OFFICIAL STATEMENT DATED JUNE 19, 2012

NEW ISSUE - BOOK ENTRY ONLY

This Official Statement has been prepared by the State of Idaho (the "State") to provide information on the State of Idaho Tax Anticipation Notes, Series 2012 (the "Notes"). Selected information is provided on this cover for the convenience of the reader. A prospective investor should read this Official Statement in its entirety in order to make an informed decision regarding the Notes. Unless otherwise indicated, capitalized terms used on this cover have the meanings given in this Official Statement.

$500,000,000
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2012

Coupon: 2.00%, Yield: 0.20%, CUSIP: 451434BS2

Dated: Date of Initial Delivery (July 2, 2012) **Due: June 28, 2013**

RATINGS The Notes are rated MIG-1, SP-1+, and F1+ by Moody's Investors Service, Standard and Poor's Corporation, and Fitch, respectively.

PURPOSE The Notes are being issued to fund the State's anticipated cash flow shortfalls during the fiscal year commencing on July 1, 2012, and ending June 30, 2013 ("Fiscal Year 2013"), and to pay the costs of issuing the Notes.

AUTHORITY The Notes are being issued pursuant to Article VII, Section 11, and Article VIII, Section 1, of the Constitution of the State of Idaho, and Chapter 32, Title 63, of the Idaho Code, and pursuant to a Resolution of the Board of Examiners of the State of Idaho adopted on April 17, 2012, and a Plan of Financing approved by the State Treasurer.

SECURITY The Notes are payable from and secured by an irrevocable pledge of so much of the General Tax Revenues to be received during the fourth quarter of Fiscal Year 2013 as may be necessary to pay the principal of and interest on the Notes, the State Treasurer's covenant to transfer, if necessary, any Borrowable Cash Resources to the Note Payment Account established for the payment of the Notes in an amount required to fully pay the principal of and interest on the Notes at maturity, and the solemn pledge of the faith and credit of the State for the payment in full of the principal of and interest on the Notes.

REGISTRATION The Notes initially will be issued in registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry form in denominations of $5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will be dated the date of delivery, and will not be subject to redemption prior to maturity. Principal and interest will be payable when due to DTC or its nominee by The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, as Escrow/Paying Agent. Interest on the Notes is payable at maturity.

TAX MATTERS In the opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel, under currently existing laws, regulations, decisions and interpretations and assuming, among other things, compliance with certain covenants, interest on the Notes is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, but such interest is included in earnings and profits in computing the federal alternative minimum taxes imposed on certain corporations. The Notes are not private activity bonds. Bond Counsel is also of the opinion that, under the laws of the State of Idaho, as enacted and construed as of the date hereof, interest on the Notes is excluded from gross income for purposes of income taxation by the State of Idaho, to the extent that such interest is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Legal and Tax Information—Tax Matters" herein.

SNW

STATE OFFICIALS

The Honorable Ron G. Crane
STATE TREASURER

The Honorable C. L. "Butch" Otter	Governor
The Honorable Brad Little	Lieutenant Governor
The Honorable Ben Ysursa	Secretary of State
The Honorable Donna Jones	State Controller
The Honorable Lawrence Wasden	Attorney General
The Honorable Tom Luna	Superintendent of Public Instruction

FINANCIAL ADVISOR

C^2 Financial, LLC

BOND COUNSEL

Moore Smith Buxton & Turcke, Chartered

UNDERWRITER

Seattle-Northwest Securities Corporation

ESCROW/PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Seattle, Washington

No dealer, broker, sales representative, or other person has been authorized by the State of Idaho (the "State") to give any information or to make any representations with respect to the Notes not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained by the State from State records and from other sources that the State believes to be reliable, but the State does not guarantee the accuracy or completeness of such information. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof.

The State makes no representation regarding the accuracy or completeness of the information provided in Appendix D—DTC and the Book-Entry Only System, which has been furnished by DTC.

This Official Statement is not to be construed as a contract or agreement between the State and purchasers or owners of any of the Notes.

Certain statements contained in this Official Statement, including the appendices, reflect not historical facts but forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

CUSIP Number

The CUSIP[*] number is included on the front cover of this Official Statement for convenience of the holders and potential holders of the Notes. No assurance can be given that the CUSIP number for the Notes will remain the same after the date of issuance and delivery of the Notes.

Websites

The websites provided herein are not part of this Official Statement, and investors should not rely on information which is presented in the State's websites in determining whether to purchase Notes. Inactive textual reference to the State's websites are not hyperlinks and do not incorporate the State's websites by reference.

[*] CUSIP is a trademark of the American Bankers Association. The CUSIP number is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This number is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service.

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OFFICIAL STATEMENT

$500,000,000
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2012

INTRODUCTION

This Official Statement of the State of Idaho (the "State") presents certain information in connection with the issuance by the State of $500,000,000 aggregate principal amount of Tax Anticipation Notes, Series 2012 (the "Notes"). None of the references to or summaries of the laws of the State or of any documents referred to in this Official Statement purport to be complete, and all such references are qualified in their entirety by reference to the complete provisions thereof.

The Notes are being issued to fund the State's anticipated cash flow shortfalls during the fiscal year commencing on July 1, 2012, and ending June 30, 2013 ("Fiscal Year 2013"). The proceeds of the sale of the Notes will be deposited in the General Fund of the State (the "General Fund") and will be used to alleviate temporary cash flow shortfalls and to finance the State's daily operations in anticipation of certain tax revenues (the "General Tax Revenues") of the State to be collected during the fourth quarter of Fiscal Year 2013 (see "General Tax Revenues"). General Tax Revenues consist primarily of individual income tax, corporate income tax and sales tax. The Notes are payable from and secured by: (i) an irrevocable pledge of so much of the General Tax Revenues to be received during the fourth quarter of Fiscal Year 2013 as may be necessary to pay the principal of and interest on the Notes; (ii) the State Treasurer's covenant to transfer, if necessary, from cash balances in other borrowable funds in the State Treasury (the "Borrowable Cash Resources") to the Note Payment Account established for the payment of the Notes, an amount required to fully pay the principal of and interest on the Notes at maturity; and (iii) the solemn pledge of the faith and credit of the State for the payment in full of the principal of and interest on the Notes.

THE NOTES

Description of the Notes

The Notes will be dated the date of delivery, and will mature June 28, 2013. The Notes will bear interest at 2.00% per *annum*, payable at maturity, calculated on the basis of a 30-day month, 360-day year. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Notes. The ownership of not more than two fully registered global Notes for the entire aggregate principal amount of the Notes will be registered in the name of Cede & Co. as nominee of DTC. See Appendix D—DTC and the Book-Entry Only System. The Notes are not subject to redemption prior to maturity. Principal of and interest on the Notes will be payable at maturity by The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, Escrow/Paying Agent (the "Escrow/Paying Agent"), to DTC or its nominee in lawful money of the United States for distribution to the Participants, Indirect Participants and Beneficial Owners.

Authorization

The Notes are being issued pursuant to Article VII, Section 11, and Article VIII, Section 1, of the Constitution of the State of Idaho (the "Constitution"), and Chapter 32, Title 63, of the Idaho Code (the "Act"), and pursuant to a Resolution of the Board of Examiners of the State of Idaho adopted on April 17, 2012 (the "Resolution"), and a Plan of Financing approved by the State Treasurer. See Appendix B—Plan of Financing.

The Act allows the State Treasurer, with approval of the State Board of Examiners (the "Board"), a constitutionally established board comprised of the Governor, the Secretary of State and the Attorney General, with the State Controller as *ex officio* Secretary, to borrow monies in anticipation of General Tax Revenues in a principal sum not to exceed 75% of the income or revenue from such taxes that the State reasonably anticipates to be collected during the fiscal year. In the Resolution, the Board approved such borrowings during Fiscal Year 2013 in an amount not to exceed $1,914.150 million. At the time the Board adopted the Resolution, General Tax Revenues anticipated to be collected during Fiscal Year 2013 were expected to be not less than $2,552.200 million, thereby imposing a limit of $1,914.150 million on such borrowings for Fiscal Year 2013.

Pursuant to the Act, all tax anticipation notes ("TANs") issued by the State must mature no later than the end of the then current fiscal year. The State does not currently plan to issue additional TANs during Fiscal Year 2013, but reserves the right to do so (see "Security and Sources of Payment for the Notes—Tax Anticipation Notes").

The Plan of Financing (see Appendix B) adopted by the State Treasurer calls for the issuance of $500,000,000 Tax Anticipation Notes, Series 2012, in anticipation of the income and revenues from taxes to be received during the fourth quarter of Fiscal Year 2013 (April, May and June 2013). These monies may include specific, *ad valorem*, excise, income, franchise or license revenues. The State anticipates receiving a total of $865.119 million in the fourth quarter of Fiscal Year 2013. The $500,000,000 in Notes to be issued is equal to 57.80% of anticipated Fiscal Year 2013 fourth quarter revenues and is within the 75% issuance test as set forth in the Act. Set forth in Table 2 is a description of the specific revenue and amounts that the State estimates will be received in the fourth quarter of Fiscal Year 2013. The revenues anticipated for Fiscal Year 2013 are shown on a monthly basis in Table 4 and on a quarterly basis in Table 5. See "General Tax Revenues."

Use of Proceeds

Timing differences between revenue collections and disbursements have caused the State to engage in inter-fund borrowing to fund General Fund expenditures (see "Security and Sources of Payment for the Notes—Internal Borrowing"). The State Treasurer has determined to issue the Notes to meet the anticipated cash flow requirements for Fiscal Year 2013 resulting from the imbalance in timing between receipts and expenditures.

The State's major General Fund revenue sources include individual income tax, corporate income tax and sales tax. Together, these three categories comprise 94.65% of total General Fund revenues. General Fund revenues are received in relatively uneven amounts throughout the fiscal year because of various factors regarding the timing of individual income tax collections and refunds, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. As a result, the State anticipates that it will receive 45.16% of General Fund revenues/receipts in the first six months of Fiscal Year 2013. However, disbursements during the same period account for 67.35% of total expenditures.

The single largest item of expenditure in the State's budget is for public school aid, which totals $1,279,818,600, or 46.73% of total spending in Fiscal Year 2013. School aid payments are disbursed in six payments, four of which occur in the first five months of the fiscal year for a total of $1,044,784,700, or 81.64% of total school aid payments. Senate Bill 1234, enacted in 2007 by the Idaho State Legislature (the "Legislature"), amended Section 33-1009, Idaho Code, to provide for a more rapid distribution of funds to public schools. This legislation changed the percentage paid for each disbursement made to the public school districts by the State Board of Education. The August and October payments increased to 30% each from 20% each, the November payment remained at 20%, and the February and May payments were decreased to 10% each from 20% each. Payments made directly to the school districts in Fiscal Year 2013 are currently scheduled as follows:

TABLE 1
PAYMENTS TO SCHOOL DISTRICTS

Month	Amount
July 2012	$ 121,999,100
August 2012	335,200,850
September 2012	352,550,850
November 2012	235,033,900
February 2013	117,516,950
May 2013	117,516,950
Total	$ 1,279,818,600

Health and Welfare expenditures, the second largest single expenditure item, total $610,165,000, or 22.28% of the budget. The third largest expenditure item is aid to higher education, for a total of $298,137,000, which is 10.89% of the total Fiscal Year 2013 budget (see Table 14—General Fund Summary of the Fiscal Year 2013 Budget).

Proceeds received by the State from the sale of the Notes will be deposited in the General Fund and used to meet expenses required to be paid from the General Fund during Fiscal Year 2013.

The State has covenanted to comply with the provisions of the Internal Revenue Code of 1986 (the "IRC") which are necessary for interest paid on the Notes to be excluded from gross income for purposes of federal income taxation. The State has projected that the cumulative cash flow deficit to be financed by the Notes will exceed 90% of the proceeds of the Notes within six months of the date of the Notes. In the event that the gross proceeds of the Notes are not expended (within the meaning of Section 148(f)(4)(B) of the IRC) within six months of the date of issuance of the Notes, the State will cause to be rebated to the United States an amount equal to the excess earnings on all non-purpose investments, if any, over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Notes, plus any income attributable to such excess.

SECURITY AND SOURCES OF PAYMENT

Each Note when duly issued and paid for will constitute a valid and binding obligation of the State. The Notes are payable from and secured by: (i) an irrevocable pledge of so much of the General Tax Revenues to be received during the fourth quarter of Fiscal Year 2013 as may be necessary to pay the principal of and interest on the Notes; (ii) the State Treasurer's covenant to transfer, if necessary, any Borrowable Cash Resources to the Note Payment Account established for the payment of the Notes, in an amount required to fully pay the principal of and interest on the Notes at maturity; and (iii) the solemn pledge of the faith and credit of the State for the payment in full of the principal of and interest on the Notes.

There is established in the "Tax Anticipation Note Redemption Fund" created by Section 63-3203, Idaho Code, a special fund and account known as the "Tax Anticipation Notes, Series 2012, Note Payment Account" (the "Note Payment Account"). The Note Payment Account will be held and invested at the direction of the State Treasurer by the Escrow/Paying Agent, pursuant to the provisions of an escrow agreement. Monies in the Note Payment Account will be invested in direct obligations of the Federal Government and in certain fully collateralized investments permitted under Section 67-1210, Idaho Code. The State Treasurer has covenanted to invest all monies in the Note Payment Account in securities that mature no later than June 28, 2013. The State Treasurer also has covenanted not to invest monies in the Note Payment Account in debt obligations of the State, its political subdivisions, or taxing districts or authorities.

In accordance with the Act, the Notes are payable from pledged fourth quarter General Tax Revenues and, to the extent necessary, from Borrowable Cash Resources of the State. All income and revenues from the taxes collected during the fourth quarter of Fiscal Year 2013 (April, May and June 2013) will be deposited into the Note Payment Account as received until the monies therein together with investment earnings earned or to be earned thereon shall be sufficient to pay principal of and interest on the Notes at maturity (see Table 4—State of Idaho Projected General Fund Cash Flow for the Fiscal Year Ending June 30, 2013, and "General Tax Revenues"). The State Treasurer may, but is not required to by the Plan of Financing, deposit any income and revenues from taxes received prior to the fourth quarter of Fiscal Year 2013 into the Note Payment Account, and any monies so deposited into the Note Payment Account are irrevocably appropriated and set aside solely for payment of principal of and interest on the Notes. The State has projected the receipt of revenues as shown in Table 2 to pay principal of and interest on the Notes.

