0%	6.0%	6.0%	5.0%	6.0%

Personal Income by Industry ¹	Calendar Year						
	2001	2002	2003	2004	2005	2006	2007
Farm Earnings	\$1,121,867	\$1,094,029	\$853,475	\$1,370,378	\$1,209,171	\$1,129,996	\$1,627,595
Agricultural/Forestry, Fishing, and Other	320,498	315,963	311,852	347,275	352,745	381,640	387,831
Mining	104,102	99,860	111,190	129,387	145,498	180,718	206,986
Construction/Utilities	2,469,077	2,380,088	2,433,930	2,671,124	2,971,297	3,462,028	3,617,086
Manufacturing	3,348,504	3,289,381	3,325,732	3,515,565	3,667,712	4,030,293	4,113,544
Transportation	852,178	842,131	878,879	949,526	1,020,940	1,089,850	1,120,996
Wholesale Trade	1,164,174	1,158,540	1,195,791	1,279,156	1,425,072	1,542,607	1,696,942
Retail Trade	2,134,526	2,245,973	2,389,110	2,513,468	2,757,319	3,013,076	3,051,669
Finance, Insurance, and Real Estate	1,416,796	1,479,541	1,574,893	1,648,575	1,804,507	2,021,876	1,951,935
Services	7,881,306	8,407,030	8,759,936	9,503,513	10,059,977	11,209,986	11,796,896
Federal, Civilian	842,212	885,750	932,515	1,020,959	1,043,528	1,096,496	1,126,521
Military	332,180	401,775	455,666	506,021	533,821	539,547	573,880
State and Local Government	3,346,996	3,542,169	3,676,865	3,880,019	4,056,479	4,244,318	4,420,512
Other ²	8,542,725	8,763,280	9,164,875	10,209,395	11,134,860	12,290,624	13,408,447
Total Personal Income	\$33,877,141	\$34,905,510	\$36,064,709	\$39,544,361	\$42,182,926	\$46,233,055	\$49,100,840
Total Direct Personal Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%

Corporate Income by Category ³	Calendar Year						
	2001	2002	2003	2004	2005	2006	2007
Corporations	(\$1,677,005)	(\$1,889,357)	(\$233,472)	\$62,838	\$54,837	\$6,080	\$146,513
Sub-S Corporations	39,893	28,494	39,253	74,857	126,174	87,233	72,520
Partnerships	(241,506)	(159,037)	(22,093)	(16,627)	(2,182)	(1,257)	(82,978)
Fiduciary	(10,005)	(26,256)	(120,714)	23,806	57,112	42,999	70,944
Total Corporate Income	(\$1,888,623)	(\$2,046,156)	(\$337,026)	\$144,874	\$235,941	\$135,055	\$206,999
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%

Vehicle Fuel Sales by Category ³ (in thousands of gallons)	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Diesel		228,171	230,162	239,784	241,079	258,715	284,009
Gasoline		612,947	617,800	629,499	625,453	636,565	647,363
Propane		147	135	138	98	77	62
Natural Gas ⁴		12	15	12	16	13	
Aviation		3,021	2,778	2,926	2,512	2,512	2,598
Jet		30,081	29,401	26,921	28,250	31,038	33,591
Total Fuel Sales		874,379	880,291	899,280	897,408	928,920	967,623
Total Direct Fuel Tax Rate (per gallon of fuel)		\$0.242	\$0.243	\$0.243	\$0.243	\$0.243	\$0.242

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

¹Personal income data for calendar years 2010 and 2009 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts back to calendar year 2001 to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

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

³Corporate income data is currently not available for calendar years 2010 and 2009; vehicle fuel sales data is not available for fiscal year 2001.

⁴The natural gas distributors reported no vehicle fuel sales for fiscal years 2007 through 2010.

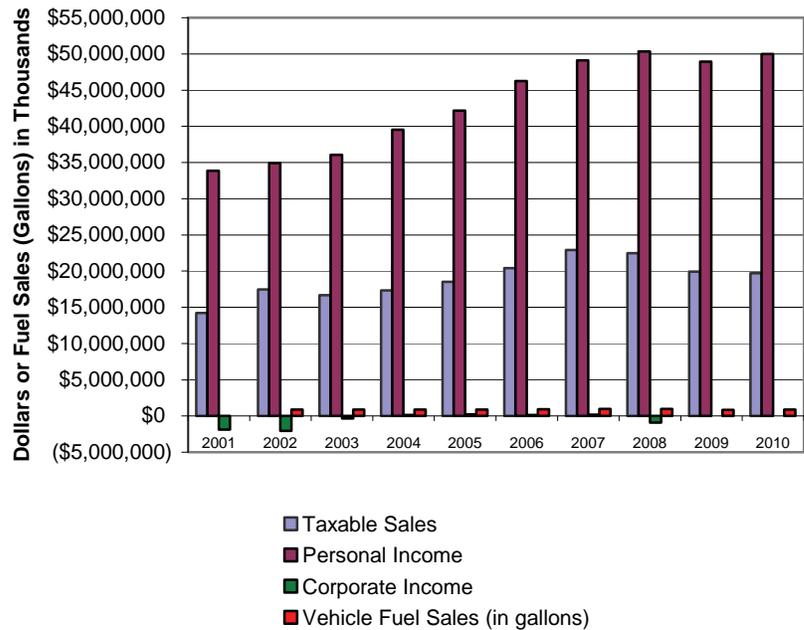
2008	2009	2010
\$11,679	\$10,055	\$9,005
127,115	111,833	101,936
74,440	54,148	43,224
583,884	486,661	427,769
1,050,425	813,738	755,948
390,536	361,449	361,995
1,870,820	1,679,196	1,632,262
14,963,180	13,418,803	13,360,965
155,363	143,607	136,907
2,409,065	2,161,247	2,213,003
817,606	703,459	680,446
\$22,454,113	\$19,944,196	\$19,723,461
6.0%	6.0%	6.0%

2008	2009	2010
\$1,867,622	\$1,274,489	\$1,435,000
366,199	346,972	370,000
246,850	196,658	261,000
3,078,391	2,383,525	2,397,000
3,951,985	3,525,132	3,527,000
1,142,964	1,109,490	1,132,000
1,684,959	1,606,315	1,627,000
2,908,317	2,713,465	2,734,000
1,862,721	1,792,791	1,798,000
12,075,858	12,020,970	12,209,000
1,150,816	1,200,775	1,196,000
613,786	660,789	677,000
4,660,668	4,738,148	4,766,000
14,747,078	15,355,327	15,850,000
\$50,358,214	\$48,924,846	\$49,979,000
7.6%	NA	NA

2008	2009	2010
(\$759,563)	NA	NA
(35,677)	NA	NA
(125,039)	NA	NA
22,495	NA	NA
(\$897,784)	NA	NA
7.6%	7.6%	7.6%

2008	2009	2010
282,616	237,206	236,002
636,125	584,872	632,004
53	107	32
2,461	1,864	1,814
36,217	29,697	23,347
957,472	853,746	893,199
\$0.242	\$0.243	\$0.245

**Idaho Revenue Base
Fiscal/Calendar Years 2001-2010**



Schedule 6 - Revenue Rates
Fiscal/Calendar Years 2001-2010

Personal Income Tax Rates¹

	Calendar Year						
	2001 ²	2002	2003	2004	2005	2006	2007
Tax Rates on the Portion of Taxable Income in Ranges							
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS) ³	\$0-1,056	\$0-1,087	\$0-1,104	\$0-1,129	\$0-1,159	\$0-1,197	\$0-1,236
Income Levels (MFJ, HoH, QW) ³	\$0-2,112	\$0-2,174	\$0-2,208	\$0-2,258	\$0-2,318	\$0-2,395	\$0-2,474
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	\$1,057-2,113	\$1,088-2,173	\$1,105-2,207	\$1,130-2,258	\$1,160-2,318	\$1,198-2,395	\$1,237-2,473
Income Levels (MFJ, HoH, QW)	\$2,113-4,226	\$2,175-4,346	\$2,209-4,414	\$2,259-4,516	\$2,319-4,636	\$2,396-4,791	\$2,475-4,948
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	\$2,114-3,169	\$2,174-3,260	\$2,208-3,311	\$2,259-3,387	\$2,319-3,477	\$2,396-3,593	\$2,474-3,709
Income Levels (MFJ, HoH, QW)	\$4,227-6,338	\$4,347-6,520	\$4,415-6,622	\$4,517-6,774	\$4,636-6,953	\$4,792-7,187	\$4,949-7,420
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	\$3,170-4,226	\$3,261-4,346	\$3,312-4,415	\$3,388-4,515	\$3,478-4,636	\$3,594-4,792	\$3,710-4,946
Income Levels (MFJ, HoH, QW)	\$6,339-8,452	\$6,521-8,692	\$6,623-8,830	\$6,775-9,030	\$6,954-9,271	\$7,188-9,585	\$7,421-9,894
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	\$4,227-5,282	\$4,347-5,433	\$4,416-5,518	\$4,516-5,644	\$4,637-5,794	\$4,793-5,990	\$4,947-6,183
Income Levels (MFJ, HoH, QW)	\$8,453-10,564	\$8,693-10,866	\$8,831-11,036	\$9,031-11,288	\$9,272-11,589	\$9,586-11,981	\$9,895-12,368
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	\$5,283-7,923	\$5,434-8,149	\$5,519-8,278	\$5,645-8,466	\$5,795-8,692	\$5,991-8,995	\$6,184-9,275
Income Levels (MFJ, HoH, QW)	\$10,565-15,846	\$10,867-16,298	\$11,037-16,556	\$11,289-16,932	\$11,590-17,383	\$11,982-17,971	\$12,369-18,552
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	\$7,924-21,129	\$8,150-21,730	\$8,279-22,074	\$8,467-22,577	\$8,693-23,178	\$8,996-23,962	\$9,276-24,735
Income Levels (MFJ, HoH, QW)	\$15,847-42,258	\$16,299-43,460	\$16,557-44,148	\$16,933-45,154	\$17,384-46,356	\$17,972-47,925	\$18,553-49,472
Tax Rate	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Income Levels (S, MFS)	\$21,130 +	\$21,731 +	\$22,075 +	\$22,578 +	\$23,179 +	\$23,963 +	\$24,736 +
Income Levels (MFJ, HoH, QW)	\$42,259 +	\$43,461 +	\$44,149 +	\$45,155 +	\$46,357 +	\$47,926 +	\$49,473 +
Total Direct Rate⁴	7.6%	7.6%	7.6%	7.6%	7.7%	7.7%	7.7%

Vehicle Fuel Tax Rates per Gallon

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Diesel	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.055	0.055	0.055	0.055	0.055	0.055	0.055
Jet	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Total Direct Rate⁵ <i>(per gallon of fuel)</i>	NA	\$0.242	\$0.243	\$0.243	\$0.243	\$0.243	\$0.242

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation, no vote of the populace is required; Idaho Constitution, Art. VII, Section 16; Idaho Code, Sections 63-3024 and 63-2402.

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

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

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

⁴Personal Income data is currently not available for calendar years 2010 and 2009.

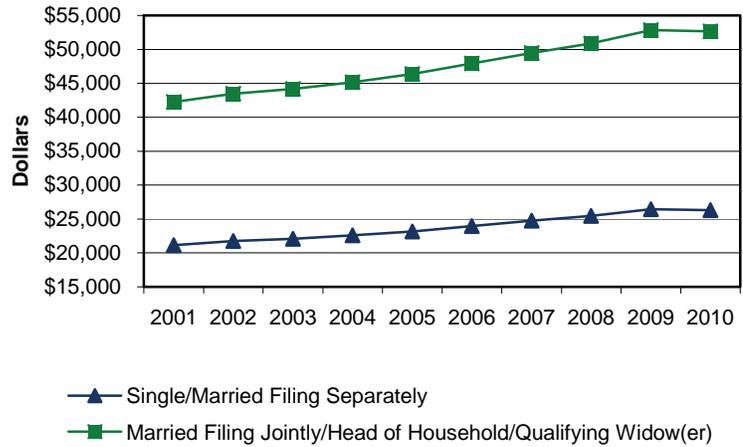
⁵Vehicle fuel sales data is not available for fiscal year 2001.

2008	2009	2010
1.6%	1.6%	1.6%
\$0-1,272	\$0-1,321	\$0-1,316
\$0-2,544	\$0-2,642	\$0-2,632
3.6%	3.6%	3.6%
\$1,273-2,544	\$1,322-2,642	\$1,317-2,632
\$2,545-5,088	\$2,643-5,284	\$2,633-5,264
4.1%	4.1%	4.1%
\$2,545-3,816	\$2,643-3,963	\$2,633-3,948
\$5,089-7,632	\$5,285-7,926	\$5,265-7,896
5.1%	5.1%	5.1%
\$3,817-5,088	\$3,964-5,284	\$3,949-5,264
\$7,633-10,176	\$7,927-10,568	\$7,897-10,528
6.1%	6.1%	6.1%
\$5,089-6,360	\$5,285-6,604	\$5,265-6,580
\$10,177-12,720	\$10,569-13,208	\$10,529-13,160
7.1%	7.1%	7.1%
\$6,361-9,540	\$6,605-9,907	\$6,581-9,870
\$12,721-19,080	\$13,209-19,814	\$13,161-19,740
7.4%	7.4%	7.4%
\$9,541-25,441	\$9,908-26,418	\$9,871-26,320
\$19,081-50,882	\$19,815-52,836	\$19,741-52,640
7.8%	7.8%	7.8%
\$25,442 +	\$26,419 +	\$26,321 +
\$50,883 +	\$52,837 +	\$52,641 +

7.6% NA NA

2008	2009	2010
\$0.250	\$0.250	\$0.250
0.250	0.250	0.250
0.181	0.181	0.181
0.197	0.197	0.197
0.070	0.070	0.070
0.060	0.060	0.060
\$0.242	\$0.243	\$0.245

**Personal Taxable Income Level for Top Rate Payers
Calendar Years 2001-2010**



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

Sales Tax	As of June 30, 2000				As of June 30, 2009			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings	301	0.5	\$303	0.0	441	0.7	\$584	0.0
Agricultural	870	1.5	2,909	0.4	1,073	1.8	6,254	0.5
Mining	127	0.2	1,637	0.2	154	0.3	3,055	0.3
Construction	3,296	5.7	13,193	1.8	4,299	7.0	27,011	2.3
Manufacturing	4,180	7.2	48,545	6.5	5,092	8.4	45,724	3.9
Transportation & Utilities	1,006	1.8	10,062	1.4	1,231	2.0	19,254	1.6
Wholesale trade	1,981	3.4	46,199	6.2	3,402	5.6	98,645	8.5
Retail trade	26,984	46.4	509,636	68.3	24,167	39.6	796,737	68.2
Finance, Insurance, and Real Estate	646	1.1	9,301	1.2	811	1.3	8,136	0.7
Services	18,378	31.6	83,229	11.2	19,612	32.1	128,301	11.0
Government	360	0.6	20,705	2.8	750	1.2	34,752	3.0
Total	58,129	100.0	\$745,719	100.0	61,032	100.0	\$1,168,453	100.0

Personal Income	As of December 31, 1999				As of December 31, 2008			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Income Level								
\$50,000 and under	496,568	89.5	\$384,913	42.6	597,728	85.9	\$412,653	32.5
\$50,000 - \$100,000	43,255	7.8	209,536	23.2	70,785	10.2	337,262	26.6
\$100,000 - \$250,000	11,512	2.1	124,889	13.8	21,801	3.1	227,801	17.9
\$250,000 - \$1,000,000	3,121	0.5	101,415	11.2	5,056	0.7	160,088	12.6
\$1,000,000 and higher	430	0.1	82,553	9.2	667	0.1	132,476	10.4
Total	554,886	100.0	\$903,306	100.0	696,037	100.0	\$1,270,280	100.0

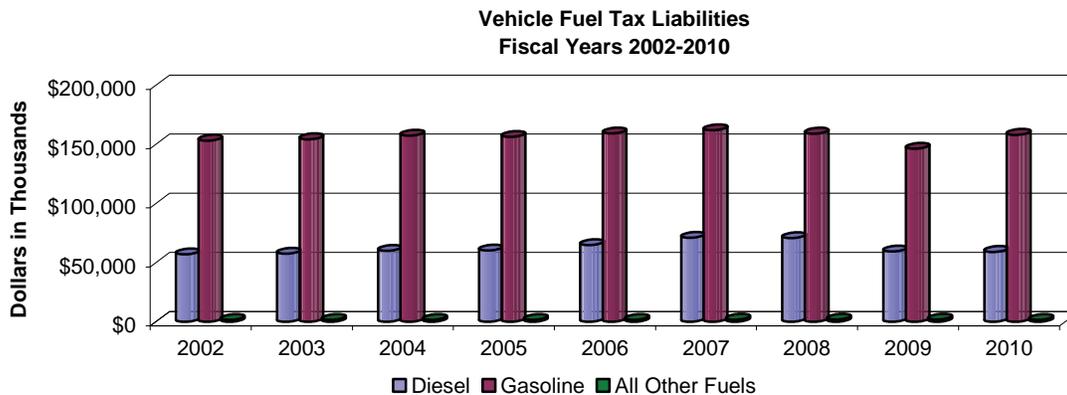
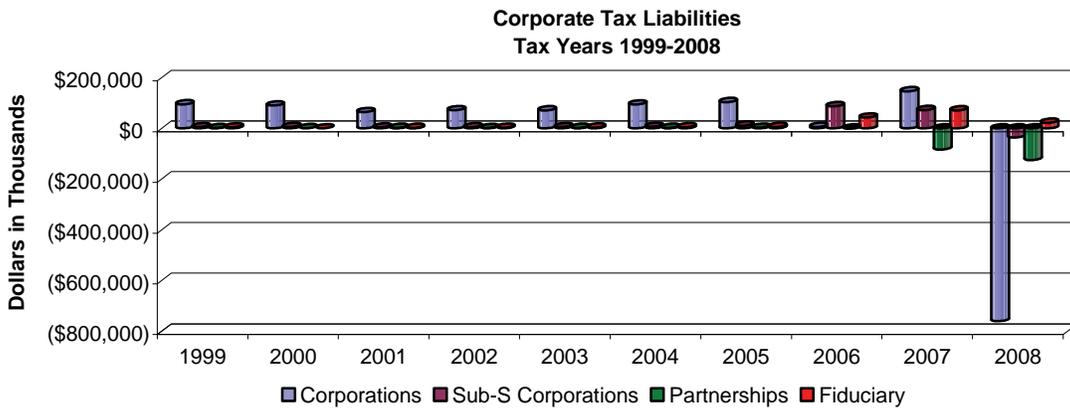
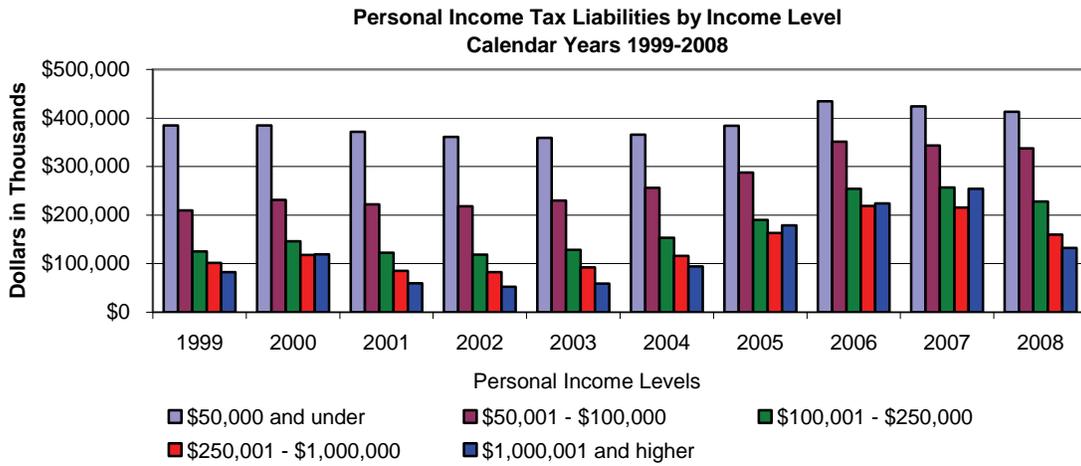
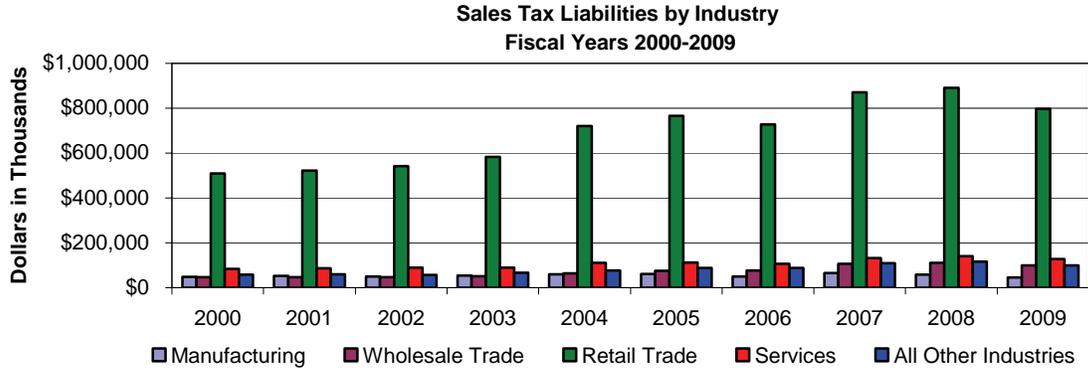
Corporate Income	As of Tax Year 1999				As of Tax Year 2008			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	15,523	27.5	\$94,829	89.5	13,783	17.0	(\$759,563)	84.6
Sub-S Corporations	17,339	30.7	5,522	5.2	29,893	36.8	(35,677)	4.0
Partnerships	15,465	27.3	1,327	1.3	28,075	34.6	(125,039)	13.9
Fiduciary	8,191	14.5	4,286	4.0	9,449	11.6	22,495	(2.5)
Total	56,518	100.0	\$105,964	100.0	81,200	100.0	(\$897,784)	100.0