TABLE 2
ESTIMATED FOURTH QUARTER REVENUES BY SOURCE
FOR FISCAL YEAR 2013
(000s omitted)

	April	May	June	Total
Individual Income Tax	$ 279,279	$ 77,142	$ 103,592	$ 460,013
Corporate Income Tax	34,684	8,583	31,753	75,020
Sales Tax	89,233	85,943	91,876	267,052
Product Taxes	3,376	3,336	3,494	10,206
Miscellaneous Revenues	2,267	1,820	48,741	52,828
Non-Revenue Receipts	-	-	-	-
Total Tax Revenues	$ 408,839	$ 176,824	$ 279,456	$ 865,119

Source: Division of Financial Management

The State Treasurer has covenanted that, in the event there are not on deposit in the Note Payment Account on or before June 28, 2013, tax revenues, together with investment earnings thereon, fully sufficient to pay the principal of and interest on the Notes at maturity, the State Treasurer will borrow from Borrowable Cash Resources, subject to the requirement that such amounts be repaid when General Fund monies are available, or take any or all other legally available actions to cause to be deposited in the Note Payment Account amounts sufficient to pay the principal of and interest on the Notes at maturity. See "Borrowable Cash Resources." Fiscal Year 2013 fourth quarter revenues of $865.1 million provide 1.73X coverage for the Notes. Borrowable Cash Resources of $2,568 million provide 5.13X in additional coverage for the Notes.

General Fund Cash Flow

Table 3 presents the actual to-date and projected May-June cash flow of the General Fund for Fiscal Year 2012, and Tables 4 and 5 present the projected cash flow for Fiscal Year 2013, by major categories of receipts and disbursements. The Fiscal Year 2013 cash flow table evidences that all proceeds of the Notes are expected to have been expended within six months of their receipt. The cash flows in Tables 4 and 5 should be read in conjunction with other information concerning the Fiscal Year 2013 budget. Certain assumptions regarding the Fiscal Year 2013 cash flow statements are set forth below and on the page following Table 5 (see "Assumptions Underlying The Monthly Allocation of Fiscal Year 2013 General Fund Disbursements").

Fiscal Year 2013 Cash Flow Deficit. Fiscal Year 2013 General Fund cash flow (before borrowing) is estimated to have a negative balance at the end of the months of August through May with the November month-end cash deficit estimated to be $630,375,000 (See Table 4—Projected General Fund Cash Flow.). A primary factor in the heavy percentage of first half expenditures is the required dates for General Fund transfers to the public schools. Senate Bill 1234 enacted by the 2007 Legislature amended Section 33-1009, Idaho Code, to provide for a more rapid distribution of funds to public schools.

Most months' mid-month cash deficit is estimated to be greater than the end-of-the-month deficit balance. This situation occurs because only approximately 20% of the month's revenues are received during the first two weeks while, on average, 80% of the month's expenditures occur during the same period. The majority of taxes are received during the second half of the month because of statutorily established dates for tax payments. The mid-month deficit projected for November in Fiscal Year 2013 is $734,621,000, occurring on November 15, 2012.

The State of Idaho is choosing to take a conservative external borrowing approach during Fiscal Year 2013 and intends to use internal borrowing resources to cover any month-end deficits not covered by the external borrowing amount.

TABLE 3
STATE OF IDAHO
GENERAL FUND CASH FLOW
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	Actual											Projected	
(000 Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
BEGINNING CASH BALANCE BEFORE BORROWING	**$ 78,312**	**$ 56,007**	**$ (213,518)**	**$ (486,890)**	**$ (402,412)**	**$ (569,235)**	**$ (451,496)**	**$ (332,792)**	**$ (387,711)**	**$ (314,766)**	**$ (6,937)**	**$ (30,883)**	**$ 78,312**
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	$ 75,960	$ 76,044	$ 77,141	$ 90,736	$ 74,551	$ 95,146	$ 122,335	$ 72,815	$ 92,158	$ 275,951	$ 72,814	$ 96,595	$ 1,222,246
Corporate Income Tax	5,413	3,879	25,697	9,302	2,921	24,197	7,845	6,882	13,152	30,160	9,376	37,936	176,760
Sales Tax	94,904	86,791	91,575	88,795	79,733	81,607	103,672	69,956	75,478	85,284	81,357	86,519	1,025,671
Product Taxes	7,100	7,210	3,622	3,319	3,228	3,250	3,203	3,165	3,110	3,246	3,257	3,371	47,081
Miscellaneous Revenues	13,528	1,686	9,745	2,408	7,453	11,036	2,279	6,382	3,300	4,176	14,714	43,417	120,124
Total Revenues	$ 196,905	$ 175,610	$ 207,780	$ 194,560	$ 167,886	$ 215,236	$ 239,334	$ 159,200	$ 187,198	$ 398,817	$ 181,518	$ 267,838	$ 2,591,882
Non-Revenue Transfers to GF	$ 34,005	$ -	$ 1,072	$ -	$ 220	$ 4,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 39,297
Non-Revenue Receipts	1,349	626	1,757	1,238	3,158	868	1,607	1,494	1,205	669	1,247	1,188	16,406
TAN - Interest (offset Int Exp)	-	-	-	-	-	-	-	-	-	-	-	9,944	9,944
TOTAL REVENUES AND RECEIPTS	**$ 232,259**	**$ 176,236**	**$ 210,609**	**$ 195,798**	**$ 171,264**	**$ 220,104**	**$ 240,941**	**$ 160,694**	**$ 188,403**	**$ 399,486**	**$ 182,765**	**$ 278,970**	**$ 2,657,529**
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	$ 33,974	$ 34,332	$ 57,500	$ 43,687	$ 38,879	$ 39,268	$ 42,740	$ 40,528	$ 34,871	$ 21,459	$ 18,550	$ 31,882	$ 437,670
Operating Costs	19,245	15,672	13,674	8,125	11,117	6,139	10,402	6,550	10,082	8,110	12,917	17,899	139,932
Capital Outlay	3,561	1,261	525	1,283	3,254	423	1,743	(1,509)	566	918	1,534	586	14,145
Trustee and Benefit Payments	30,174	6,481	6,574	5,503	5,691	12,094	8,389	4,721	4,846	8,803	7,699	2,181	103,156
Operating Transfers - Public Schools	79,922	330,778	348,378	-	232,252	-	-	116,126	-	-	116,127	-	1,223,583
Operating Transfers - All Others	86,473	56,634	55,724	51,634	43,536	43,536	57,381	47,761	63,959	51,634	48,696	74,674	681,642
Total Expenditures	$ 253,349	$ 445,158	$ 482,375	$ 110,232	$ 334,729	$ 101,460	$ 120,655	$ 214,177	$ 114,324	$ 90,924	$ 205,523	$ 127,222	$ 2,600,128
Non-Operating disbursements	1,215	603	1,606	1,088	3,358	905	1,582	1,436	1,134	733	1,188	1,247	16,095
TAN - Interest Expense	-	-	-	-	-	-	-	-	-	-	-	9,944	9,944
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 254,564**	**$ 445,761**	**$ 483,981**	**$ 111,320**	**$ 338,087**	**$ 102,365**	**$ 122,237**	**$ 215,613**	**$ 115,458**	**$ 91,657**	**$ 206,711**	**$ 138,413**	**$ 2,626,167**
ENDING CASH BALANCE BEFORE BORROWING	**$ 56,007**	**$ (213,518)**	**$ (486,890)**	**$ (402,412)**	**$ (569,235)**	**$ (451,496)**	**$ (332,792)**	**$ (387,711)**	**$ (314,766)**	**$ (6,937)**	**$ (30,883)**	**$ 109,674**	**$ 109,674**
Beginning After-Borrowing Balance	78,312	556,007	286,482	13,110	97,588	(69,235)	48,504	117,208	62,289	85,234	(6,937)	(30,883)	78,312
Borrowing													
Receipt	500,000	-	-	-	-	-	-	-	-	-	-	-	500,000
(Repayment)	-	-	-	-	-	-	(50,000)	-	(50,000)	(400,000)	-	-	(500,000)
Total Net Borrowing	$ 500,000	$ -	$ -	$ -	$ -	$ -	$ (50,000)	$ -	$ (50,000)	$ (400,000)	$ -	$ -	$ -
NET RECEIPTS OVER (UNDER) DISBURSEMENT	(22,305)	(269,525)	(273,372)	84,478	(166,823)	117,739	118,704	(54,919)	72,945	307,829	(23,946)	140,557	31,362
ENDING AFTER-BORROWING CASH BALANCE [1]	**$ 556,007**	**$ 286,482**	**$ 13,110**	**$ 97,588**	**$ (69,235)**	**$ 48,504**	**$ 117,208**	**$ 62,289**	**$ 85,234**	**$ (6,937)**	**$ (30,883)**	**$ 109,674**	**$ 109,674**

Note: Mid-month deficit for Fiscal Year 2012 at November 14, 2011 ($694,224).

(1) Borrowable Cash Resources and internal notes were used to cover negative balance.

Source: Division of Financial Management

TABLE 4
STATE OF IDAHO
PROJECTED GENERAL FUND CASH FLOW
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

(000 Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
BEGINNING CASH BALANCE BEFORE BORROWING (1)	**$ 109,674**	**$ 4,619**	**$ (273,284)**	**$ (540,891)**	**$ (464,123)**	**$ (630,375)**	**$ (530,575)**	**$ (405,209)**	**$ (462,636)**	**$ (406,004)**	**$ (106,954)**	**$ (141,822)**	**$ 109,674**
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	$ 78,079	$ 80,493	$ 77,773	$ 90,162	$ 79,592	$ 102,431	$ 133,633	$ 74,403	$ 86,387	$ 279,279	$ 77,142	$ 103,592	$ 1,262,966
Corporate Income Tax	7,078	2,828	25,948	9,741	3,341	25,515	10,912	4,144	13,651	34,684	8,583	31,753	178,178
Sales Tax	100,119	97,108	96,454	96,348	87,758	84,182	101,717	76,654	75,163	89,233	85,943	91,876	1,082,555
Product Taxes	3,334	7,268	3,549	3,374	3,390	3,382	3,319	3,235	3,255	3,376	3,336	3,494	44,312
Miscellaneous Revenues	7,404	1,976	9,780	1,703	2,114	12,012	1,246	3,747	5,891	2,267	1,820	48,741	98,701
Total Revenues	196,014	189,673	213,504	201,328	176,195	227,522	250,827	162,183	184,347	408,839	176,824	279,456	2,666,712
Transfers to General Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES AND RECEIPTS	**$ 196,014**	**$ 189,673**	**$ 213,504**	**$ 201,328**	**$ 176,195**	**$ 227,522**	**$ 250,827**	**$ 162,183**	**$ 184,347**	**$ 408,839**	**$ 176,824**	**$ 279,456**	**$ 2,666,712**
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	$ 43,419	$ 51,081	$ 44,953	$ 48,528	$ 41,377	$ 48,017	$ 42,398	$ 43,420	$ 51,082	$ 39,333	$ 31,671	$ 25,541	$ 510,820
Operating Costs	18,626	18,385	16,827	12,444	11,400	9,762	10,453	7,884	9,923	9,602	9,795	25,466	160,567
Capital Outlay	5,297	2,827	1,598	1,841	2,103	1,558	933	287	1,102	779	1,365	2,821	22,511
Trustee and Benefit Payments	10,934	6,230	9,172	4,847	4,471	4,998	5,066	2,440	3,691	3,175	3,284	4,424	62,732
Operating Transfers - Public Schools	121,999	335,201	352,551	0	235,034	0	0	117,517	0	0	117,517	0	1,279,819
Operating Transfers - All Others	100,794	53,852	56,010	56,900	48,062	63,387	66,611	48,062	61,917	56,900	48,060	41,747	702,302
Total Expenditures	$ 301,069	$ 467,576	$ 481,111	$ 124,560	$ 342,447	$ 127,722	$ 125,461	$ 219,610	$ 127,715	$ 109,789	$ 211,692	$ 99,999	$ 2,738,751
Non-Operating Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 301,069**	**$ 467,576**	**$ 481,111**	**$ 124,560**	**$ 342,447**	**$ 127,722**	**$ 125,461**	**$ 219,610**	**$ 127,715**	**$ 109,789**	**$ 211,692**	**$ 99,999**	**$ 2,738,751**
ENDING CASH BALANCE BEFORE BORROWING	**$ 4,619**	**$ (273,284)**	**$ (540,891)**	**$ (464,123)**	**$ (630,375)**	**$ (530,575)**	**$ (405,209)**	**$ (462,636)**	**$ (406,004)**	**$ (106,954)**	**$ (141,822)**	**$ 37,635**	**$ 37,635**
Beginning Cash Balance Before Borrowing	109,674	504,619	226,716	(40,891)	35,877	(130,375)	(30,575)	94,791	37,364	93,996	393,046	(141,822)	109,674
Borrowing													
Internal Notes	0	0	0	0		0	0	0	0	0	0	0	0
External Notes:	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	500,000	0	0	0	0	0	0	0	0	0	0	0	500,000
(Repayment)	0	0	0	0	0	0	0	0	0	0	0	(500,000)	(500,000)
Total Net Borrowing	$ 500,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (500,000)	$ 0
NET RECEIPTS OVER (UNDER) DISBURSEMENT	(105,055)	(277,903)	(267,607)	76,768	(166,252)	99,800	125,366	(57,427)	56,632	299,050	(34,868)	179,457	(72,039)
ENDING AFTER-BORROWING CASH BALANCE (2)	**$ 504,619**	**$ 226,716**	**$ (40,891)**	**$ 35,877**	**$ (130,375)**	**$ (30,575)**	**$ 94,791**	**$ 37,364**	**$ 93,996**	**$ 393,046**	**$ 358,178**	**$ 37,635**	**$ 37,635**

Note: Maximum cash flow deficit for Fiscal Year 2012 is projected to occur mid-month on November 15, 2012, and be ($734,621)..

(1) Beginning cash balance includes an encumbrance reserve of $10 million.

(2) Borrowable Cash Resources will be used to cover negative balances.

Source: Division of Financial Management

TABLE 5
STATE OF IDAHO
CASH FLOW SUMMARY BY QUARTER
FOR THE FISCAL YEAR ENDING JUNE 30, 2013

(000 omitted)	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
BEGINNING CASH BALANCE	**$ 109,674**	**$ (40,891)**	**$ (30,575)**	**$ 93,996**	**$ 109,674**
REVENUES AND RECEIPTS					
Revenues					
Individual Income Tax	$ 236,345	$ 272,185	$ 294,423	$ 460,013	$ 1,262,966
Corporate Income Tax	35,854	38,597	28,707	75,020	178,178
Sales Tax	293,681	268,288	253,534	267,052	1,082,555
Product Taxes	14,151	10,146	9,809	10,206	44,312
Miscellaneous Revenues	19,160	15,829	10,884	52,828	98,701
Total Revenues	$ 599,191	$ 605,045	$ 597,357	$ 865,119	$ 2,666,712
Non-revenue Receipts	-	-	-	-	-
TOTAL REVENUES AND RECEIPTS	**$ 599,191**	**$ 605,045**	**$ 597,357**	**$ 865,119**	**$ 2,666,712**
EXPENDITURES AND DISBURSEMENTS					
Expenditures					
Personnel Costs	$ 139,453	$ 137,922	$ 136,900	$ 96,545	$ 510,820
Operating Expense	53,838	33,606	28,260	44,863	160,567
Capital Outlay	9,722	5,502	2,322	4,965	22,511
Trustee and Benefit Payments	26,336	14,316	11,197	10,883	62,732
Operating Transfers-Public Schools	809,751	235,034	117,517	117,517	1,279,819
Operating Transfers-All Other	210,656	168,349	176,590	146,707	702,302
Total Appropriated Expenditures	$ 1,249,756	$ 594,729	$ 472,786	$ 421,480	$ 2,738,751
Non-Operating Disbursements	-	-	-	-	-
Net Interest Revenues/Expenditures on TAN	-	-	-	-	-
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 1,249,756**	**$ 594,729**	**$ 472,786**	**$ 421,480**	**$ 2,738,751**
TAX ANTICIPATION NOTES:					
Receipt	$ 500,000	$ -	$ -	$ -	$ 500,000
Repayment	-	-	-	(500,000)	(500,000)
ENDING CASH BALANCE[(1)]	**$ (40,891)**	**$ (30,575)**	**$ 93,996**	**$ 37,635**	**$ 37,635**

(1) Borrowable Cash Resources will be used to cover negative balances.

Source: Division of Financial Management

Assumptions Underlying the Monthly Allocation of Fiscal Year 2013 General Fund Disbursements

The Fiscal Year 2013 General Fund disbursements shown in Table 4 are classified as Personnel Costs, Operating Costs, Capital Outlay, Trustee and Benefit Payments, Operating Transfers—Public Schools and Operating Transfers—All Other. The total amount allocated to each classification was determined by consolidating all the Fiscal Year 2013 appropriations. Once the total classifications were determined, the monthly allocations were made in the following manner:

(i) *Personnel Costs:* The total personnel cost appropriation was based on the average of the five previous fiscal years with those months with three paydays assigned to the month in which those pay dates fell.

(ii) *Operating Costs, Capital Outlay, Trustee and Benefit Payments.* These costs were allocated on the basis of the average of the five previous fiscal years' monthly expenditure pattern.

(iii) *Operating Transfers—Public Schools.* Public School aid payments were allocated to the months in which the payments are to be made per Idaho Code (see "The Notes—Use of Proceeds").

(iv) *Operating Transfers—All Other.* The agencies receiving authority to transfer funds from the General Fund were consulted as to timing of transfers.

Interest Expense on Tax Anticipation Notes

Since the decision to issue or not to issue TANs is made subsequent to the legislative session, legislative revenue estimates do not include interest earnings on unexpended TAN proceeds, nor do expenditure estimates include the related interest expense. Net interest expense on the 2011 Notes is $1,319,444. Net interest expense on the 2012 Notes is $1,319,958. However, since the Fiscal Year 2013 legislative revenue estimate did not include a provision for interest earnings on the Notes, TAN interest revenues and expenses have been netted to zero on Tables 3 and 4.

THE ESTIMATES OF AMOUNTS AND TIMING FOR RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR 2013 CASH FLOW STATEMENT ARE BASED ON CERTAIN ASSUMPTIONS AND SHOULD NOT BE CONSTRUED AS STATEMENTS OF FACT. THE ASSUMPTIONS ARE BASED ON PRESENT CIRCUMSTANCES AND CURRENTLY AVAILABLE INFORMATION AND ARE BELIEVED TO BE REASONABLE. THE ASSUMPTIONS MAY BE AFFECTED BY NUMEROUS FACTORS AND THERE CAN BE NO ASSURANCE THAT SUCH ESTIMATES WILL BE ACHIEVED.

Borrowable Cash Resources

The State Treasurer, pursuant to Section 67-1212, Idaho Code, as amended, is authorized to engage in short-term internal borrowings from cash balances in other funds in the State Treasury as identified in Table 8 to meet cash flow shortfalls in the General Fund. Such amounts must be repaid when General Fund monies are available, subject to the pledge of General Fund revenues to pay the State's tax anticipation notes. Cash balances in the various funds maintained in the State Treasury are estimated to be $2,568 million at June 30, 2013. Set forth in Tables 6 and 7 are the actual internal Borrowable Cash Resources available to the State Treasurer for Fiscal Years 2008-2012 (estimated for May and June, 2012). Table 8 provides the estimated internal Borrowable Cash Resources available for Fiscal Year 2013.

Section 67-1212, Idaho Code, was amended by the 2010 Legislature (House Bill No. 664) to update the statutory language confirming and clarifying the State Treasurer's existing authority to pay State obligations when a particular fund has insufficient moneys. As amended, Section 67-1212 authorizes the State Treasurer to pay State warrants out of any available moneys and to allow the fund against which the warrants were drawn to remain negative for up to 30 days. If moneys are not sufficient in the fund after 30 days, the State Treasurer is required to make inter-fund transfers, subject to the following requirements: (i) all transfers must be identified by the available funds from which moneys are borrowed, the fund to which the moneys are transferred, the amount of the transfer, the anticipated interest rate consistent with the available funds' current rate of return, if applicable, the anticipated repayment date, and the reason for the transfer; (ii) interest, if applicable, must be paid on any transfer where required by law; and (iii) the State Treasurer is required to maintain an annual report of all such inter-fund transfers. Alternatively, the State Treasurer may issue TANs.

In the opinion of both bond counsel to the State and the Idaho Attorney General, the State Treasurer is fully authorized to borrow from the Borrowable Cash Resources of the State, if necessary, to pay the Notes when due, and such internal borrowings can, if necessary, be carried over into the next fiscal year of the State.

In prior years, the balance available at fiscal year-end in other funds controlled by the State Treasurer has been as shown in the following tables:

TABLE 6
BORROWABLE CASH RESOURCES

Fiscal Year	Year-End Balance
2008	3.140 billion
2009	3.063 billion
2010	2.562 billion
2011	2.758 billion
2012 [(1)]	2.538 billion
2013 [(2)]	2.568 billion

(1) June estimated.

(2) Estimated. See Table 8.

Source: Division of Financial Management

TABLE 7
STATE OF IDAHO
BORROWABLE CASH RESOURCES
FISCAL YEARS 2008-2013

(000 omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
ACTUAL												
Fiscal Year 2008	$ 2,663,677	$ 2,928,282	$ 2,908,119	$ 3,095,641	$ 3,282,143	$ 3,332,125	$ 3,427,469	$ 3,516,267	$ 3,448,222	$ 3,364,581	$ 3,302,738	$ 3,140,338
Fiscal Year 2009	3,159,841	3,450,317	3,258,342	3,416,932	3,519,322	3,817,377	3,593,266	3,641,517	3,573,368	3,777,740	3,170,470	3,063,990
Fiscal Year 2010	2,907,959	3,066,765	2,956,966	3,027,988	2,833,931	2,860,330	3,169,486	3,150,539	2,824,869	2,650,547	2,528,491	2,562,495
Fiscal Year 2011	2,405,400	2,556,386	2,803,678	2,533,489	2,698,822	2,712,606	2,804,725	2,875,629	2,689,035	2,587,870	2,672,399	2,758,931
Fiscal year 2012(1)	2,447,208	2,884,115	2,865,531	2,708,094	2,795,550	3,081,802	2,987,871	3,004,978	2,871,844	2,734,411	2,736,791	2,538,217
ESTIMATE												
Fiscal Year 2013	$ 2,513,031	$ 2,649,856	$ 2,201,356	$ 2,630,457	$ 2,616,779	$ 2,647,435	$ 2,850,918	$ 2,876,967	$ 2,628,742	$ 2,509,253	$ 2,500,017	$ 2,567,939

(1) June estimated.

Source: Division of Financial Management

TABLE 8
STATE OF IDAHO
ESTIMATED AVAILABLE BORROWABLE CASH RESOURCES
FISCAL YEAR 2013

(000's Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
NON-INTEREST BEARING												
Lottery	$ 1,386	$ 5,536	$ 8,107	$ 10,627	$ 15,009	$ 20,677	$ 20,035	$ 22,971	$ 25,973	$ 25,339	$ 32,183	$ 35,785
Co-Op Welfare	33,164	(1,284)	(617)	8,551	4,048	(11,017)	(10,718)	(4,040)	(11,622)	6,936	(2,077)	(38,376)
Co-Op DEQ	2,185	3,754	2,705	2,394	2,907	4,145	4,050	4,530	4,731	3,768	3,259	977
Tax Commission Refunds	15,310	30,169	46,704	59,174	66,148	79,349	101,600	53,359	17,177	34,383	14,557	1,645
Circuit Breaker/Sales Tax	17,909	32,004	46,037	22,343	35,543	39,457	20,108	31,462	43,373	23,861	36,650	39,749
Department of Lands	10,014	10,221	9,315	8,974	9,544	9,600	11,209	11,259	11,033	11,242	11,652	11,271
State Regulatory Agency Accounts	41,920	39,689	39,092	37,970	39,311	39,338	42,511	43,098	46,766	45,310	48,143	48,812
All Other Non-Interest Bearing Funds	161,205	166,968	331,861	173,524	60,184	53,704	205,414	207,315	142,183	144,221	152,377	205,581
TOTAL NON-INTEREST BEARING	$ 283,093	$ 287,057	$ 483,204	$ 323,557	$ 232,694	$ 235,253	$ 394,209	$ 369,954	$ 279,614	$ 287,351	$ 296,744	$ 305,444
INTEREST BEARING												
Permanent Building	$ 6,927	$ 5,870	$ 4,813	$ 3,756	$ 2,699	$ 1,642	$ 216	$ 2,446	$ 3,672	$ 2,615	$ 1,558	$ 501
Water Pollution Control	2,723	1,767	2,169	2,397	2,798	2,200	2,430	2,922	3,233	3,462	3,867	4,270
Endowments	65,366	44,068	44,173	44,077	44,394	44,136	43,835	43,760	43,649	43,494	18,879	18,751
Public School Income	47,936	51,147	52,780	52,443	52,861	55,049	58,370	44,442	44,685	48,406	46,705	41,957
Unemployment Clearing	22,700	18,525	25,292	23,533	21,486	24,891	26,381	50,546	23,227	25,057	41,438	25,938
Group Insurance	85,450	91,396	94,185	95,370	92,615	87,636	90,688	89,638	93,664	91,171	89,670	91,705
State Highway Accounts	56,027	55,738	68,685	42,241	54,063	69,544	51,057	68,031	78,971	61,344	69,755	82,614
Budget Reserve	23,612	23,612	30,099	30,099	30,099	36,586	36,586	36,586	43,073	43,073	43,073	49,560
Risk Management	4,636	4,294	5,811	8,165	7,521	7,183	6,897	6,509	6,072	5,725	5,461	5,137
Idaho Millennium Fund	15,001	11,311	11,321	11,331	11,341	11,351	11,361	11,371	11,382	16,393	16,404	16,414
Land Improvement	17,139	17,633	19,561	16,036	20,661	17,734	15,915	23,221	19,387	17,171	22,185	19,731
Liquor Control	21,004	14,711	17,208	13,182	14,305	20,708	15,646	16,668	20,325	16,708	18,598	16,766
Petroleum Price	4,087	4,081	4,099	4,083	4,096	4,084	4,094	4,092	4,111	4,144	4,148	4,107
Interagency Billing Accounts	8,695	9,572	9,013	8,842	8,201	7,819	8,780	9,942	8,778	7,769	8,013	6,612
Joint Exercise of Powers	1,315,702	1,486,532	795,695	1,426,764	1,452,722	1,417,890	1,497,890	1,535,334	1,380,934	1,247,358	1,216,152	1,268,726
Catastrophic Health Care	19,716	17,940	16,609	12,319	10,577	7,677	5,443	3,517	1,596	8,340	6,681	2,792
All Other Interest Bearing funds	513,217	504,602	516,639	512,262	553,646	596,052	581,120	557,988	562,369	579,672	590,686	606,914
TOTAL INTEREST BEARING	$ 2,229,938	$ 2,362,799	$ 1,718,152	$ 2,306,900	$ 2,384,085	$ 2,412,182	$ 2,456,709	$ 2,507,013	$ 2,349,128	$ 2,221,902	$ 2,203,273	$ 2,262,495
TOTAL INTERNAL CASH BORROWING RESOURCES	$ 2,513,031	$ 2,649,856	$ 2,201,356	$ 2,630,457	$ 2,616,779	$ 2,647,435	$ 2,850,918	$ 2,876,967	$ 2,628,742	$ 2,509,253	$ 2,500,017	$ 2,567,939

Source: Division of Financial Management

Internal Borrowing

If General Fund cash flow shortages exist for more than 30 days, the State Treasurer may issue internal notes or registered warrants to correct the shortfall. Internal notes or registered warrants are notes issued by the General Fund to borrow monies from other available State funds or accounts. They are subject to the requirement that such amounts be repaid when General Fund monies are available, but are subordinate to the pledge of fourth quarter General Tax Revenues pledged to the repayment of the Notes. The following table provides information on the internal borrowings that existed for more than 30 days issued by the State Treasurer since Fiscal Year 2007.

TABLE 9
INTERNAL BORROWINGS OVER 30 DAYS

Fiscal Year	Par Amount	Issued	Repaid
2007	$ 170,000,000	12/12/2006	04/25/2007
2008	49,300,000	12/27/2007	03/18/2008
2009	41,569,000	12/24/2008	01/21/2009
2009	184,144,000	06/11/2009	06/15/2009
2010	280,717,000	11/12/2009	01/13/2010
2010	125,000,000	03/19/2010	06/30/2010
2010	65,000,000	06/04/2010	06/30/2010
2011	67,223,755	06/17/2011	06/30/2011
2012	64,478,000	06/05/2012	06/30/2012*

* Expected.