Vehicle Fuel Tax	As of June 30, 2002				As of June 30, 2010			
	Number of Filers ¹	Percent of Total	Tax Liability	Percent of Total	Number of Filers ¹	Percent of Total	Tax Liability	Percent of Total
Diesel	133	39.9	\$57,013	26.9	109	42.9	\$59,000	27.0
Gasoline	138	41.5	153,105	72.3	103	40.6	158,001	72.3
Propane	26	7.8	55	0.0	19	7.5	26	0.0
Natural Gas	2	0.6	9	0.0		0.0	7	0.0
Aviation	14	4.2	166	0.1	8	3.1	127	0.1
Jet	20	6.0	1,352	0.7	15	5.9	1,401	0.6
Total	333	100.0	\$211,700	100.0	254	100.0	\$218,562	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 2008. Data prior to fiscal year 2002 for fuel tax is not available.

¹The 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.



Schedule 8 - Ratios of Outstanding Debt

Fiscal Years 2001-2010

(dollars in thousands, except per capita amount)

	2001	2002	2003	2004	2005	2006 (as restated)	2007	2008 (as restated)	2009 (as restated)	2010
Governmental Activities										
Revenue Bonds ¹	\$97,300	\$105,802	\$153,624	\$211,031	\$203,067	\$205,203	\$324,657	\$306,159	\$281,322	\$257,088
Capital Leases ²	4,417	4,121	3,977	5,915	9,428	13,929	12,209	11,997	11,475	33,229
Notes Payable				3,167	1,189	3,776	3,679	3,543	5,118	4,914
Notes Payable to Component Unit ³							25,947	94,643	215,045	370,430
Total Governmental Activities	\$101,717	\$109,923	\$157,601	\$220,113	\$213,684	\$222,908	\$366,492	\$416,342	\$512,960	\$665,661
Business-Type Activities										
Revenue Bonds ⁴	\$193,352	\$262,314	\$262,517	\$318,138	\$329,835	\$319,308	\$402,181	\$443,016	\$449,410	\$473,667
Capital Leases	10,473	11,078	6,464	5,928	1,450	1,709	1,369	1,139	627	468
Capital Leases to Component Unit ⁵					3,657	3,422	3,172	2,917	2,652	2,377
Notes Payable ⁶	7,747	12,594	12,392	11,841	17,104	16,284	16,802	20,155	50,195	216,134
Total Business-Type Activities	\$211,572	\$285,986	\$281,373	\$335,907	\$352,046	\$340,723	\$423,524	\$467,227	\$502,884	\$692,646
Total Primary Government	\$313,289	\$395,909	\$438,974	\$556,020	\$565,730	\$563,631	\$790,016	\$883,569	\$1,015,844	\$1,358,307
Debt as a Percentage of Personal Income⁷										
	1.0%	1.2%	1.3%	1.5%	1.4%	1.3%	1.7%	1.8%	2.0%	2.8%
Amount of Debt Per Capita⁷										
	\$237.2	\$295.0	\$321.5	\$399.7	\$397.3	\$385.7	\$528.1	\$580.0	\$656.8	\$868.3

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.

¹In fiscal years 2007, 2006, and from 2002 to 2004, the Idaho State Building Authority issued revenue bonds for state building projects.

²In 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.

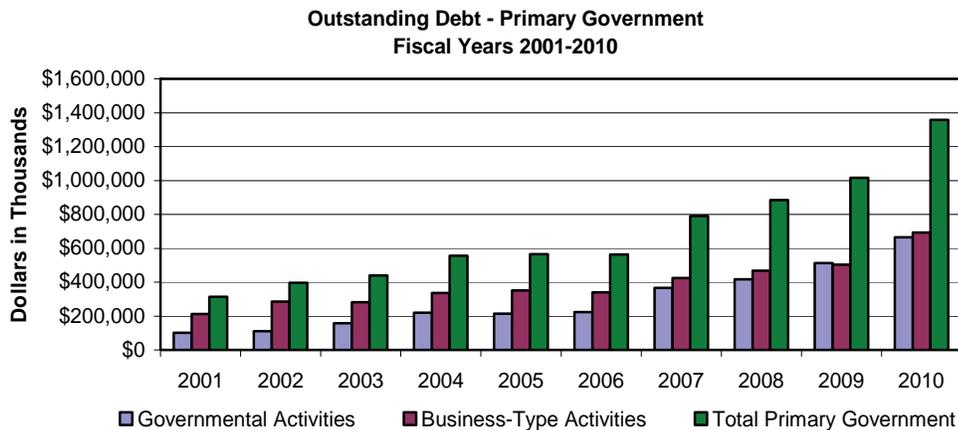
³From fiscal years 2007 to 2010 the Idaho Transportation Department issued notes payable to Idaho Housing and Finance Association for road and infrastructure improvements.

⁴From fiscal years 2007 to 2010 and in 2004 and 2002, the colleges and universities issued revenue bonds for various projects.

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

⁶In fiscal years 2010 and 2009 the increase in notes payable is mainly attributable to unemployment compensation loans received from the federal government.

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



Schedule 9 - Other Long-Term Liabilities
 Fiscal Years 2002-2010
 (dollars in thousands)

	2002 (as restated)	2003 (as restated)	2004 (as restated)	2005 (as restated)	2006 (as restated)	2007 (as restated)	2008 (as restated)	2009 (as restated)	2010
Governmental Activities									
Compensated Absences	\$52,235	\$51,713	\$52,806	\$54,664	\$56,245	\$56,629	\$56,599	\$54,893	\$51,996
Policy Claim Liabilities	40,645	39,429	35,174	37,263	36,002	17,867	20,164	19,753	16,956
Claims and Judgments ¹	49,845	43,468	44,129	36,990	34,486	32,924	139,887	112,935	79,890
Net Pension Obligation ²	19	124	375	621	1,071	1,714	2,375	2,711	11,140
Net OPEB Obligation ³							20,018	20,373	22,169
Arbitrage Liability ⁴						901	1,890	180	80
Total Governmental Activities	\$142,744	\$134,734	\$132,484	\$129,538	\$127,804	\$110,035	\$240,933	\$210,845	\$182,231
Business-Type Activities									
Compensated Absences	\$21,432	\$20,210	\$19,507	\$16,814	\$16,986	\$18,381	\$20,067	\$20,814	\$20,882
Claims and Judgments ⁵	1,726								
Grand Prize Annuities Payable ⁵	74,747								
Net OPEB Obligation ³							7,858	9,233	11,267
Arbitrage Liability ⁶							445	528	1
Voluntary Termination Benefits ⁷									894
Total Business-Type Activities	\$97,905	\$20,210	\$19,507	\$16,814	\$16,986	\$18,381	\$28,370	\$30,575	\$33,044
Total Primary Government	\$240,649	\$154,944	\$151,991	\$146,352	\$144,790	\$128,416	\$269,303	\$241,420	\$215,275

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

¹In fiscal year 2008 the Department of Health and Welfare changed its method of reporting Medicaid claims to include an estimate for incurred but not reported claims from providers.