Source: Idaho State Treasurer

Tax Anticipation Notes

In the past ten fiscal years the State Treasurer has issued TANs which were sold in the open market. Table 10 sets forth the TANs issued by the State Treasurer for the past ten fiscal years.

TABLE 10
TAX ANTICIPATION NOTES
Fiscal Years 2002-2012

Fiscal Year	External Notes ($ 000)	Note Payment Account Fully Funded
2002	$ 250,000	04/24/2002
2003	350,000	04/17/2003
2004	375,000	05/14/2004
2005	230,000	04/21/2005
2006	260,000	04/21/2006
2007	100,000	04/24/2007
2008	400,000	05/07/2008
2009	600,000	05/05/2009
2010	500,000	04/23/2010
2011	500,000	05/05/2011
2012	500,000	04/24/2012

Source: Idaho State Treasurer

Series 2011 Notes

The State issued $500 million in Tax Anticipation Notes, Series 2011 (the "2011 Notes"), on July 1, 2011, to mature on June 29, 2012. The 2011 Notes were issued in anticipation of the income and revenues and taxes to be received by the General Fund during the fourth quarter of Fiscal Year 2012. In accordance with the Act, all income and revenues from the taxes collected during the fourth quarter of Fiscal Year 2012 will be deposited into the Series 2011 Note Payment Account as received until the monies therein, together with investment earnings, are sufficient to pay principal of and interest on the 2011 Notes at maturity.

Sufficient monies to redeem the 2011 Notes with full payment of interest at maturity will be deposited into the Series 2011 Note Payment Account held by the Escrow/Paying Agent and irrevocably set aside solely for the June 29, 2012, payment of the principal of and interest on the 2011 Notes. The State Treasurer began funding the Series 2011 Note Payment Account on January 30, 2012, and had deposited into the Series 2011 Note Payment Account as of April 24, 2012, a total of $509,944,444, fully funding the Series 2011 Note Payment Account.

Authorized Investments

State law, Idaho Code Section 67-1210, and the State Treasurer's Investment Policy direct the investment of State funds in direct obligations of the Federal Government, FDIC-insured certificates of deposit from banks located in the State, collateralized repurchase agreements, or other investment instruments as specified in the Code. The average maturity of the State's investment portfolio was 498 days as of April 24, 2012.

Monies in the Note Payment Account will be invested in direct obligations of the Federal Government and in certain fully collateralized investments permitted under Section 67-1210, Idaho Code. The State Treasurer has covenanted not to invest monies in the Note Payment Account in debt obligations of the State, its political subdivisions, or taxing districts or authorities. The State Treasurer has also covenanted to invest all monies in the Note Payment Account in securities that mature no later than June 28, 2013.

STATE FINANCES

Annual Balanced Budget Requirement

Article VII, Section11, of the Constitution requires the State of Idaho to have a balanced budget annually and reads as follows.

"*Expenditure not to exceed appropriation.* No appropriation shall be made, nor any expenditure authorized by the legislature, whereby the expenditure of the state during any fiscal year shall exceed the total tax then provided for by law, and applicable to such appropriation or expenditure, unless the legislature making such appropriation shall provide for levying a sufficient tax, not exceeding the rates allowed in section nine of this article, to pay such appropriation of expenditure within such fiscal year. This provision shall not apply to appropriations or expenditures to suppress insurrection, defend the state, or assist in defending the United States in time of war." In addition to the constitutional requirement for a balanced budget, Sections 67-3512 and 67-3512A, Idaho Code, provide authority to the Governor and the Board of Examiners to reduce appropriations in order to meet the constitutional balanced budget requirement.

Idaho statutes further provide the following:

"*67-3512 Reduction of legislative appropriations.* Any legislative appropriation made for any department, office or institution of the state may be reduced in amount by the state board of examiners upon investigation and report of the administrator of the division of financial management; provided, that before such reduction is ordered the head of such department, office or institution shall be allowed a hearing before said state board of examiners and may at such hearing present such evidence as he may see fit. No reduction of legislative appropriations made to executive department agencies shall be made without hearing unless and until the head of such department, office or institution shall file his consent in writing thereto. No reduction of legislative appropriations for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties. No reduction of legislative appropriations for the legislative and judicial departments shall be made without the permission in writing of the head of such department."

"*67-3512A Temporary reduction of spending authority.* Whenever the governor as chief budget officer of the state may determine that the expenditures authorized by the Legislature for the current fiscal year shall exceed anticipated moneys available to meet those expenditures, the governor by executive order may reduce the spending authority on file in the office of the state controller for any department, office or institution of the state; provided, that no reduction of spending authority for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties and provided that no reduction of spending authority for the legislative and judicial departments shall be made without the permission in writing of the head of such department. The head of any executive department, office or institution of the state may appeal the temporary reduction of spending authority to the state board of examiners, and the state board of examiners may, after hearing and consideration of evidence, restore said spending authority to its original level or to such lesser level as may be required to assist the state in maintaining a balanced budget. The governor may not temporarily reduce spending authority to a level lower than that required to insure that state expenditures do not exceed revenues. A temporary reduction of spending authority pursuant to this section shall not result in a reduction of appropriation. The governor at any time by executive order may restore spending authority which has been temporarily reduced to its original level."

Statewide Accounting Policies and Practices

The Statewide Accounting and Reporting System is an accounting, financial reporting, and budgetary control system; it is the accounting system of record for the State and is maintained by the State Controller. The State maintains records on a budgetary (cash) basis during the fiscal year and records accrual entries for financial reporting purposes at fiscal year end.

The State Treasurer is responsible for the receiving and disbursement of all State monies, management of all bank accounts, and investments of cash not required to meet immediate needs. Some funds are invested separately, and the remaining cash balances are combined for investment purposes. All interest earned is credited to the General Fund unless otherwise required by law or policy.

Financial Reporting and Budgeting

The State produces a Comprehensive Annual Financial Report ("CAFR") in accordance with generally accepted accounting principles as defined by the Government Accounting Standards Board. The State's CAFR can be viewed at *http://www.sco.idaho.gov*. The CAFR has received unqualified audit opinions from the State's Legislative Service auditors and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association every year since 1997.

The State Division of Financial Management prepares the Governor's Executive Budget, monitors legislative action involving the budget, and produces the revenue and economic forecasts. The Governor's Executive Budget, the Budget Activity Summary, which includes legislative action taken through the 2012 session and delineates changes to the Governor's budget, and the General Fund Revenue Book are all available at *http://www.dfm.idaho.gov*.

Revenue Projection Process

The Legislature has not produced its own revenue forecast since 1993. However, a joint legislative economic outlook committee meets at the beginning of the legislative session to review the executive revenue forecast and advise legislative leadership concerning the viability of that forecast.

The State Division of Financial Management ("DFM") prepares the Governor's Executive Budget, monitors legislative action involving the budget, and produces the revenue and economic forecasts. The Governor's Executive Budget, the Budget Activity Summary, which includes legislative action taken through the 2012 session and delineates changes to the Governor's budget, and the General Fund Revenue Book are all available at *http://www.dfm.idaho.gov*.

The Legislature and the Governor have a constitutional responsibility to achieve a balanced budget. In January 2012, the Legislature's Joint Economic Outlook and Revenue Assessment Committee recommended adopting a General Fund revenue forecast for Fiscal Year 2013 that was below the executive revenue forecast for that year. This reduced General Fund revenue forecast was adopted by the Joint Finance and Appropriation Committee and used for legislative budgeting purposes.

Executive Revenue Forecasts

The executive branch forecasts General Fund revenues for use in the development of the Executive Budget and for management of current year fiscal operations. Official executive revenue forecasts are released two times each year, and monthly revenues are monitored year-round on an on-going basis. The semiannual forecast update cycle results in three separate executive revenue forecasts for each fiscal year. The first occurs in January, six months before the start of the fiscal year in question. The second is in August, at the beginning of the fiscal year in question. The third and final forecast is in January, midway through the fiscal year in question.

In 2008 and 2009, there were mid-session *ad hoc* executive General Fund revenue forecast updates that were necessitated by rapidly changing economic and revenue circumstances. In both cases, these updated executive revenue forecasts were subsequently adopted by the Legislature for budgeting purposes.

Unobligated Cash Balances

The General Fund unobligated cash balance for the past ten years is listed below. These figures represent the ending cash balance less encumbrances.

TABLE 11
UNOBLIGATED CASH BALANCES

Fiscal Year	Unobligated Cash Balance
2002	$ 1,343,000
2003	15,746,000
2004	100,244,000
2005	211,041,000
2006	298,659,000
2007	247,274,000
2008	223,925,000
2009	13,500
2010	37,500
2011	68,618,000
2012 (est.)	99,674,000

Source: Division of Financial Management

STATE RESERVE FUNDS

The balances in the Budget Stabilization Fund, the Economic Reserve Fund, the Public Education Stabilization Fund, and the Higher Education Stabilization Fund at fiscal year end are shown below. A full description of each fund is included in this section.

TABLE 12
STATE RESERVE FUNDS

Fiscal Year	Budget Stabilization Fund	Economic Recovery Reserve Fund	Public Education Stabilization Fund	Higher Education Stabilization Fund
2008	$ 140,624,640	$ 66,133,400	$ 112,046,104	$ -
2009	128,224,640	68,100,563	17,979,354	-
2010	30,820,000	48,846,700	23,174,100	-
2011	99,672	53,743	11,153,960	-
2012 (est.)	23,612,218	55,959	36,946,571	366,411
2013 (est.)	49,560,000	59,559	15,613,971	516,411

Source: Division of Financial Management

Budget Stabilization Fund

Section 57-814, Idaho Code, creates in the State Treasury the Budget Stabilization Fund (the "BSF") for the purpose of meeting General Fund revenue shortfalls and to meet expenses incurred as the result of a major disaster declared by the Governor. Interest earnings from the investment of moneys in this fund by the State Treasurer will be credited to the Permanent Building Account subject to the provisions of Section 67-1210, Idaho Code.

If the State Controller certifies that the receipts to the General Fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than 4%, then the State Controller will transfer all General Fund collections in excess of 4% to the BSF, up to a maximum of 1% of the actual General Fund collections of the fiscal year just ending. The amount of money in the BSF may not exceed 5% of the total General Fund receipts for the fiscal year just ending. Appropriations of moneys from the BSF in any year will be limited to 50% after the fund balance has reached 5% of the total General Fund receipts for that fiscal year.

House Bill 702, passed in the 2012 legislative session, specifies that any excess cash balance in the General Fund upon the financial close of Fiscal Year 2012 are to be transferred to the Budget Stabilization Fund after providing for an ending balance of $5,000,000 to be carried over into Fiscal Year 2013, plus an amount sufficient to cover General Fund appropriations in Fiscal Year 2013, that rely upon Fiscal Year 2012 year-end balances, encumbrances authorized by the Division of Financial Management, and any General Fund reappropriation authorized by the Legislature.

Economic Recovery Reserve Fund

Section 67-3520, Idaho Code, creates in the State Treasury the Economic Recovery Reserve Fund (the "ERRF") for the purpose of meeting General Fund revenue shortfalls, meeting expenses incurred as the result of a major disaster declared by the Governor, or providing one-time tax relief payments to the citizens of the State. Moneys in the ERRF consist of moneys remitted pursuant to Section 63-2520, Idaho Code. Interest earnings from the investment of moneys in this fund by the State Treasurer will be retained in the ERRF.

Public Education Stabilization Fund

The Public Education Stabilization Fund (the "PESF") has been created in the State Treasury as a fund detail of the Public School Income Fund. The PESF consists of moneys transferred to the fund according to the provisions of Sections 33-905 and 33-1018, Idaho Code, and any other moneys made available through legislative transfers or appropriations. Moneys in the PESF are continuously appropriated for the purposes stated in Sections 33-1018 and 33-1018B, Idaho Code, and may only be expended for the purposes stated in Sections 33-1018, 33-1018A and 33-1018B, Idaho Code. Interest earned from the investment of moneys in the PESF will be retained in the PESF. Any accumulated balances in the PESF that are in excess of 8.334% of the current fiscal year's total appropriation of State funds for public school support will be transferred to the State Bond Levy Equalization Support Program (the "Bond Levy Program") Fund.

Higher Education Stabilization Fund

The Higher Education Stabilization Fund (the "HESF") has been created in the State Treasury. The HESF creates a strategic reserve to be utilized as a mitigation tool to minimize the impact of economic downturns on higher education in the State. Funding for the HESF is generated from two revenue sources, flowing into three accounts. The first account is established through the interest generated from the submission of tuition and fees to the State General Account. The second and third accounts are funded through the appropriation of surplus monies in times of economic abundance.

RECENT DEVELOPMENTS

Individual and Corporate Tax Rate Reduction

The 2012 Legislature enacted and the Governor signed into law House Bill 563. This legislation reduces the Idaho individual and corporate income tax rates on a certain amount of Idaho taxable income. The maximum individual income tax rate imposed upon individuals is reduced from 7.8% to 7.4%, and the maximum corporate income tax rate imposed upon registered Idaho corporations is reduced from 7.6% to 7.4%. The Fiscal Note to House Bill 563 states that the reduction in individual and corporate tax rate will reduce General Fund revenues by approximately $35.7 million dollars for Fiscal Year 2013. These funds have been accommodated in Governor Otter's budget recommendations for Fiscal Year 2013.

Idaho Public Schools

The public education total fund appropriation for Fiscal Year 2013 was set at $1.83 billion, a increase of $13.0 million from the Fiscal Year 2012 original total fund appropriation. The Fiscal Year 2013 General Fund portion was $1.28 billion, an increase of $56.2 million from the Fiscal Year 2012 original General Fund appropriation.

2011 Idaho Public Schools Legislation; Referendums. The 2011 Legislature enacted, and the Governor signed, three bills—Senate Bills Nos. 1108, 1110, and 1184—making significant changes to public education policy in Idaho.

Senate Bill No. 1108 extensively amended existing law relating to public teacher contracts. It eliminates automatically renewable contracts, limits teacher contracts to one or two years, limits negotiated labor agreements to one year, and requires unions to provide documentation each year that they represent at least 50% of employees.

Senate Bill No. 1108 also repealed a statutory provision that allowance of funds from the State educational support program may be based on average daily attendance during the immediately preceding school year, less one percent (the "99% rule," which provided a funding floor for districts experiencing declining enrollment). This provision was subsequently amended to keep the 99% rule in place for the remainder of the 2010-2011 fiscal year, with the funding floor being reduced to 97% for the 2011-2012 fiscal year and eliminated for subsequent years.

Senate Bill No. 1110 created a new Section 33-1004I, Idaho Code, to take effect on July 1, 2012, to provide for "pay for performance" for public school teachers and administrators.

Senate Bill No. 1184 requires the posting of a fiscal report card for each education provider and requires the provision of computing devices and online courses.

Each of these bills was subsequently amended to declare an emergency and to provide that the bill would be in full force and effect immediately upon being signed by the Governor.

The 2012 Legislature enacted, and the Governor signed, House Bill No. 698, amending Section 33-1004E, Idaho Code, to remove requirements contained in Senate Bill No. 1184 for reductions in salary-based apportionment for school district teachers, administrators, and classified support staff for Fiscal Year 2013 and beyond. The salary reductions were intended to generate General Fund savings to pay for a portion of the 2011 education reforms. The Fiscal Note to House Bill No. 698 states that the fiscal impact would require alternative sources of ongoing general State funds to replace the required reductions. The amount of general funds that would be required for the next five fiscal years was estimated to be $34,747,500.

On March 18, 2011, following enactment of Senate Bills Nos. 1108, 1110, and 1184, a citizens group, "Idahoans for Responsible Education Reform," filed referendum petitions with the Idaho Secretary of State's office seeking voter referendums on the three bills. The Idaho Attorney General approved each petition as to form, and the required number of signatures for each petition was obtained within the time provided by law. Therefore, the following three referendum propositions (each of which would require a majority vote for approval) will appear on the November 6, 2012, general election ballot State-wide:

(i) Proposition 1: to approve or reject Senate Bill No. 1108, limiting negotiated agreements between teachers and school boards and ending the practice of issuing renewable contracts.

(ii) Proposition 2: to approve or reject Senate Bill No. 1110, providing for teacher performance pay based on State-mandated test scores, student performance, hard-to-fill positions, and leadership.

(iii) Proposition 3: to approve or reject Senate Bill No. 1184, amending school district funding and requiring provision of computing devices and online courses for high school graduation.

Grocery Tax Credit

House Bill 588 was passed in 2008 increasing the income tax credit State residents receive as an offset for the sales tax they pay on groceries. The legislation incrementally increases the Grocery Tax Credit starting in 2008 until the full value of $100 is reached. The fiscal impact of House Bill 588 is as follows:

TABLE 13
FISCAL IMPACT OF HOUSE BILL 588

Tax Year	Fiscal Year	Reduction
2008	2009	$50.1 million
2009	2010	65.3 million
2010	2011	76.3 million
2011	2012	90.6 million
2012	2013	105.6 million
2013	2014	121.1 million
2014	2015	133.3 million
2015	2016	145.9 million
2016	2017	148.4 million
2017	2018	150.9 million

Source: Division of Financial Management

Business Personal Property Tax

House Bill 599 was passed in 2008 exempting a property taxpayer's first $100,000 of personal property value per county from the property tax. The revenue loss to local government from the exemption of personal property will be replaced by a perpetual appropriation from the State's General Fund. The amount of replacement revenue will be based on each year's actual property tax reduction to local taxing districts. Once General Fund revenue in a trigger year reaches at least 105% of the actual General Fund revenue received in Fiscal Year 2008, the exemption is permanently in place.

Actual General Fund revenue in Fiscal Year 2008 was $2,907,976,000, meaning the exemption will not take effect until General Fund revenue reaches a level of $3,053,375,000. The General Fund revenue is forecast to pass this threshold in Fiscal Year 2016, which would result in no personal property exemption before property tax year 2017, and no General Fund revenue impact before Fiscal Year 2018.

Idaho Global Entrepreneurial Mission

The Governor proposed and the Legislature established the Idaho Global Entrepreneurial Mission ("IGEM"). The vision of the IGEM is to leverage private-industry guidance and the talent and expertise of the State's research universities to commercialize innovative and viable technologies that will strengthen the State's economy. House Bill 546 provided enabling legislation that creates the IGEM Council, outlines rules and responsibilities, and establishes commercialization revenue distribution. Legislative appropriations provided $1 million to the Department of Commerce with $950,000 for innovation grants, $2 million in ongoing funding for the Center for Advanced Energy Studies, and $2 million in increased research funding for Idaho's Universities.

Judges' Retirement Fund

House Bill 660 establishes changes to the Judges' Retirement Fund based on extensive deliberation by all three branches of government over several years, as well as consultation with the board members, staff, and actuary of the Public Employee Retirement System of Idaho ("PERSI"), and provides a comprehensive approach to ensuring a sound financial footing for the Judges' Retirement Fund for years to come. The major changes are increases in the employer and employee contribution rates, plan benefit changes, and the administration of the plan transfers to PERSI after receipt of an IRS determination letter stating the Judges' Retirement Fund is a qualified plan.

State Workers Pay Raise

House Concurrent Resolution 40 provides for and the Fiscal Year 2013 appropriations bills include a 2% change in employee compensation for all classified and nonclassified performing permanent employees.

Capitol Mall Parking House Current Resolution 047

This concurrent resolution addressed a critical shortage of parking in the Capitol Mall by allowing the Department of Administration to enter into agreements with the Idaho State Building Authority to finance a second multi-level parking facility in the Capitol Mall. According to the Fiscal Note to the resolution, the estimated cost to construct a multi-level parking facility is approximately $6.0 to $8.0 million. The savings from the refinancing of facility bonds and applying the savings with the additional revenue from parking permits would result in no additional burden on the permanent building fund, and would be completely self-supporting for ongoing maintenance and operation costs.

RECENT FINANCIAL INFORMATION REGARDING THE STATE

In the following sections, all references to the original Fiscal Year 2013 and revised Fiscal Year 2012 executive revenue forecasts are based on forecasts that were produced in December 2011, published in the Fiscal Year 2013 Executive Budget, and presented to the legislative Joint Economic Outlook and Revenue Assessment Committee ("EORAC") in January 2012. The EORAC adopted General Fund revenue forecasts of $2,552 million for Fiscal Year 2012 and $2,667 million for Fiscal Year 2013. The amount adopted for Fiscal Year 2013 is lower than the amount of $2,700 million that was published by the executive branch. The following discussion of Fiscal Year 2013 and Fiscal Year 2012 revenue detail is based solely on the published executive revenue forecasts, as the forecasts that were adopted by the EORAC were for total General Fund revenue only, and do not specify the amounts at the detailed revenue category level.

Fiscal Year 2013

General. The total amount of General Funds forecasted to be available in Fiscal Year 2013 is $2,776,386,000. This consists of $109,674,000 in beginning balance, $2,700,260,000 in original projected revenues (executive forecast), less $33,547,000 in net revenue adjustments that result from law changes that were enacted during the 2012 legislative session. Fiscal Year 2013 original appropriations of $2,702,106,000, plus $10,000,000 in prior year encumbrances plus $26,645,000 in transfers out of the General Fund leave an expected Fiscal Year 2013 General Fund ending balance of $37,635,000.

The following discussion of specific revenue categories is based on the Fiscal Year 2013 Executive Budget published and presented to the Legislature in January 2012. The legislative revenue forecast used for purposes of the Fiscal Year 2013 budget is $32.7 million lower, but the reduction did not specify how much revenue is forecast in specific revenue categories such as individual income tax, corporate income tax, etc. Consequently, it is not possible to discuss the legislative General Fund revenue forecast in this detailed context.

Individual Income Tax. The individual income tax, at $1,295.0 million in Fiscal Year 2013, is the largest component of General Fund revenue. It is expected to grow by 6.2%, or $75.2 million, from Fiscal Year 2012. This growth represents the continuing economic recovery in Idaho. Four laws enacted during the 2012 legislative session impacted the Fiscal Year 2013 individual income tax forecast and are not reflected in the original executive forecast. House Bill 563 (Tax Relief Package) reduces revenue by $30.9 million. House Bill 485 (tax deductible energy efficient upgrades) reduces revenue by $850,000. House Bill 661 (income tax credit for new employees) reduces revenue by $125,000. House Bill 634 (income taxes paid to other states) reduces revenue by $ 125,000. Combined, these actions decrease the Fiscal Year 2013 individual income tax forecast by $32 million to $1,263.0 million.

Corporate Income Tax. The corporate income tax is forecast to grow by $6.08 million (3.4%) to $182.84 million in Fiscal Year 2013. Two laws enacted during the 2012 legislative session impacted the Fiscal Year 2013 corporate income tax forecast and are not reflected in the original executive forecast. House Bill 563 (Tax Relief Package) reduces revenue by $4.8 million. House Bill 363 (income tax, passive losses) raises revenue by $150,000. Together, these changes lower the corporate income tax by $4.6 million to $178.2 million.

Sales Tax. The sales tax is forecast to grow by 6.8% in Fiscal Year 2013, an increase of $69.3 million to $1,082.72 million. There was one legislation change made in 2012 that impacts sales tax revenue in Fiscal Year 2013. House Bill 417 (aircraft parts exemption) lowers revenue by $164,000. This change reduces the sales tax to $1,082.56 million.

Product Taxes. General Fund revenues from product taxes are forecasted to decrease by $2.24 million (5.2%) in Fiscal Year 2013. House Bill 450 diverts $1.5 million to the Alcohol Beverage Control fund. Senate Bill 1410 adjusts the cigarette taxes needed for bond levy equalization and makes an additional $ 4.9 million available to the General Fund. Combined, these actions increase the Fiscal Year 2013 product taxes by $3.5 million to $44.3 million.

Miscellaneous Revenues. Miscellaneous revenues are projected to decline by $0.85 million (0.9%) in Fiscal Year 2013.

Fiscal Year 2012

The total amount of General Funds forecasted to be available in Fiscal Year 2012 is $2,733.406 million. This consists of $78.312 million in beginning balance ($68.650 unrestricted plus $9.662 million encumbrance reserve), plus $2,552.710 million in projected revenues (executive forecast), less $0.15 million in revenue forecast adjustment (law changes), plus $13.300 million expected for the mortgage foreclosure settlement, plus $35.966 in year-to-date unanticipated revenue, plus $39.297 million in fund transfers into the General Fund, plus $13.971 in non-revenue receipts.

One bill accounts for all but $1,045,700 of the fund transfers. Senate Bill 1201 transfers $21,959,000 from the Millennium Fund, $8,000,000 from the Liquor Control Fund, and $ 7,000,000 from the Permanent Building Fund into the General Fund.

General Fund expenditures in Fiscal Year 2012 are projected to total $2,623.732 million. This consists of $2,528.960 million in original appropriations, plus $9.870 million in prior year reappropriations and encumbrances, plus $19.860 million in supplementals, plus $4.225 million in deficiency warrants, plus $ 57.157 million in transfers out, less $10 million in estimated encumbrances, plus $13.660 in non-operating disbursements. The projected ending balance is $109.674 million (includes an estimated $10 million encumbrance reserve).

The current Fiscal Year 2012 General Fund revenue forecast of $2,552.7 million is $108.2 million (4.4%) higher than the actual revenues received in Fiscal Year 2011. The following discussion of the major categories of General Fund revenue is based on the executive revenue forecast.

Individual Income Tax. The individual income tax, at $1,219.7 million forecast for Fiscal Year 2012, is the largest component of General Fund revenue. It is expected to increase 5.8%, or $67.1 million, from Fiscal Year 2011.

Corporate Income Tax. The corporate income tax forecast for Fiscal Year 2012 is $176.7 million (4.6%) higher than the actual revenues received in Fiscal Year 2011.

Sales Tax. The sales tax forecast for Fiscal Year 2012 is $1,013.4 million (4.2%) higher than the actual revenues received in Fiscal Year 2011. This increase will be reduced by $164,000 due to House Bill 417.

Product Taxes. The Fiscal Year 2012 product tax is $43.1 million (0.8%) higher than the actual revenues in Fiscal Year 2011.

Miscellaneous Revenues. The Fiscal Year 2012 miscellaneous revenue is $99.6 million (7.5%) lower than the actual revenues in Fiscal Year 2011.

Fiscal Year 2011

General Fund revenue in Fiscal Year 2011 was $2,444.47 million. An additional $37,500 beginning balance was available as a carryover from the prior year. Transfers into the General Fund totaled $80.487 million. The largest transfers in were $30.1 million from the Budget Stabilization Fund and $48.8 million from the Economic Recovery Reserve Fund. There was an additional $1.46 million from Miscellaneous Adjustments. Total General Fund revenue available in Fiscal Year 2011 was $2,526.463 million.

Actual General Fund revenue increased 7.9% in Fiscal Year 2011. This was $85.3 million, or 3.6%, above the revised executive forecast made in January 2011. All revenue categories contributed to this surplus. The individual ($25.7 million) and corporate ($45.9 million) income taxes were the two largest, together accounting for $71.6 million of the Fiscal Year 2011 excess.

Individual Income Tax. Individual income tax revenue increased by 8.5% ($90.9 million) in Fiscal Year 2011. This is $25.8 million more than the $65.0 million (6.1%) increase expected in the January 2011 executive forecast.

Corporate Income Tax. Corporate income tax revenue increased by 74.1% ($71.9 million) in Fiscal Year 2011. This is $45.9 million more than the $26.0 million (26.9%) increase expected in the January 2011 executive forecast.

Sales Tax. Sales tax revenue increased by $16.5 million (1.7%) in Fiscal Year 2011. This is $7.2 million (0.8%) higher than forecasted by the January 2011 executive forecast.

Product Taxes. The product tax revenue category grew by $1.6 million (4.0%) in Fiscal Year 2011. This is $0.1 million more than the $1.5 million (3.7%) increase expected in the January 2011 executive forecast.

Miscellaneous Revenues. Miscellaneous revenues were $107.7 million in Fiscal Year 2011, a 0.7% decrease.

General Fund Expenditures. General Fund spending in Fiscal Year 2011 was $2,457.813 million. This consisted of $2,383.836 million in original appropriations, plus $1.498 million in prior year reappropriations, plus $73.845 million in supplementals, less $4.552 million in reversions, plus $0.185 million in miscellaneous adjustments. A balance of $68,650 million was carried forward to Fiscal Year 2012.

Additional Information

The tables on the following two pages provide historical information on the State's revenues and expenditures, as well as the current budget.