²In 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.

³Net OPEB obligation was not required to be reported prior to fiscal year 2008.

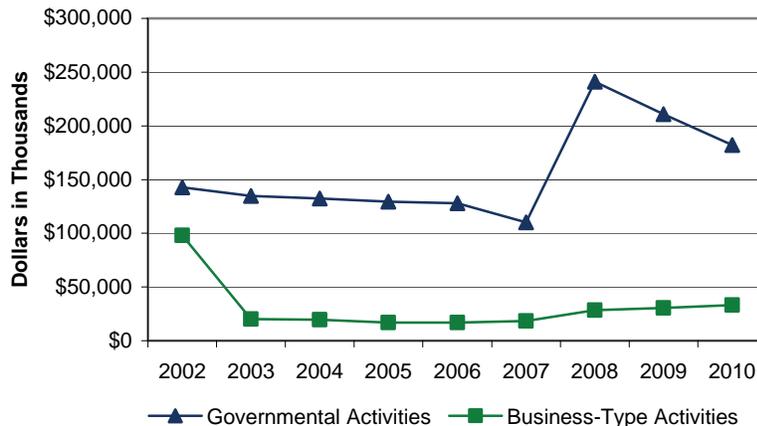
⁴From fiscal years 2007 to 2010 the Idaho State Building Authority recorded an arbitrage liability.

⁵In fiscal year 2003 the Idaho State Lottery changed its method of reporting liabilities and investments related to grand prize winners receiving annuity payments, eliminating both the long-term liability and related investment.

⁶From fiscal years 2008 to 2010 the colleges and universities recorded an arbitrage liability.

⁷In fiscal year 2010 the University of Idaho established a voluntary Exit Incentive Program (EIP) for eligible employees to leave University employment with an economic incentive.

Other Long-Term Liabilities - Primary Government
 Fiscal Years 2002-2010



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2001-2010

(dollars in thousands)

	2001	2002	2003	2004	2005	2006	2007
Revenue Bonds - Colleges and Universities¹							
Revenue:							
Student Fees Pledged		\$36,855	\$36,578	\$120,060	\$131,669	\$138,670	\$144,471
Sale of Goods and Services Pledged		29,343	31,288	63,650	66,414	66,000	71,770
Other Income Pledged ²						7,178	9,867
Less: Operating Expenses		NA	NA	(43,052)	(50,720)	(51,842)	(52,020)
Net Available Revenue		\$66,198	\$67,866	\$140,658	\$147,363	\$160,006	\$174,088
Debt Service:							
Principal		\$6,195	\$6,130	\$14,850	\$8,940	\$10,725	\$11,890
Interest		11,059	13,558	14,056	15,220	15,217	13,728
Coverage		3.8	3.4	4.9	6.1	6.2	6.8
Revenue Bonds - Idaho Water Resources Board³							
Revenue:							
Sale of Goods and Services	\$934	\$727	\$863	\$905	\$926	\$876	\$908
Interest Earned on Bond Proceeds	10						
Less: Operating Expenses	(144)	(235)	(112)	(233)	(191)	(101)	(162)
Net Available Revenue	\$800	\$492	\$751	\$672	\$735	\$775	\$746
Debt Service:							
Principal	\$10	\$25	\$40	\$60	\$80	\$100	\$290
Interest	371	371	369	366	363	357	310
Coverage	2.1	1.2	1.8	1.6	1.7	1.7	1.2
Notes Payable - Idaho Transportation Department⁴							
Revenue:							
Federal Highway Grants ⁵							\$282,848
State Funds							2,227
Available Revenue							\$285,075
Debt Service:							
Principal							\$2,426
Interest							6,766
Coverage							31.0
Notes Payable - Colleges and Universities⁶							
Revenue:							
Student Fees Pledged					\$157	\$147	\$148
Housing Fees Pledged					NA	NA	NA
Less: Operating Expenses					NA	NA	NA
Available Revenue					\$157	\$147	\$148
Debt Service:							
Principal					\$94	\$98	\$102
Interest					45	41	37
Coverage					1.1	1.1	1.1

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

¹GASB Statement Nos. 34 and 35 were implemented in fiscal year 2002 requiring the initial reporting of pledged revenue. Pledged revenue increased in fiscal year 2004 due to a change in how the colleges and universities define pledged revenue.

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

³In fiscal year 1999 the Idaho Water Resources Board issued bonds to fund the Dworshak Project, a dam and power-generation station. The bond proceeds were invested until needed to pay construction costs, resulting in interest earned. Upon completion of the Dworshak Project in fiscal year 2001, hydro-electric power has been sold to service the bond payments. In fiscal year 2006 the Board issued Series 2006 Refunding Bonds, defeasing the 1999 Series, accounting for the increase in debt service for fiscal year 2007.

⁴From fiscal years 2007 to 2010 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance improvements to various roads and related infrastructure within the State.

⁵In fiscal year 2010 federal highway grants received by the Idaho Transportation Department increased due to the delayed reimbursement of fiscal year 2009 federal construction awards and for the receipt of Title XII American Recovery and Reinvestment Act stimulus funds. In fiscal year 2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, decreased construction costs, and the related reimbursement of federal awards.

⁶In fiscal year 2009 Lewis-Clark State College issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In fiscal year 2004 Lewis-Clark State College issued notes payable to construct a student activity center; the first payment was due in fiscal year 2005.

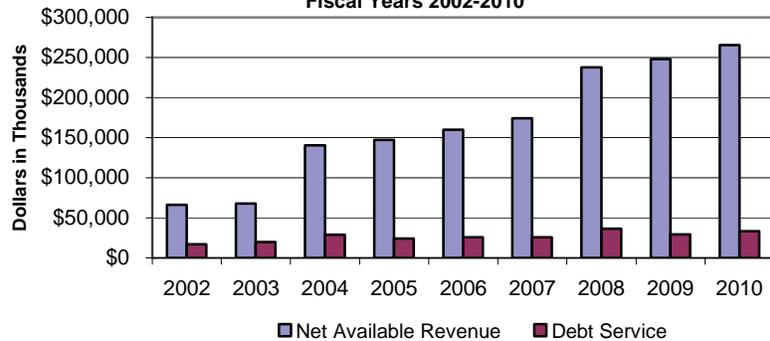
2008	2009	2010
\$179,630	\$197,711	\$212,768
85,348	84,327	91,258
31,174	25,337	22,641
(58,259)	(59,487)	(61,226)
<u>\$237,893</u>	<u>\$247,888</u>	<u>\$265,441</u>
\$15,610	\$9,755	\$13,190
20,793	19,473	20,339
6.5	8.5	7.9

\$816	\$886	\$983
(117)	(149)	(117)
<u>\$699</u>	<u>\$737</u>	<u>\$866</u>

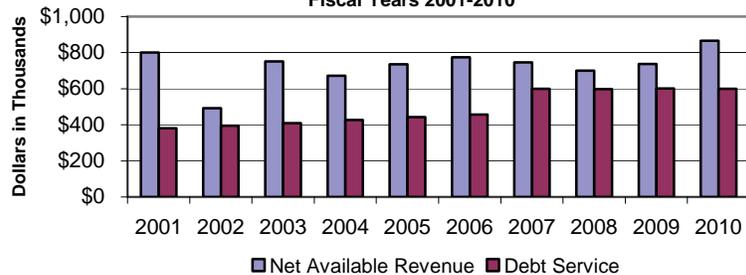
\$305	\$325	\$340
294	277	259
1.2	1.2	1.4
\$313,917	\$221,084	\$354,777
3,470	2,656	3,216
<u>\$317,387</u>	<u>\$223,740</u>	<u>\$357,993</u>

\$20,240	\$30,589	\$8,176
8,245	11,787	19,074
11.1	5.3	13.1
\$148	\$146	\$142
NA	\$417	\$445
NA	(297)	(154)
<u>\$148</u>	<u>\$266</u>	<u>\$433</u>
\$106	\$127	\$114
33	63	25
1.1	1.4	3.1

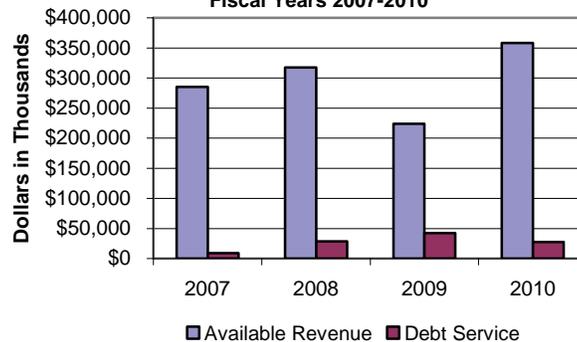
**Colleges and Universities, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2002-2010**



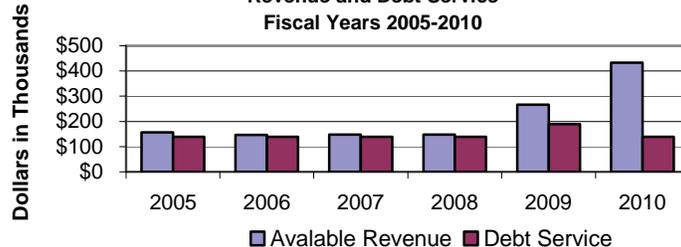
**Idaho Water Resources Board, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2001-2010**



**Idaho Transportation Department, Notes Payable
Revenue and Debt Service
Fiscal Years 2007-2010**



**Colleges and Universities, Notes Payable
Revenue and Debt Service
Fiscal Years 2005-2010**



Schedule 11 - Demographic and Economic Indicators
Calendar Years 2001-2010

	2001	2002	2003	2004	2005	2006	2007
Population							
Idaho (<i>in thousands</i>)	1,321	1,342	1,366	1,391	1,424	1,461	1,496
Change	1.7%	1.6%	1.8%	1.9%	2.4%	2.6%	2.4%
National (<i>in thousands</i>)	285,694	288,472	291,178	293,846	296,574	299,422	302,393
Change	1.0%	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%
Total Personal Income¹							
Idaho (<i>in billions</i>)	\$34	\$35	\$36	\$40	\$42	\$46	\$49
Change	8.3%	3.0%	3.3%	9.6%	6.7%	9.6%	6.2%
National (<i>in billions</i>)	\$8,883	\$9,060	\$9,378	\$9,937	\$10,486	\$11,268	\$11,912
Change	3.8%	2.0%	3.5%	6.0%	5.5%	7.5%	5.7%
Per Capita Personal Income²							
Idaho	\$25,651	\$26,010	\$26,411	\$28,429	\$29,627	\$31,636	\$32,821
Change	6.5%	1.4%	1.5%	7.6%	4.2%	6.8%	3.7%
National	\$31,094	\$31,407	\$32,207	\$33,818	\$35,357	\$37,633	\$39,393
Change	2.7%	1.0%	2.5%	5.0%	4.6%	6.4%	4.7%
Median Age - Idaho							
	33.3	33.5	33.6	33.7	33.9	33.9	33.9
Educational Attainment							
8th Grade or Less	4.7%	4.7%	5.2%	5.2%	4.5%	4.3%	4.5%
Some High School, No Diploma	9.1%	9.1%	10.1%	10.1%	7.6%	8.4%	8.7%
High School Diploma	31.5%	31.5%	28.5%	28.5%	29.7%	28.3%	29.7%
Some College, No Degree	25.7%	25.7%	27.3%	27.3%	26.1%	27.0%	25.8%
Associate, Bachelor or Graduate Degree	29.0%	29.0%	28.9%	28.9%	32.1%	32.0%	31.3%
Resident Civilian Labor Force and Employment in Idaho							
Civilian Labor Force	675,828	682,861	690,799	703,067	738,739	749,244	748,709
Employed	642,908	645,958	654,222	669,728	710,556	723,621	726,091
Unemployed	32,920	36,903	36,577	33,339	28,183	25,623	22,618
Unemployment Rate	4.9%	5.4%	5.3%	4.7%	3.8%	3.4%	3.0%
Nonfarm Wage and Salary Workers Employed in Idaho							
Goods Producing Industries							
Mining	1,973	1,759	1,785	1,932	2,160	2,374	2,667
Logging and Wood Products	9,848	9,552	9,046	9,293	9,617	10,034	9,582
Construction	37,860	36,468	36,739	39,840	45,131	52,052	52,602
Manufacturing-Durable Goods	35,250	32,767	30,901	31,250	32,485	34,564	34,612
Manufacturing-Nondurable Goods	25,294	24,484	23,913	23,131	22,927	23,234	23,861
Total Goods Producing Industries	110,225	105,030	102,384	105,446	112,320	122,258	123,324
Non-Goods Producing Industries							
Trade	98,088	97,343	97,119	99,129	103,671	107,459	111,646
Service	249,578	253,631	260,020	269,016	280,746	292,728	304,485
State and Local Government	96,862	98,488	99,397	101,146	101,862	103,522	103,960
Federal Government	13,280	13,552	13,625	13,315	13,083	12,878	12,818
Total Non-Goods Producing Industries	457,808	463,014	470,161	482,606	499,362	516,587	532,909
Total Nonfarm Wage and Salary Employment	568,033	568,044	572,545	588,052	611,682	638,845	656,233

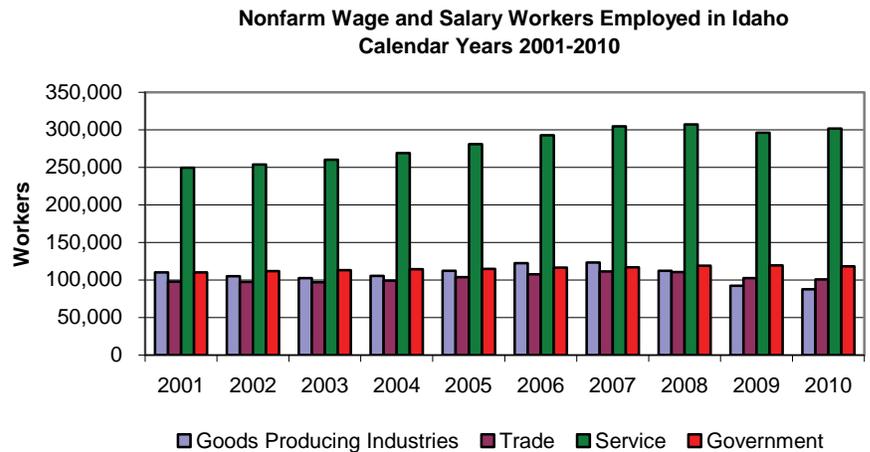
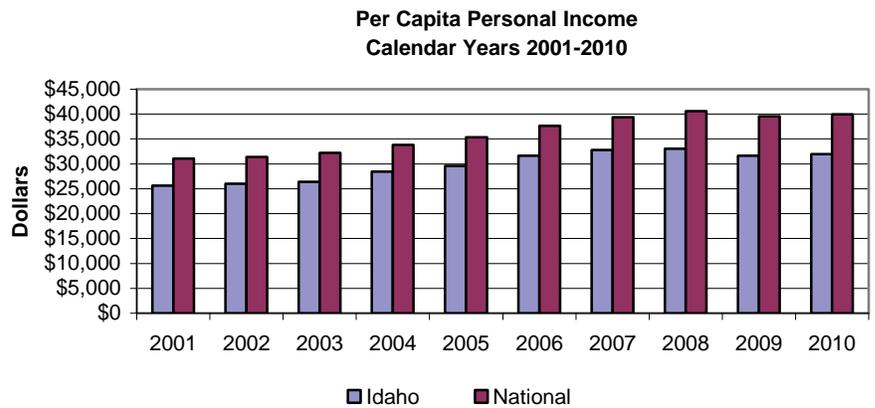
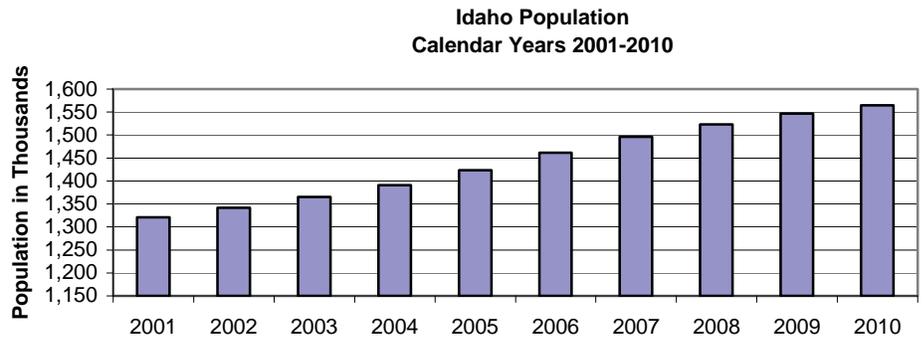
Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

Note: Amounts for calendar years 2010 and 2009 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and U.S. Census Bureau.

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

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

2008	2009	2010
1,523	1,547	1,564
1.8%	1.5%	1.1%
305,169	307,842	310,834
0.9%	0.9%	1.0%
\$50	\$49	\$50
2.6%	-2.8%	2.2%
\$12,391	\$12,175	\$12,412
4.0%	-1.7%	1.9%
\$33,056	\$31,632	\$31,948
0.7%	-4.3%	1.0%
\$40,604	\$39,549	\$39,932
3.1%	-2.6%	1.0%
34.0	34.1	34.1
4.5%	3.9%	5.0%
8.2%	7.8%	7.1%
30.1%	29.9%	27.7%
25.4%	25.4%	27.6%
31.8%	33.0%	32.6%
756,320	749,660	755,798
719,113	689,556	687,372
37,207	60,104	68,426
4.9%	8.0%	9.1%
2,601	2,173	2,283
8,130	5,857	5,497
45,012	34,392	30,837
31,877	26,343	25,605
24,581	23,639	23,698
112,201	92,404	87,920
110,452	102,443	100,852
307,071	296,049	301,500
105,963	106,012	103,871
13,199	13,488	14,163
536,685	517,992	520,386
648,886	610,396	608,306



Schedule 12 - Principal Employers
Current Year and Nine Years Ago

Major Idaho Employers	As of June 30, 2001			As of June 30, 2010		
	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	2.8	18,500-19,000	1	2.7
Federal Government	13,000-13,500	2	2.1	13,000-13,500	2	1.9
St Luke's Regional Medical Center	3,500-4,000	10	0.6	7,500-8,000	3	1.1
Wal-Mart Associates, Inc.	4,000-4,500	7	0.7	6,500-7,000	4	1.0
Micron Technology, Inc.	10,000-11,000	3	1.6	5,500-6,000	5	0.8
Meridian Joint School District #2				4,500-5,000	6	0.7
Albertsons, Inc.	5,500-6,000	5	0.9	4,000-4,500	7	0.6
Battelle Energy Alliance LLC	6,000-6,500	4	1.0	3,500-4,000	8	0.5
Independent School District of Boise City	3,500-4,000	9	0.6	3,500-4,000	9	0.5
Brigham Young University-Idaho				3,500-4,000	10	0.5
J.R. Simplot Co.	4,500-5,000	6	0.7			
Hewlett-Packard Co.	3,500-4,000	8	0.6			
Total	73,750		11.6	72,500		10.3