TABLE 14
STATE OF IDAHO
GENERAL FUND
SUMMARY OF THE FISCAL YEAR 2013 BUDGET
(CASH BASIS)

(000s omitted)	BUDGET	PERCENT
UNOBLIGATED CASH BALANCE JUNE 1	**$ 99,674**	
Add Beginning Encumbrances	10,000	
Beginning Cash Balance	$ 109,674	
REVENUES		
Individual Income Tax	$ 1,262,966	47.37%
Corporate Income Tax	178,178	6.68%
Sales Tax	1,082,555	40.60%
Cigarette Tax	13,077	0.49%
Tobacco Tax	8,987	0.34%
Beer and Wine Tax	5,450	0.20%
Kilowatt Tax	2,200	0.08%
Mine License Tax	1,750	0.07%
Liquor Surcharge	16,798	0.63%
Estate Tax	0	0.00%
Insurance Premium Tax	53,317	2.00%
Total Taxes	$ 2,625,278	98.46%
State Treasurer	640	0.02%
Court Fines	5,285	0.20%
Miscellaneous	35,509	1.33%
TOTAL REVENUES	**$ 2,666,712**	**100.00%**
Transfers & Non- Revenue Receipts	0	
TOTAL REVENUES AND TRANSFERS	**$ 2,666,712**	
EXPENDITURES		
Public Schools	$ 1,279,819	46.73%
Higher Education	298,137	10.89%
Health and Welfare	610,165	22.28%
All Others	550,630	20.11%
TOTAL APPROPRIATED EXPENDITURES	**$ 2,738,751**	**100.00%**
Nonoperating Disbursements	$ 0	
Net Interest Revenues/Expenses on TAN	0	
Ending Cash Balance	$ 37,635	
Less Encumbrances/Reappropriations	0	
UNOBLIGATED CASH BALANCE JUNE 30	**$ 37,635**	

Source: Division of Financial Management

TABLE 15
STATE OF IDAHO
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
FISCAL YEARS 2008-2012
(Cash Basis)

(000s omitted)	2012	% of Total	2011	% of Total	2010	% of Total	2009	% of Total	2008	% of Total
UNOBLIGATED CASH BALANCE JULY 1	$ 68,618		$ 38		$ 13		$ 223,925		$ 247,274	
Add Beginning Encumbrances/Reappropriations	9,694		11,400		25,422		49,828		24,555	
Beginning Cash Balance	78,312		11,438		25,435		273,753		271,829	
REVENUES										
Individual Income Tax	$ 1,222,246	47.16%	$ 1,152,651	47.15%	$ 1,061,880	45.76%	$ 1,167,890	46.21%	$ 1,429,894	48.87%
Corporate Income Tax	176,760	6.82%	168,950	6.91%	97,020	4.18%	141,030	5.58%	189,127	6.46%
Sales Tax	1,025,671	39.57%	972,380	39.78%	955,910	41.19%	1,022,200	40.44%	1,141,440	39.01%
Cigarette Tax	11,600	0.45%	14,400	0.59%	16,900	0.73%	7,770	0.31%	6,540	0.22%
Tobacco Tax	9,000	0.35%	8,480	0.35%	7,820	0.34%	7,360	0.29%	7,200	0.25%
Beer and Wine Tax	5,310	0.20%	5,180	0.21%	5,070	0.22%	5,320	0.21%	4,730	0.16%
Kilowatt Tax	2,700	0.10%	2,430	0.10%	2,140	0.09%	2,020	0.08%	1,600	0.05%
Mine License Tax	1,500	0.06%	1,540	0.06%	1,800	0.08%	940	0.04%	2,520	0.09%
Liquor Surcharge	17,250	0.67%	14,760	0.60%	11,390	0.49%	9,290	0.37%	8,380	0.29%
Insurance Premium Tax	52,260	2.02%	54,120	2.21%	53,630	2.31%	55,480	2.19%	56,340	1.93%
Total Taxes	$ 2,524,297	97.40%	$ 2,394,891	97.96%	$ 2,213,560	95.39%	$ 2,419,300	95.72%	$ 2,847,771	97.33%
State Treasurer	20	0.00%	(43)	0.00%	(1,310)	-0.06%	760	0.03%	11,370	0.39%
Court Fines	5,200	0.20%	5,120	0.21%	5,380	0.23%	5,350	0.21%	5,140	0.18%
Estate Tax	0	0.00%	52	0.00%	(170)	-0.01%	240	0.01%	30	0.00%
Miscellaneous	62,365	2.40%	44,459	1.82%	103,001	4.44%	101,970	4.03%	61,564	2.09%
TOTAL REVENUES	**$ 2,591,882**	**100.00%**	**$ 2,444,479**	**100.00%**	**$ 2,320,461**	**100.00%**	**$ 2,527,620**	**100.00%**	**$ 2,925,875**	**100.00%**
EXPENDITURES										
Public Schools	$ 1,223,583	47.06%	$ 1,274,214	51.84%	$ 1,148,615	45.99%	$ 1,341,390	48.33%	$ 1,367,364	46.77%
Higher Education	264,054	10.16%	289,242	11.77%	290,144	11.62%	342,702	12.35%	331,089	11.32%
Health and Welfare	570,375	21.94%	436,085	17.74%	428,775	17.17%	496,283	17.88%	534,290	18.27%
All Others	542,116	20.85%	458,585	18.66%	629,987	25.22%	595,357	21.45%	690,877	23.64%
TOTAL APPROPRIATED EXPENDITURES	**$ 2,600,128**	**100.01%**	**$ 2,458,126**	**100.00%**	**$ 2,497,521**	**100.00%**	**$ 2,775,732**	**100.01%**	**$ 2,923,620**	**100.00%**
Nonoperating Rec./Disb. (Net)	$ 49,552		$ 90,493		$ 175,528		$ 17,744		$ 17,569	
Interest Expense on TAN	(9,944)		(9,972)		(12,465)		(17,950)		(17,900)	
Ending Cash Balance	$ 109,674		$ 78,312		$ 11,438		$ 25,435		$ 273,753	
Less Encumbrances/Reappropriations	(10,000)		(9,694)		(11,400)		(25,422)		(49,828)	
UNOBLIGATED CASH BALANCE JUNE 30	**$ 99,674**		**$ 68,618**		**$ 38**		**$ 13**		**$ 223,925**	

* 2012 based on actual figures through May and projections for June.

Source: Division of Financial Management

GENERAL TAX REVENUES

The following General Tax Revenues are the sources for the repayment of principal of and interest on the Notes.

Individual Income Tax (Title 63, Chapter 30, Idaho Code)

Collections from the individual income tax are based on a graduated scale of tax rates from 1.6% up to 7.4% effective January 1, 2012 (7.8% prior to that date) that are applied to brackets of Idaho taxable income. Although Idaho conforms to most of the federal income tax provisions for determining taxable income, a number of differences exist. Idaho's definition of taxable income excludes 100% of social security income, 60% of certain capital gains, and 100% of interest earned on U.S. government securities.

Since the enactment of Idaho's income tax in 1931, all net tax liability, interest, and penalties have been distributed to the General Fund. Beginning in Fiscal Year 2001, withholding collections on Idaho lottery winnings are distributed to public schools and counties. An amount equal to 20% of the individual income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State Income Tax Refund Fund. Any balance exceeding $1,500,000 in the State Income Tax Refund Fund at the end of the fiscal year is transferred to the General Fund on June 30. A filing tax of $10 per tax return is assessed, with proceeds distributed to the Permanent Building Fund.

TABLE 16
STATE OF IDAHO
INDIVIDUAL INCOME TAX
INDIVIDUAL INCOME TAX NET COLLECTIONS

Fiscal Year	General Fund	Permanent Building Fund	Total
2002	$ 835,854,808	$ 5,636,609	$ 841,491,417
2003	837,798,601	5,358,290	843,156,891
2004	902,125,523	5,346,820	907,472,343
2005	1,035,542,464	5,160,470	1,040,702,934
2006	1,216,486,694	5,408,550	1,221,895,244
2007	1,400,159,016	5,716,240	1,405,875,256
2008	1,429,738,794	6,389,550	1,436,128,344
2009	1,167,889,064	6,378,960	1,174,268,024
2010	1,061,875,201	6,064,810	1,067,940,011
2011	1,152,651,023	5,887,570	1,158,538,593

Source: State Tax Commission

Sales Tax (Title 63, Chapter 36, Idaho Code)

Sales tax collections are based on a flat percent applied to the sales price or value of all tangible personal property subject to sales and use taxation. Exemptions to the sales and use tax are provided by statute and include, but are not limited to:

(i) tangible personal property used or consumed directly in the production of manufactured goods, minerals or agricultural products (production exemption),

(ii) gas, water and electricity sold to consumers,

(iii) equipment and supplies used in agricultural irrigation,

(iv) the value of traded-in merchandise,

(v) prescription drugs and durable medical equipment,

(vi) pollution control equipment required by a state or federal agency,

(vii) equipment used in clean rooms by semi-conductor manufacturing business,

(viii) tangible personal property primarily devoted to broadcasting,

(ix) tangible personal property primarily used in research and development activities,

(x) aircraft primarily used to transport passengers or freight for hire, and

(xi) tangible personal property primarily used for logging.

Sales tax rates since inception of the tax have been as follows:

TABLE 17
SALES TAX RATES

Date	Sales Tax Rate (%)
July 1, 1965-February 28, 1983	3.0
March 1, 1983-May 31, 1983	4.0
June 1, 1983-June 30, 1984	4.5
July 1, 1984-March 31, 1986	4.0
April 1, 1986-April 30, 2003	5.0
May 1, 2003-June 30, 2005	6.0
July 1, 2005-September 30, 200	5.0
October 1, 2006	6.0

The distribution formula as of June 30, 2011, for revenues generated by the sales tax is as follows:

(i) 11.50% of net collections to revenue sharing (cities and counties);

(ii) $5,000,000 per year to the Permanent Building Fund;

(iii) $4,800,000 per year to the Water Pollution Control Fund;

(iv) Such amount as the Tax Commission certifies is needed to fund the Circuit Breaker Program ($16,000,000 in Fiscal Year 2011);

(v) $8,487,103 in Ag Property Relief to counties and schools;

(vi) Beginning in Fiscal Year 2008, amounts necessary to pay refunds to a developer of a retail commercial complex, up to $35 million per project ($2,361,816 in Fiscal Year 2011);

(vii) Beginning in Fiscal Year 2011, $4.1 million distribution to counties to use exclusively to defray costs associated with elections; and

(viii) Remaining net collections to the General Fund.

TABLE 18
STATE OF IDAHO
TAXABLE SALES AND USE TAXABLE SALES
(000s omitted)

Calendar Year	Amount ($)	Calendar Year	Amount ($)
2002	$ 16,193,606 *	2007	$ 22,755,610
2003	16,655,483	2008	21,522,856
2004	17,799,273	2009	19,508,659
2005	20,174,827	2010	18,126,298
2006	21,569,588	2011	20,949,446

* Due to a system conversion at the end of Fiscal Year 2001, some taxable sales and use taxable sales from 2001 were reported in 2002.

Source: State Tax Commission

Corporate Income Tax (Title 63, Chapter 30, Idaho Code)

Collections from the corporate income tax are based on a flat rate of 7.4%, effective January 1, 2012 (7.6% prior to that date), applied to taxable income. State law adopts the provisions of the IRC with the exceptions of the investment tax credit and bonus depreciation provided for in IRC Section 168(k).

An amount equal to 20% of the corporate income taxes collected by the State Tax Commission and deposited with the State Treasurer is required by statute to be deposited in the State Income Tax Refund Account. Any balance exceeding $1,500,000 in the State Income Tax Refund Account at the end of the year is transferred to the General Fund. An additional filing tax of $10 per tax return is assessed, with proceeds distributed to the Permanent Building Fund. All other revenues from the corporate income tax accrue to the General Fund.

TABLE 19
STATE OF IDAHO
CORPORATE NET INCOME TAX

Fiscal Year	General Account Receipts	Permanent Building Fund	Total
2002	$ 76,295,588	$ 311,959	$ 76,607,547
2003	93,129,692	345,136	93,474,828
2004	103,014,975	367,770	103,382,745
2005	139,561,498	337,050	139,898,548
2006	194,125,114	340,816	194,465,930
2007	190,222,155	497,056	190,719,211
2008	189,283,508	471,092	189,754,600
2009	141,025,367	503,570	141,528,937
2010	97,021,048	490,255	97,511,303
2011	168,949,756	455,347	169,405,103

Source: State Tax Commission

Other Taxes

Cigarette Tax (Title 63, Chapter 25, Idaho Code). Cigarette tax collections are based on a tax of 57 cents per pack of 20 cigarettes. The Public School Income Fund receives 5.1746 cents, and another 5.1746 cents goes to the Department of Juvenile Corrections. The remaining amount is distributed as follows: 17.3% is credited to the Permanent Building Fund, 0.4% (to a maximum of the fiscal year appropriation) goes to the Central Tumor Registry Fund, and 1% is distributed to the Cancer Control Fund. The General Fund receives an amount equal to the appropriation for the Bond Levy Program. Prior to Fiscal Year 2007, the balance was credited to the Economic Recovery Reserve Fund. In subsequent years, the balance is credited to the Permanent Building Fund for capitol restoration. Upon completion of the capitol restoration project, all remaining revenues will be directed back to the Economic Recovery Reserve Fund.

Tobacco Tax (Section 63-2552, Idaho Code). Tobacco tax collections are collected on the sale, use, consumption, handling or distribution of all tobacco products in the State at the rate of 40% of the wholesale sales price. Of that total, 35% goes to the General Fund; half of the remaining 5% is distributed to the Department of Juvenile Corrections, and the other half is distributed to the Public School Income Fund, with $250,000 appropriated to the Idaho State Police.

Beer Tax (Section 23-1008, Idaho Code). Of the total tax of $4.65 per 31-gallon barrel or equivalent that is levied on beer, $0.93 goes to the Substance Abuse Treatment Fund, $1.55 to the Permanent Building Fund and the remainder ($2.17) to the General Fund. Beer containing more than 4% alcohol by weight is considered to be wine for tax purposes.

Wine Tax (Section 23-1319, Idaho Code). Wine sold in Idaho is taxed at a rate of $0.45 per gallon of wine. Of that total, 12% goes to the Substance Abuse Treatment Fund, 5% goes to the Idaho Grape Growers and Wine Producers Commission Fund, and the remainder goes to the General Fund.

Kilowatt Hour Tax (Title 63, Chapter 27, Idaho Code). Revenue is derived from a one-half mill ($0.0005) per kilowatt hour tax on hydro-generated electricity generated in the State. Power used by industrial consumers and for the irrigation of land is exempt from this tax. All collections accrue to the General Fund.

Mine License Tax (Title 47, Chapter 12, Idaho Code). Revenue is derived from a 1% "profit" tax on Idaho mining operations. For mining operations without a cyanidation facility, 66% is distributed to the General Fund. For mining operations with a cyanidation facility, 33% goes to the General Fund and 33% goes to the Cyanidation Facility Closure Fund. The balance of 34% for both types of mining operations goes to the Abandoned Mine Reclamation Fund.