Source: Idaho Department of Labor, except state employees, which are from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

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

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2000/01-2009/10

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Elementary	131,835	132,406	133,501	135,216	137,579	141,898	146,224	150,068	151,865	154,333
Secondary	113,174	114,009	115,014	116,821	118,425	120,009	121,309	121,990	123,210	124,189
Total All Grades	245,009	246,415	248,515	252,037	256,004	261,907	267,533	272,058	275,075	278,522

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount (Calendar Years 2001-2010)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Boise State University	17,176	17,688	18,431	18,418	18,650	18,880	19,542	19,670	18,936	19,993
Idaho State University	13,663	13,352	13,625	13,803	13,977	12,679	13,362	12,644	13,493	12,595
University of Idaho	12,067	12,423	12,894	12,824	12,476	11,739	11,636	11,791	11,957	12,302
Lewis-Clark State College	2,952	2,967	3,228	3,145	3,222	3,211	3,269	3,334	3,521	3,822
Eastern Idaho Technical College	598	702	860	788	753	758	762	768	870	862
Total Colleges and Universities	46,456	47,132	49,038	48,978	49,078	47,267	48,571	48,207	48,777	49,574

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

Schedule 14 - State Employees by Function
Fiscal Years 2001-2010

Full-Time Employees

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Tax Commission	400	389	370	391	383	387	389	392	393	368
Department of Administration	158	167	162	153	157	153	164	138	142	139
All Other	1,050	1,075	1,054	1,025	1,069	1,069	1,093	1,144	1,161	1,133
Public Safety and Correction										
Department of Correction	1,302	1,381	1,345	1,365	1,407	1,454	1,516	1,560	1,586	1,543
Idaho State Police	451	469	451	454	455	462	467	469	485	465
Department of Juvenile Corrections	267	320	320	327	328	333	342	350	396	381
All Other	351	348	344	321	333	333	339	336	349	327
Health and Human Services										
Department of Health and Welfare	2,806	2,814	2,658	2,657	2,687	2,764	2,885	2,917	2,922	2,887
Education										
Colleges and Universities	5,658	5,973	5,857	5,723	5,776	5,878	6,004	6,063	6,124	6,242
All Other	511	524	499	517	538	540	480	456	468	469
Economic Development										
Idaho Transportation Department	1,760	1,774	1,773	1,786	1,774	1,745	1,717	1,726	1,758	1,772
Department of Commerce and Labor ¹				584	580	553	496			
Department of Labor ¹	453	464	472					440	436	506
Department of Agriculture	320	309	296	305	281	302	307	301	293	279
All Other	723	774	785	712	819	840	840	933	932	909
Natural Resources										
Department of Environmental Quality	331	351	350	353	352	345	352	356	365	340
Department of Fish and Game	468	481	494	504	497	500	506	502	513	504
Department of Lands	214	206	218	221	231	225	234	244	242	235
Department of Parks and Recreation	139	136	141	137	147	146	141	146	155	147
All Other	192	191	186	160	182	182	181	193	195	182
State Total	17,554	18,146	17,775	17,695	17,996	18,211	18,453	18,666	18,915	18,828

Part-Time and Temporary Employees²

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	359	357	364	346	356	363	361	405	334	385
Public Safety and Correction	207	183	188	187	186	207	195	223	192	159
Health and Human Services	660	710	614	671	589	654	591	620	400	286
Education	2,815	2,724	2,960	2,766	2,779	2,638	2,740	3,347	2,880	2,532
Economic Development	924	947	886	970	984	936	900	896	907	838
Natural Resources	517	549	529	548	591	590	608	686	603	518
State Total	5,482	5,470	5,541	5,488	5,485	5,388	5,395	6,177	5,316	4,718

Source: Office of the Idaho State Controller.

¹In fiscal year 2004 legislative action combined the Department of Commerce with the Department of Labor. In fiscal year 2008 legislative action separated the Department of Commerce from the Department of Labor.

²Part-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 2001-2010

	2001	2002	2003	2004	2005	2006	2007
General Government							
Tax Commission							
Number of Returns Filed (<i>in thousands</i>)	1,909	1,886	1,981	2,046	2,117	2,204	2,180
Number of Returns Filed Electronically (<i>in thousands</i>)	131	156	212	258	310	345	386
Department of Administration							
Construction Projects Administered	276	250	200	143	186	424	538
Employees Covered by Benefit Plans	18,841	19,115	19,250	18,076	18,495	18,829	19,045
Public Safety and Correction							
Department of Correction¹							
Incarcerated Offenders	5,452	5,802	5,825	6,312	6,526	6,976	7,357
Supervised Offenders	7,945	8,473	9,346	9,955	10,926	11,825	12,581
Idaho State Police							
Drug Related Arrests ²	845	733	821	967	779	598	989
DUI Arrests ²	1,764	1,640	1,723	1,708	1,461	817	1,744
All Other Arrests ²	1,015	896	960	1,098	849	724	811
Department of Juvenile Corrections							
Number of Juveniles in the System	848	804	726	676	709	725	710
Rate of Recombinment to DJC Custody	10.0%	6.0%	8.2%	11.4%	15.2%	11.0%	11.6%
Health and Human Services							
Department of Health and Welfare¹							
Medicaid Enrollees ³	129,484	147,726	158,672	169,511	178,694	178,858	184,508
Percent of Population	9.8%	11.0%	11.6%	12.2%	12.6%	12.2%	12.3%
Food Stamp Recipients	59,601	71,478	84,066	92,963	94,956	91,032	86,946
Percent of Population	4.5%	5.3%	6.2%	6.7%	6.7%	6.2%	5.8%
Education							
Colleges and Universities¹							
Enrollment	46,456	47,132	49,038	48,978	49,078	47,267	48,571
Number of Certificates and Degrees Awarded ⁴	7,138	7,085	7,935	8,193	8,546	8,262	8,555
Economic Development							
Idaho Transportation Department							
Percent of Pavement Which is Deficient ¹	18%	15%	16%	19%	19%	19%	20%
Vehicles Weighed (<i>in thousands</i>)	2,460	2,490	2,340	2,630	2,760	3,090	2,800
Department of Labor							
Individuals Registered for Employment	166,372	174,236	192,121	191,346	206,422	184,178	175,178
Job Openings Received	79,443	69,677	56,802	68,533	83,951	101,502	96,239
Department of Agriculture							
Conduct Disease Tests on Animals	330,893	277,008	380,762	422,751	253,960	118,821	208,338
Inspections of Dairy and Egg Farms	4,279	4,391	4,464	4,251	5,683	6,022	4,374
Natural Resources							
Department of Fish and Game							
Citations and Warnings Issued	5,071	5,094	5,359	5,744	4,681	4,790	6,140
Hatchery Fish Raised (<i>in thousands</i>) ²	32,735	32,348	27,859	38,099	41,740	40,649	35,502
Hunting and Fishing Licenses Sold ²	552,195	541,994	531,745	527,164	539,590	521,489	572,617
Department of Environmental Quality							
Air Quality Sites Monitored	64	67	70	64	37	42	35
Water Sites Monitored ⁵	510	500	436	442	673	658	506
Department of Lands¹							
Forest Products Harvested (<i>in million board feet</i>)	223	200	170	254	188	206	215
Fires Responded to on IDL Land	410	319	362	292	228	445	349
Department of Parks and Recreation							
Park Visitation (<i>in thousands</i>) ^{1,2,6}	2,415	2,582	2,489	2,358	2,648	2,738	4,248
Recreational Registrations (<i>in thousands</i>) ⁶	192	188	216	233	237	256	273

Sources: Idaho Division of Financial Management; Idaho State Tax Commission; Office of the Idaho State Controller; Idaho State Police; Idaho State Board of Education; and the Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Fish and Game, Environmental Quality, Lands, and Parks and Recreation.

Note: Operating indicators for fiscal years 2010 and 2009 are estimates, unless otherwise noted, below.

¹Operating indicators for 2009 are actual amounts, not estimates.

²Operating indicators are reported on a calendar year basis.

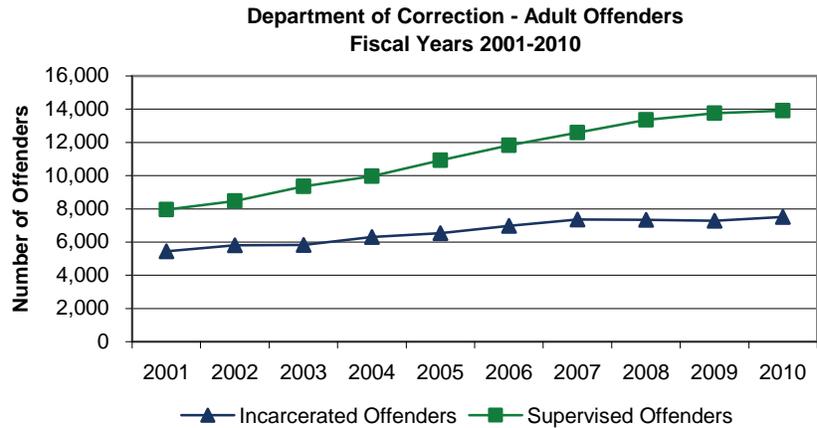
³In fiscal year 2007 the Department of Health and Welfare changed the way Medicaid enrollees were calculated.