Estate Tax (14-413, Idaho Code). Federal code allows an estate to take a credit for state estate taxes paid based on the size of the estate. The amount of the Idaho estate and transfer tax due is equal to this credit. The State Tax Commission collects estate taxes and remits the money to the State Treasurer. Estate Taxes are distributed as follows: 10% goes into a fund to be sent to the county of probate (at least quarterly), an amount sufficient to pay current refund claims is paid into the State Refund Fund, and the balance is distributed to the General Fund. The *Economic Growth and Tax Relief Reconciliation Act of 2001* phased out this tax so that it eventually did not apply to deaths after 2005. The relevant estate provisions of the *Economic Growth and Tax Relief Reconciliation Act of 2001* were set to expire at the end of calendar year 2010. Upon their termination, they were scheduled to revert to their pre-2001 levels. *The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act* that became law on December 17, 2010, had an important feature which postponed the return of the state estate credit until Calendar Year 2013; however, it will return in a form that is not subject to the Idaho's estate and transfer tax. Thus, there will be no future collections for this tax.

Liquor Fund (Sections 23-217 and 23-404, Idaho Code). Idaho is a control state. Revenue is derived from liquor and related items sold by the Idaho State Liquor Division. Idaho law provides for the distribution of profits from the Liquor Fund as follows:

(i) The 2% surcharge on the sale of all liquor and related items goes to the Drug Court and Family Court Services Fund.

(ii) 44% of profits (through Fiscal Year 2011, increasing by 2% annually to 50% in Fiscal Year 2014) is distributed as follows:

- (a) Annual fixed distributions totaling $5,650,000 to the Substance Abuse Treatment Fund, Community Colleges, Public Schools, Cooperative Welfare Fund, Court Services, and Court Supervision Fund.
- (b) Remaining balance to the General Fund. (During Fiscal Year 2011, the General Fund's share of profits totaled $15,220,000.)

(iii) 56% of profits (through Fiscal Year 2011, decreasing by 2% annually to 50% in Fiscal Year 2014) is distributed as follows:

- (a) 40% to counties in proportion to sales in each county.
- (b) 60% to cities as follows: 90% to those incorporated cities with liquor stores in proportion to sales, and 10% to those incorporated cities without liquor stores in proportion to population.

Insurance Premium Tax (Title 41, Chapter 4 and Section 59-1357, Idaho Code). The Insurance Premium Tax was modified in 2004 to gradually reduce the premium tax rates of gross premiums written in the State over a six-year period. Premium tax rates were 1.5% in 2010 and will remain 1.5% thereafter. The rate on title insurance is 1.5%.

Prepayments based on the preceding calendar year's business at the current year's tax rate are due on or before June 15 (60%), September 15 (20%), and December 15 (15%), with any balance of tax due for the preceding calendar year due on or before March 1.

An amount up to 20% of premium tax received may be appropriated into the Insurance Refund Account for overpayment of any taxes, fines, and penalties or other erroneous receipts. Any unencumbered balance remaining in the refund account on June 30 of each year in excess of $40,000 will be transferred back into the General Fund.

Approximately 95% of the fire insurance premiums is distributed from quarterly tax prepayments. One hundred percent of the final fire insurance premium tax is distributed to the Fireman's Retirement Fund on June 30 of each year.

A portion of the premium tax, not to exceed $200,000 in one fiscal year, is distributed to the Insurance Insolvency Administrative Fund to cover administrative costs incurred by the department in placing insurance companies into receivership or supervision. One hundred thousand dollars will be maintained in this fund on June 30 of each year.

If the premium tax collected exceeds $45 million, then 25% of such excess is transferred to the Idaho High Risk Individual Reinsurance Pool. Twenty-five percent of any excess above $55 million is paid to the Idaho Health Insurance Access Card Fund, with 80% split between the Children's Health Insurance Program-Plan B and the Children's Health Insurance Program subaccounts. The remaining 20%, up to $1.2 million per year, is deposited into the Small Business Health Insurance Pilot Program subaccount.

RETIREMENT SYSTEMS

Public Employee Retirement System of Idaho

Overview. PERSI is the retirement system for Idaho public employees. Participation in PERSI is mandatory for eligible State and school district employees and is available to other public employers (e.g., political subdivisions) and their employees on a contractual basis. As of June 30, 2011, PERSI had 65,798 active members, 25,489 inactive members (of whom 10,468 are entitled to vested benefits), and 35,334 retired members or annuitants. PERSI collects contributions from employees and employers to fund retirement, disability, death, and separation benefits, as provided by Idaho Code.

PERSI is the administrator of six fiduciary funds, including two defined benefit retirement plans, the Public Employee Retirement Fund Base Plan ("PERSI Base Plan") and the Firefighters' Retirement Fund ("FRF"); two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) ("PERSI Choice Plans"); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers. State and school district employees are allowed to apply one half of the balance in their unused sick leave account at retirement to pay insurance premiums until the account is depleted.

PERSI is governed by a board (the "Retirement Board") consisting of five members, each appointed by the Governor to fulfill a five-year term. The Retirement Board manages PERSI; its tasks include selecting the funding agents, establishing funding policy, and setting contribution rates.

PERSI prepares an Annual Financial Report. Information about this report may be obtained directly from PERSI, or on line at *www.persi.idaho.gov/investments/annual_financial_report.cfm*, which website address is not incorporated herein by reference. PERSI is a discretely presented component unit of the State of Idaho, and its financial report is included in the State's CAFR.

Defined Benefit Retirement Plans. The PERSI Base Plan and FRF are both cost-sharing, multiple-employer, defined benefit retirement plans that provide benefits based on members' years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Title 59, Chapter 13, Idaho Code, governs the PERSI Base Plan; Title 72, Chapter 14, Idaho Code, governs FRF.

Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police and firefighters) of the average monthly salary for the highest consecutive 42 months.

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivision employers contribute to PERSI. The number of participating employer units in the PERSI Base Plan as of June 30, 2010, and June 30, 2011, is shown below:

TABLE 20
PARTICIPATING EMPLOYER UNITS

	2010	2011
Cities	147	148
School Districts	153	154
Highway and Water Districts	125	126
State Subdivisions	97	96
Counties	41	41
Other	167	172
Total	730	737

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

TABLE 21
PRINCIPAL PARTICIPATING EMPLOYERS-2011

Participating Employers	Covered Employees	Rank	% of Total
State of Idaho	16,907	1	26%
Meridian School District	3,279	2	5%
Boise Independent School District	2,903	3	4%
Ada County	1,507	4	2%
Nampa School District	1,425	5	2%
City of Boise	1,260	6	2%
Pocatello School District	1,183	7	2%
Coeur d'Alene School District	997	8	2%
Bonneville School District	992	9	2%
Idaho Falls School District	968	10	1%
All Other	34,377		52%
Total	65,798		100%

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

The number of benefit recipients and members in PERSI as of June 30, 2010, and June 30, 2011, is shown below:

TABLE 22
BENEFIT RECIPIENTS AND MEMBERS

	2010	2011
Active Members	67,020	65,798
Retirees and Beneficiaries	33,625	35,334
Terminated and Vested Members	10,187	10,468

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

FRF has 22 participating employer units, all consisting of fire departments also participating in PERSI. As of June 30, 2011, there were four active members and 567 retired members or beneficiaries collecting benefits from FRF. FRF covers a group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the PERSI Base Plan.

The benefit payments for the PERSI Base Plan and FRF are calculated using a benefit formula adopted by the Legislature. The PERSI Base Plan is required to provide a 1% minimum cost of living increase per year, provided the Consumer Price Index increases 1% or more in that year. The Retirement Board has the authority to provide higher PERSI Base Plan cost of living adjustment ("COLA") increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Legislature. The COLA increase for FRF is based on the increase in the State-wide average firefighter's wage.

PERSI Base Plan and FRF benefits are funded by contributions from members and employers and earnings from investments. Additional FRF funding is obtained from receipts from a State fire insurance premium tax. Member and employer contributions are paid as a percentage of applicable member compensation. PERSI Base Plan member contribution rates are defined, by State law, as a percentage of the employer contribution rate. FRF member contribution rates are fixed by State law. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the Retirement Board and limitations set forth in State statute. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of PERSI. Costs of administering the fund are financed through the contributions and investment earnings of PERSI.

Defined Contribution Retirement Plans. The PERSI Choice Plans are defined contribution retirement plans, governed by Title 59, Chapter 13, Idaho Code, and made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans are commingled for investment and recordkeeping purposes.

The 401(k) portion of the PERSI Choice Plans was established in 2001 and is open to all active PERSI members. This allows employees to make tax-deferred contributions of up to 100% of their gross salary, less deductions and subject to the Internal Revenue Service annual contribution limit, and provides for voluntary employer matching contributions at rates determined by the employers.

The 414(k) portion of the PERSI Choice Plans 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 approval by the Retirement Board.

All 737 PERSI employer units are eligible to have participating employees in the PERSI Choice Plans. As of June 30, 2011, there were 43,391 participants with balances in the PERSI Choice Plans.

Contributions PERSI's funding policy for the PERSI Base Plan and FRF is determined by the Retirement Board within limitations defined by Idaho law. Funding policy provides for periodic employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the Entry Age Actuarial Cost Method for the PERSI Base Plan and a modified aggregate funding method for FRF. Under the Entry Age Actuarial Cost 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. FRF amortizes the difference between the value of the FRF benefits not provided by the Base Plan and the FRF assets over the earnings of all firefighters. The PERSI Base Plan amortizes any unfunded actuarial accrued liability ("UAAL") based on a level percentage of payroll. FRF amortizes any UAAL based on a level dollar amount. The maximum amortization period for the PERSI Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The maximum amortization period for FRF permitted under Section 59-1394, Idaho Code, is 50 years. The payroll for employees covered by PERSI Base Plan and FRF was approximately $2,628,000,000 and $397,228, respectively for the year ended June 30, 2011.

From 1993 to 2011, the total contribution rate has been between 15.78% and 18.75%. Year by year detail, including employer and member rates, is shown in the following table.

TABLE 23
HISTORICAL CONTRIBUTION RATES

		Weighted Total		Fire/Police		General/Teachers	
Year of Change	Total Rate (%)	Member Rate (%)	Employer Rate (%)	Member Rate (%)	Employer Rate (%)	Member Rate (%)	Employer Rate (%)
1993	17.16	6.51	10.65	7.82	10.87	6.38	10.63
1994	18.75	7.12	11.63	8.53	11.85	6.97	11.61
1998	17.78	6.75	11.03	8.10	11.25	6.60	11.01
2000	15.78	5.98	9.80	7.21	10.01	5.86	9.77
2003	15.82	6.01	9.81	7.21	10.11	5.86	9.77
2004	16.84	6.41	10.43	7.65	10.73	6.23	10.39
2008	16.88	6.44	10.44	7.65	10.73	6.23	10.39
2009	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2010	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2011	16.89	6.45	10.44	7.69	10.73	6.23	10.39

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, contribution rate increases for the three years beginning July 1, 2011, as proposed by the actuary were reviewed and approved by the Retirement Board on December 8, 2009, and are shown below.

TABLE 24
CONTRIBUTION RATE INCREASES

	Active Members		Employers	
	General/Teacher	Fire/Police	General/Teacher	Fire/Police
Contribution Rate	6.23%	7.69%	10.39%	10.73%
Planned Contribution Rate				
Effective July 1, 2012	6.79%	8.36%	11.32%	11.66%
Effective July 1, 2013	7.34%	9.03%	12.24%	12.58%
Effective July 1, 2014	8.19%	10.04%	13.65%	13.99%

The PERSI actuary has confirmed that the current schedule of contribution rates will at least meet the normal costs of the system as they accrue. The first of the three contribution rate increases shown above is planned to be implemented on July 1, 2013. The July 1, 2010, actuarial valuation included the second and third rate increases in the calculation to amortize the UAAL in 25 years or less, as provided by Section 59-1322, Idaho Code.

Generally, the actual contributions exceed the annual required contribution ("ARC"), which is based on the statutory 25-year maximum amortization period. The timing of the planned rate increases and grace period could cause the ARC to exceed actual contributions temporarily.

Actuarial Valuation and Funding. Annual actuarial valuations for PERSI are provided by an independent actuarial firm, which has provided the actuarial valuations for PERSI since PERSI's inception. Every four years, a second actuarial firm is hired to review the work of the primary actuary. The July 1, 2011, actuarial valuation reported a UAAL of $1,232.6 million for the PERSI Base Plan, resulting in a funded ratio of 90.2% and an amortization period of 8.2 years, based on contribution rates established as of the valuation date.

Summary of Actuarial Assumptions and Methods Effective July 1, 2011. Actuarial assumptions and methods were adopted by the Retirement Board based upon recommendations from PERSI's independent actuary. The actuarial assumptions are based on studies of PERSI's actual experience, and include the following:

Rate of Assumed Investment Return:	7.75% compounded annually, including 0.50% for expenses.
Asset Valuation Adjustment:	All assets are valued at market as of the valuation date. PERSI makes no smoothing adjustment.
Growth in Membership:	4.00% average annual expansion in the payroll of covered members.
Post-Retirement Benefit Increases:	1.00% per year

Funded Status: Based on the July 1, 2011, actuarial valuation, the UAAL was decreased by $1,212.2 million due to a large asset gain recognized as of July 1, 2011. Specifically, PERSI's assets earned a gross return before expenses of 20.72% , which is 12.97% above the actuarial assumption of 7.75%. All other actuarial experience gains and losses for the fiscal year ending June 30, 2011, decreased the actuarial accrued liability by $214.6 million. Thus, the total experience gain for the year was $1,426.8 million.

Also, the actuarial accrued liability for the fiscal year ending June 30, 2011, was increased by $92.8 million because actual contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL. Delaying the three contribution rate increases shown above in Table 24 increased the actuarial accrued liability by $6.1 million for the fiscal year ending June 30, 2011. The assumption changes adopted based on the 2011 Experience Study increased the actuarial accrued liability by $4.7 million for the fiscal year ending June 30, 2011. Further detail is provided on Table 26.