⁴Number of certificates and degrees awarded includes Eastern Idaho Technical College beginning in fiscal year 2003.

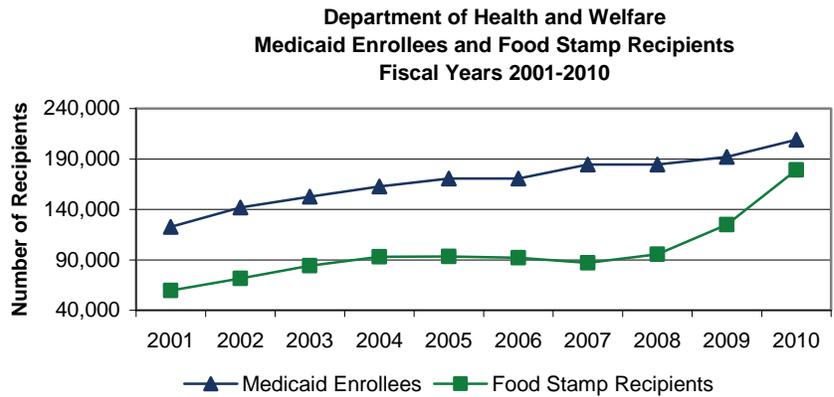
⁵In fiscal year 2009 the Department of Environmental Quality suspended surface water monitoring activities due to the fiscal year 2009 budget cuts.

⁶Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

2008	2009	2010
2,292	2,220	2,226
436	457	492
529	443	431
19,319	19,507	19,343
7,338	7,283	7,504
13,361	13,756	13,902
850	895	982
1,654	1,977	2,441
1,278	1,281	1,163
744	659	568
11.7%	18.4%	17.0%



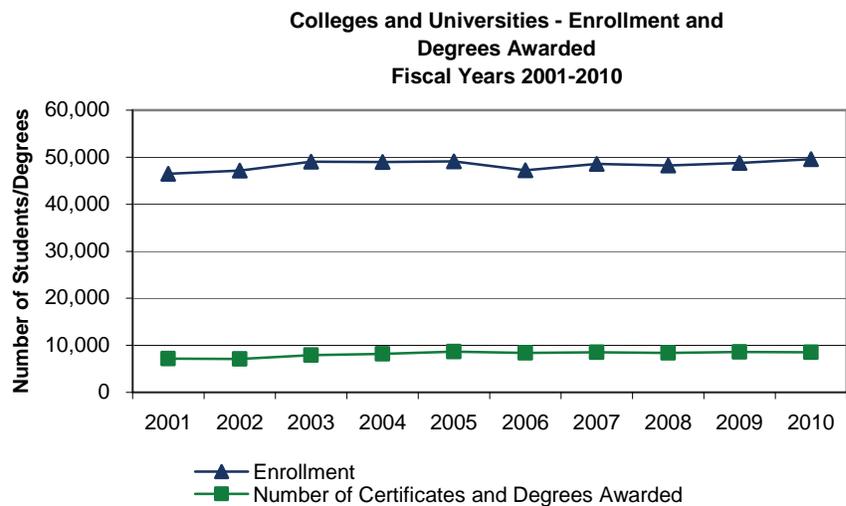
184,465	191,989	209,126
12.1%	12.4%	13.4%
95,433	124,826	179,074
6.3%	8.1%	11.4%



48,207	48,777	49,574
8,369	8,595	8,521
19%	20%	18%
2,700	2,400	2,400

222,606	284,205	334,896
77,012	46,967	47,956

303,184	367,698	362,905
3,933	4,130	4,203



31	42	41
610	0	128

225	190	NA
247	352	NA

4,203	4,460	NA
274	286	NA

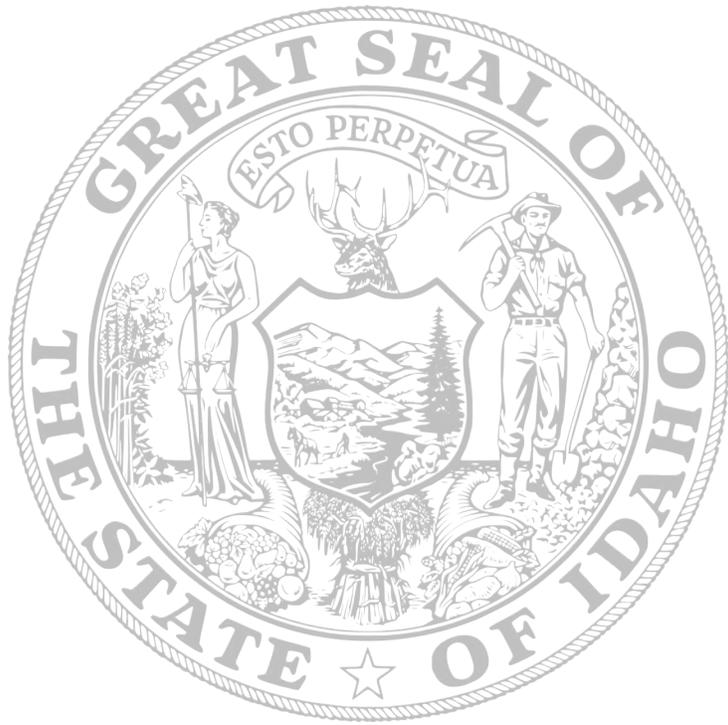
Schedule 16 - Capital Asset Statistics by Function
Fiscal Years 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Department of Administration										
Buildings (<i>square footage in thousands</i>)	661	661	661	661	733	741	741	728	728	728
Public Safety and Correction										
Department of Correction										
Buildings	78	80	81	82	84	84	87	88	89	92
Vehicles	257	285	301	330	334	339	353	392	342	359
Idaho State Police										
Vehicles	280	360	403	454	425	422	441	431	443	431
Machinery and Equipment	626	699	720	807	812	783	846	867	928	810
Department of Juvenile Corrections										
Buildings (<i>square footage in thousands</i>)	199	252	252	252	252	252	252	250	250	239
Vehicles	32	39	41	46	53	53	52	54	53	56
Health and Human Services										
Department of Health and Welfare										
Buildings (<i>square footage in thousands</i>)	951	951	928	928	928	928	914	914	978	934
Vehicles	589	588	582	518	490	517	539	518	520	501
Education										
Colleges and Universities										
Buildings (<i>square footage in thousands</i>)	10,868	11,396	11,358	11,743	11,919	12,265	12,539	12,890	13,612	13,931
Economic Development										
Idaho Transportation Department										
Highway Lane Miles ¹	11,779	11,831	11,819	11,852	11,874	11,874	11,877	11,930	11,944	11,989
Vehicles	95	95	109	112	97	96	96	96	96	96
Heavy Equipment	530	530	551	545	552	585	585	589	589	589
Department of Agriculture										
Scientific and Laboratory Equipment	125	136	142	145	147	156	162	165	176	165
Vehicles	108	134	140	158	166	191	209	201	195	196
Natural Resources										
Department of Fish and Game										
Hatcheries	19	19	19	19	19	19	19	22	22	23
Vehicles	381	467	610	722	766	692	646	621	670	636
Boats	256	274	288	302	302	296	289	286	287	281
Wildlife Management Areas	33	33	33	33	33	33	33	33	33	32
Department of Environmental Quality										
Air Monitoring Instruments	172	192	199	125	126	131	119	124	166	167
Water Sampling/Quality Equipment	224	271	276	82	88	94	87	88	76	78
Department of Lands										
Acres of Land (<i>in thousands</i>) ¹	2,400	2,461	2,464	2,462	2,460	2,460	2,460	2,461	2,460	2,446
Vehicles	251	297	332	361	341	346	353	351	350	356
Department of Parks and Recreation										
State Parks	33	33	34	34	34	34	35	35	35	30
Acres of State Park Land (<i>in thousands</i>)	56	56	58	58	58	58	59	59	59	58
Buildings	253	258	261	274	281	287	316	321	320	332
Vehicles	192	208	223	232	240	257	288	312	343	329

Sources: Office of the Idaho State Controller; Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Fish and Game, Lands, and Parks and Recreation; and Idaho colleges and universities.

Note: Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital asset intensive.

¹Highway lane miles and acres of land for fiscal year 2010 are based on estimates.



*State of Idaho***Schedule 17 - Assets, Liabilities, and Fund Balances****General Fund Accounts****June 30, 2010***(dollars in thousands)*

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	\$2				
Pooled Cash and Investments	14,443	\$54,187	\$80,003	\$79,341	\$55,071
Investments		10,241			952
Securities Lending Collateral	220,791	7,626			709
Accounts Receivable, Net	439	4		16,188	
Taxes Receivable, Net	246,556	2,359			383
Interfund Receivables	7	2,401			
Due from Other Entities					
Inventories and Prepaid Items	1,338	1		107	55
Loans, Notes, and Pledges Receivable, Net					
Other Assets	2	55			6
Restricted Assets:					
Cash and Cash Equivalents				53	
Investments				89,180	
Total Assets	\$483,578	\$76,874	\$80,003	\$184,869	\$57,176
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$13,000	\$7,979		\$52	\$62
Payroll and Related Liabilities	9,986	77		8	22
Interfund Payables	1,284	21			22
Due to Other Entities					
Deferred Revenue	75,463	5,424		16,188	4
Amounts Held in Trust for Others	108				
Obligations Under Securities Lending	220,791	7,626			709
Other Accrued Liabilities	195	8,609			1
Total Liabilities	320,827	29,736		16,248	820
Fund Balances					
Reserved for:					
Encumbrances	1,045	27	\$68		21,742
Inventories and Prepaid Items	1,338	1		107	55
Noncurrent Receivables					
Permanent Trusts				2,374	
Other Purposes				89,233	
Unreserved, Reported in:					
General Fund	160,368	47,110	79,935	76,907	34,559
Total Fund Balances	162,751	47,138	80,003	168,621	56,356
Total Liabilities and Fund Balances	\$483,578	\$76,874	\$80,003	\$184,869	\$57,176

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
\$33,911	\$2,092	\$5,584	\$3,329	(\$3,356)	\$684 69,364	\$686 393,969
						11,193
						229,126
14,317	33,472			58	1	16,690
					446	297,533
					302	2,710
					488	488
				6,679	55	8,235
					2,356	2,356
						63
3,953					2,654	6,660
						89,180
\$52,181	\$35,564	\$5,584	\$3,329	\$3,381	\$76,350	\$1,058,889
	\$87	\$1,957	\$113	\$1	\$293	\$23,431
				45	332	10,583
						1,327
\$33,843						33,843
1,883	15,188				3,000	117,150
						108
						229,126
		523			13,805	23,133
35,726	15,275	2,480	113	46	17,430	438,701
					1,157	24,039
				6,679	55	8,235
					2,657	2,657
						2,374
3,953						93,186
12,502	20,289	3,104	3,216	(3,344)	55,051	489,697
16,455	20,289	3,104	3,216	3,335	58,920	620,188
\$52,181	\$35,564	\$5,584	\$3,329	\$3,381	\$76,350	\$1,058,889

State of Idaho

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances

General Fund Accounts

For the Fiscal Year Ended June 30, 2010

(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	\$954,562	\$5,000			
Individual and Corporate Taxes	1,213,484	6,515			\$300
Other Taxes	34,825	13,820			4,423
Licenses, Permits, and Fees	11,439	2			1,657
Sale of Goods and Services	463	112			2,762
Grants and Contributions	17				115
Investment Income	12,535	2,345	\$733	\$6,186	1,365
Tobacco Settlement				25,990	
Other Income	1,829	124		7	84
Total Revenues	2,229,154	27,918	733	32,183	10,706
EXPENDITURES					
Current:					
General Government	75,191	30,002	1,746	1,171	797
Public Safety and Correction	218,133		1,181	479	1,657
Health and Human Services			2,327	3,221	2,425
Education	103,006	169	437		1,218,758
Economic Development	23,653	599		8	544
Natural Resources	20,839		4		
Capital Outlay	30,664	59,703	446		308
Intergovernmental Revenue Sharing	24,036				
Debt Service:					
Principal Retirement	755	152			
Interest and Other Charges	14,130	248			1
Total Expenditures	510,407	90,873	6,141	4,879	1,224,490
Revenues Over (Under) Expenditures	1,718,747	(62,955)	(5,408)	27,304	(1,213,784)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	22,580				
Sale of Capital Assets	177	1			
Transfers In	290,706	19,191	10,880	9,144	1,381,857
Transfers Out	(2,024,543)	(21,145)	(122,480)	(9,139)	(160,765)
Total Other Financing Sources (Uses)	(1,711,080)	(1,953)	(111,600)	5	1,221,092
Net Changes in Fund Balances	7,667	(64,908)	(117,008)	27,309	7,308
Fund Balances - Beginning of Year	155,084	112,046	197,011	141,312	49,048
Fund Balances - End of Year	\$162,751	\$47,138	\$80,003	\$168,621	\$56,356

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
\$154,411					\$3,611		\$1,117,584
					8,164		1,228,463
		\$133		\$78	5,710		53,068
				29	5,329		19,019
					3,168		8,695
		87			766		3,300
							24,017
							25,990
		2,191		1,574	25,362		31,171
154,411		2,411		1,681	52,110		2,511,307
	\$36,142		\$5,744	101	8,137		159,031
					670		222,120
		33,139					41,112
					35,493		1,357,863
				204	906		25,914
				4,241	3,090		28,174
				58	1,072		92,251
152,691	299				1,748		178,774
							918
					11		14,379
152,691	36,441	33,139	5,744	4,604	51,127		2,120,536
1,720	(36,441)	(30,728)	(5,744)	(2,923)	983		390,771
							22,580
							178
	56,000	33,772	5,905	7,728	39,538	(\$1,690,236)	164,485
	(14,488)				(43,518)	1,690,236	(705,842)
	41,512	33,772	5,905	7,728	(3,980)		(518,599)
1,720	5,071	3,044	161	4,805	(2,997)		(127,828)
14,735	15,218	60	3,055	(1,470)	61,917		748,016
\$16,455	\$20,289	\$3,104	\$3,216	\$3,335	\$58,920		\$620,188

Schedule 19 - Miscellaneous Statistics

		TWENTY LARGEST COMMUNITIES IN IDAHO	
State Capital	Boise	Boise	205,707
Admitted to the Union	July 3, 1890	Nampa	81,241
Nickname	The Gem State	Meridian	68,516
Motto	Esto Perpetua (Let It Be Perpetual)	Idaho Falls	55,312
Population	1,564,400	Pocatello	55,076
Highest Elevation Point	Mt. Borah 12,662 Feet Above Sea Level	Coeur d'Alene	43,805
Lowest Elevation Point	Snake River, Lewiston 710 Feet Above Sea Level	Caldwell	43,281
Number of Lakes	More Than 2,000	Twin Falls	42,741
State Bird	Mountain Bluebird	Lewiston	31,887
State Fish	Cutthroat Trout	Rexburg	28,856
State Flower	Syringa	Post Falls	26,909
State Gem Stone	Idaho Star Garnet	Moscow	24,338
State Horse	Appaloosa	Eagle	19,668
State Insect	Monarch Butterfly	Ammon	13,942
State Song	"Here We Have Idaho"	Kuna	13,909
State Tree	Western White Pine	Hayden	13,190
		Chubbuck	12,483
		Mountain Home	12,266
		Garden City	11,891
		Blackfoot	11,153

Sources: *Idaho Blue Book*, 2009-2010
Idaho Fiscal Facts 2010
Idaho Economic Forecast, July 2010 (Population)

Source: *Idaho Fiscal Facts 2010*

LAND AREA AND USE
(in square miles)

Total Area	83,557
Land Area	82,677
Water Area	880
Federal Land	52,724
Total Non-Federal Land	30,833
Total Rural Land	78,768
Agricultural Land	12,170
Range Land	34,353
Forest Land	32,245

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: *Idaho Blue Book*, 2009-2010

IDAHO COMMODITY RANKINGS

Commodity	U.S. Rank	U.S. %
Potatoes	1	29
Austrian Winter Peas	2	51
Wrinkled Seed Peas	2	25
Barley	3	21
Sugarbeets	2	18
All Mint	3	17
Hops	3	8
Lentils	4	13
Dry Edible Peas	4	3
Dry Edible Beans	5	6
Sweet Cherries	6	1
All Wheat	11	4
Apples	18	1
All Hay	9	4

Source: *Idaho Fiscal Facts 2010*

The State Controller's Office Today

Division of Statewide Accounting

The Division of Statewide Accounting (DSA) prepares various statewide financial statements such as the Comprehensive Annual Financial Report, the Citizen-Centric Report, and the Legal Basis Report. The DSA offers review services related to internal controls, security, and reporting to state agencies; as well as training to state fiscal personnel regarding new accounting regulations and proper reporting. The DSA processes day-to-day accounting transactions, generates state warrants, reconciles cash with the State Treasurer, coordinates 1099 MISC annual reporting to the IRS, monitors agency appropriations, and works with the 90 plus agencies in a variety of tasks. The DSA works as a liaison between customers and technical staff through development, support, and maintenance of the statewide financial systems. The DSA offers agency staff and the general public various support services including public information requests.

Division of Statewide Payroll

The Division of Statewide Payroll (DSP) currently pays over 24,000 state employees. The State Controller's Office facilitated the creation of a statewide data warehouse and business intelligence tool for agencies to run financial, human resources, and payroll reports out of the Employee Information System and Division of Statewide Accounting systems. These advancements allow agencies to get the data output from the legacy mainframe systems quickly, easily, and efficiently. The DSP has also developed other employee self-service web applications for state employees such as online pay stubs, time and attendance sheets, and online W-2 forms.

Division of Computer Services

The Division of Computer Services (DCS) provides a wide variety of technology services to state agencies throughout Idaho. Services include open systems and mainframe application development; web development; database development, administration and support; data storage, management, backup and archive; server and firewall housing and hosting; mainframe application housing and hosting; business continuity and disaster recovery planning and services; and project management services. The DCS maintains a full-service, 24/7 data center, the largest in state government, and monitors and supports a wide variety of computing platforms from desktop computing to super-server processing on the mainframe. The data center is a secure facility equipped with high-volume cooling, conditioned power with battery and generator backup, and modern FM200 fire suppression. The DCS is self-supporting, funded solely by providing high-quality services to customers at a reasonable cost.

The Office of the State Controller has been recognized at the national level for excellence in the production of the financial reports for the past 13 years, for participation in implementing new accounting standards, for effectiveness and efficiency in payroll performance processing, and for innovative use of technology in many customer applications developed and deployed.



State Controller's Office Computer Service Center

Council Bill No 40.

An Act,

Defining the duties and fixing
the Salary of "Territorial Comptroller."

Passed the House January 14th 1866.
Alex Blakely
Speaker House Representatives

Passed the Council January 3^d 1866.
E. Bohannon
President of Council.

Approved January 6th A.D. 1866.

Subscribed by order of
The Governor of Idaho