All of these items resulted in a total actuarial gain of $1,323.2 million and a change in funding status from a 78.9% funding ratio on July 1, 2010, to a 90.2% funding ratio on June 30, 2011. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

The following table displays the funded status on an actuarial value basis for the PERSI Base Plan:

TABLE 25
FUNDED STATUS ON ACTUARIAL VALUE BASIS
(dollars in millions)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)(1)	Present Value of Future ORP Contributions	Unfunded Actuarial Accrued Liabilities (UAAL)(2)	Funded Ratio(3)	Covered Payroll(4)	UAAL as a Percentage of Covered Payroll
2002	$ 6,062.1	$ 7,209.5	$ 71.7	$ 1,075.7	84.9%	$ 2,047.1	52.5%
2003	6,297.8	7,578.8	66.4	1,214.6	83.8%	2,057.7	59.0%
2004	7,420.2	8,154.8	63.5	671.1	91.7%	2,115.4	31.7%
2005	8,208.8	8,778.7	61.3	508.6	94.2%	2,208.7	23.0%
2006	9,177.1	9,699.0	60.2	461.7	95.2%	2,343.5	19.7%
2007	10,945.8	10,431.9	59.5	(573.4)	105.5%	2,421.0	(23.7%)
2008	10,402.0	11,211.8	60.9	748.9	93.3%	2,578.9	29.0%
2009	8,646.0	11,732.2	59.6	3,026.6	74.1%	2,683.5	112.8%
2010	9,579.8	12,187.9	52.3	2,555.8	78.9%	2,684.4	95.2%
2011	11,360.1	12,641.2	48.5	1,232.6	90.2%	2,627.9	46.9%

(1) Actuarial present value of benefits less the actuarial present value of future normal costs based on the entry age actuarial cost method.

(2) Actuarial accrued liabilities less actuarial value of assets and present value of future Optional Retirement Program ("ORP") contributions. Amounts reported in this table do not include the value of any discretionary COLA or gain sharing allocations granted after the valuation date. If negative, the amount is referred to as a funding reserve.

(3) Ratio of actuarial value of assets to the actuarial accrued liabilities less the present value of future ORP contributions.

(4) Includes compensation paid to all active employees on which contributions are calculated.

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

Actuarial gains and losses of the PERSI Base Plan for the last three years are shown in the following table.

TABLE 26
ANALYSIS OF ACTUARIAL GAINS OR LOSSES
(dollars in millions)

	Gain (Loss) for Period		
	2008-2009	**2009-2010**	**2010-2011**
Investment Income	$ (2,442.9)	$ 392.9	$1,212.2
Pay Increases	102.4	260.3	281.9
Membership Growth	(21.4)	(11.8)	(13.0)
Return to Employment	(17.0)	(9.5)	(10.7)
Death After Retirement	0.3	0.7	(5.8)
Cost of Living Adjustment	124.3	NA	NA
Other(1)	(32.3)	(28.6)	(37.8)
Total Gain (Loss) During the Period from Actuarial Experience	$ (2,286.6)	$ 604.0	$1,426.8
Contribution Income	9.6	(130.5)	(92.8)
Non-Recurring Items Causing Gain (Loss)			
Changes in Actuarial Assumptions(2)	(1.3)	82.7	-
Changes in Actuarial Methods	-	-	-
Changes in Plan Provisions(3)	(2.0)	38.9	(4.7)
Delay of future contrubution rate increases	-	-	(6.1)
Composite Gain (Loss) During the Period	$ (2,280.3)	$ 595.1	$1,323.2

(1) Reflects losses on active and inactive member experience.

(2) For 2008-2009, reflects changes to value zero salary vested employees using current vested member Present Value of Benefits/Employee Contribution with Interest ratio. For 2009-2010, reflects changes made to mortality and economic assumptions.

(3) For 2008-2009, reflects the addition of a lump sum disability benefit for safety members. For 2009-2010, reflects scheduled rate increases. For 2010-2011, reflects updates to the contingent annuitant factors.

Source: Public Employee Retirement System of Idaho, 2011 Comprehensive Annual Financial Report

The following table provides a history of employer contributions as a percentage of payroll.

TABLE 27
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AS PERCENTAGE OF PAYROLL

Fiscal Year Ending June 30	Actual PERSI Employer Contribution(1)	ARC(2)	Percentage of ARC Contributed
2006	10.43%	9.885%	105%
2007	10.44%	9.448%	110%
2008	10.44%	9.589%	109%
2009	10.44%	8.483%	123%
2010	10.44%	9.523%	109%
2011	10.44%	12.243% (3)	85%

(1) The actual PERSI employer contributions are expressed as a percentage of payroll. Employer contributions are made as a percentage of actual payroll in accordance with statute and the Retirement Board's funding policy. Thus, the actual employer contributions set by both statute and the Retirement Board's funding policy may differ from the computed ARC employer contribution rate for GASB disclosure purposes.

(2) For PERSI employers, ARC is equal to the normal cost rate plus a 25-year amortization of any UAAL or minus a 25-year amortization of any UAAL or minus a 25-year amortization of any Funding Reserve amount. The ARC determined as of the valuation date is assumed applicable for employers commencing October 1 of the calendar year following the valuation date. For ORP employers, the ARC is equal to 1.49% of salaries of university members in the ORP until 2025 and 3.83% of salaries of junior college members in the ORP until 2011.

(3) The ARC of 12.243% for the PERSI fiscal year ending June 30, 2011, is based on three months at 10.00%, as computed in the 2008 valuation, and nine months at 12.99%, as computed in the 2009 valuation.

Other Post-Employment Benefits

The Governmental Accounting Standards Board ("GASB") Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("OPEB"), establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities/assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The requirements of this statement became effective in Fiscal Year 2008. The State retained a private actuarial firm, Milliman, Inc., to calculate the State's liability for its postemployment benefits. The initial report, dated August 20, 2007, estimated the State's OPEB liability to be $514.9 million at June 30, 2010. The legislation passed during the 2009 Legislative Session described below has reduced this liability.

Legislation passed during the 2009 Legislative Session made changes to State law regarding eligibility and management of health insurance for active employees and retirees of State service (the "2009 OPEB Legislation"). Beginning on July 1, 2009, each eligible retiree will receive $155 each month or $1,860 per year toward his/her premiums for health insurance. Any retiree who was eligible (whether or not he/she was on the State plan) may remain so until he/she becomes eligible for Medicare. Beginning on January 1, 2010, retired personnel health care coverage will not be available to Medicare-eligible retirees or their Medicare-eligible dependents. A non-Medicare-eligible spouse will be eligible for coverage on a State-sponsored health insurance plan until becoming eligible for Medicare.

In the future, an employee will be eligible for health care coverage when he/she retires if he/she:

(i) was an active employee on or before June 30, 2009;

(ii) is eligible for a retirement benefit from the Public Employees Retirement System of Idaho ("PERSI") with at least 20,800 hours of credited State service; and

(iii) retires directly from State service.

Persons with previous State employment who retire from another employer will no longer be able to obtain coverage under the State-sponsored plan. Any employees or elected officials rehired, reelected, or reappointed on or after July 1, 2009, will be eligible for retiree coverage if they had at least ten years of previously credited State service before June 30, 2009, accumulate an additional three years of credited State service, and are otherwise eligible.

The latest Milliman, Inc., actuarial valuation as of July 1, 2010 was released March 16, 2011. Table 28 presents the results of the July 1, 2010, biennial actuarial valuation compared to the July 1, 2008, actuarial valuation. Both the July 1, 2008, and the July 1, 2010, valuations include the effects of the 2009 OPEB Legislation.

TABLE 28
2010 OPEB VALUATION RESULTS
($000)

	July 1, 2008	July 1, 2010
Actuarial Accrued Liability (AAL)	$ 82,767	$ 84,838
Annual Required Contribution (ARC)	$ 9,596	$ 9,835

Source: Milliman, Other Postemployment Benefits Actuarial Valuation Report, July 1, 2010

The Actuarial Accrued Liability ("AAL") increase from July 1, 2008, to July 1, 2010, was due to a combination of several factors, some of which were offsetting. These included the assumption changes from the PERSI 2010 Investigation of Experience, increases due to the passage of time since the July 1, 2008, valuation, demographic changes, a reduction in discount rate, and medical trend assumptions changes measured as of July 1, 2010. The State's ARC increased due to the factors mentioned above.

DEBT MANAGEMENT AND ENHANCEMENT PROGRAMS

Idaho Credit Rating Enhancement Committee

In 2005, the Legislature created the Idaho Credit Rating Enhancement Committee in the office of the State Treasurer (Sections 67-1224 and 67-1225, Idaho Code). The purpose of this committee is to advise the Governor and the Legislature regarding policies and actions that enhance and preserve the State's credit rating and maintain the future availability of low-cost capital financing. On April 26, 2010, the committee adopted the "State of Idaho Debt Management Policy," the purpose of which is to provide policymakers with information that will enable informed decisions regarding financing proposals and debt issuance. This central policy serves to protect and enhance Idaho's bond ratings and maintain the future availability of low-cost capital financing. A copy of the policy can be found on the State Treasurer's web site at *http://sto.idaho.gov/*. The State Treasurer website is not incorporated into this Official Statement by such reference and is not a part hereof.

Idaho School Bond Guaranty Act

The Idaho School Bond Guaranty Act (the "Guaranty Act"), Title 33, Chapter 53, Idaho Code, and the Credit Enhancement Program for School Districts (the "Credit Enhancement Program"), Idaho Code section 57-728, were enacted for the purpose of establishing a default avoidance program for voter-approved general obligation bonds issued by Idaho public school districts. Created in 1999 by the Legislature, the Guaranty Act and the Credit Enhancement Program have been revised by subsequent legislation to clarify guaranty limits and procedures. Amending legislation, passed in 2009, clarified technical aspects of the Guaranty Act and the Credit Enhancement Program and created a two-tiered system of credit enhancement.

The Guaranty Act provides a pledge of the State sales tax to guarantee timely payment of the principal of and interest on the guaranteed bonds. Under the Guaranty Act, if a school district does not make timely payment of debt service on guaranteed bonds, the State Treasurer is required to gather sufficient funds to make the debt service payment on the guaranteed bonds from one or more of the following sources:

(i) intercepting all or a portion of any payments from any source of operating moneys provided by the State to the school district that would otherwise be paid to the school district by the State (the "Interceptable Funds");

(ii) requesting the State Controller to transfer to the Public School Guaranty Fund moneys from the State General Fund representing sales tax receipts of the State in an amount not to exceed the scheduled debt service payment;

(iii) issuing notes; or

(iv) negotiating a voluntary loan from funds administered by the Endowment Fund Investment Board.

Any of the actions under (ii), (iii) and (iv) above are required to be repaid by the school district and such repayment obligation is subject to the intercept of future Interceptable Funds due to the school district.

The distribution of State sales tax moneys pursuant to the pledge of the Guaranty Act can occur only after all required payments to the Note Payment Account have been made as required by Section 63-3203, Idaho Code.

If a school district is approved to participate in the Guaranty Act, it may also request approval from the Endowment Fund Investment Board to participate in the Credit Enhancement Program, which provides back-up liquidity provisions to the Guaranty Act. The Credit Enhancement Program makes $200 million available from the Public School Endowment Fund to purchase any general obligation notes issued by the State Treasurer pursuant to the Guaranty Act. The amount of debt guaranteed by the Credit Enhancement Program may not be greater than four times the amount made available by the Public School Endowment Fund, which limits the guaranty of the Credit Enhancement Program to $800 million of outstanding principal of bonds. On and after July 1, 2007, participation in the Credit Enhancement Program is limited to $20 million in the aggregate per school district. However, bond guarantees exceeding the $20 million limit prior to July 1, 2007, remain in effect.

To date, all but eight bond issues guaranteed under the Guaranty Act have also been guaranteed under the Credit Enhancement Program. The eight issues not guaranteed under the Credit Enhancement Program total $88,445,000. A total of $1,038,974,000 of school bonds has been guaranteed under the Guaranty Act; of that total, $596,070,000 remains outstanding as of April 24, 2012. There are eleven pending school bond guarantees: two for Bonneville School District in the amount of $34,355,000, one for Camas County School District in the amount of $2,350,000, two for Idaho Falls School District in the amount of $53,000,000, one for Lakeland Joint School District in the amount of $12,920,000, one for Lapwai School District in the amount of $2,950,000, one for Nampa School District in the amount of $34,970,000, one for Parma School District in the amount of $3,115,000, one for Teton County School District in the amount of $9,995,000, and one for West Jefferson School District in the amount of $890,000.

The Guaranty Act provides that the State Treasurer may issue a certificate of eligibility which will be printed on the bonds and which is good for the life of the bonds.

The State does not anticipate that the Guaranty Act or the Credit Enhancement Program will have any significant fiscal impact upon the State, its operations, or its ability to pay the principal of and interest on the Notes as the same become due.

Idaho Bond Bank Authority

The 2001 Legislature established a State bond bank authority pursuant to constitutional amendment (the "Bond Bank Act"). The Bond Bank Act, which took effect on July 1, 2001, created an independent public body corporate and politic to be known as the Idaho Bond Bank Authority (the "Authority"). The Authority is declared to be an instrumentality of the State within the State Treasurer's office, but with a legal existence independent of and separate from the State. The Authority consists of five members: the State Treasurer or his or her designee, one member of the Idaho State Senate appointed by the president *pro tempore* of the Senate, one member of the Idaho House of Representatives appointed by the Speaker of the House, and two members appointed by the Governor. The Authority is authorized, among other powers, to issue bonds payable from or secured by municipal bonds or notes of one or more municipalities (including cities, counties, school districts, and other political subdivisions), to purchase municipal bonds, to pledge sales tax revenues of the State as a source of payment or security for bonds issued by the Authority, and to establish debt service reserve funds for its bonds.

The Bond Bank Act provides an intercept mechanism whereby the State Treasurer may make payments on the bonds of participating municipalities and, if reimbursement is not timely made, intercept the receipt of any payment of property taxes, sales tax moneys to be distributed to the defaulting municipality, or any other source of operating moneys provided by the State to the defaulting municipality. Such State intercept operates by force of law and not by consent of the municipality. In addition, if moneys expected to be intercepted pursuant to the intercept mechanism are expected to be insufficient to reimburse the State for its payments on the bonds, the State Treasurer will cause moneys to be transferred from the State sales tax account and deposited into the Authority's fund (so long as such transfer does not "impede or otherwise affect the payment of sales tax moneys pledged for the payment on other outstanding State bonds"). Any pledge of sales tax revenues made by the Authority is a binding lien on the sales tax revenues so pledged.

The distribution of State sales tax moneys pursuant to the pledge of the Guaranty Act can occur only after all required payments to the Note Payment Account have been made as required by Section 63-3203, Idaho Code.

The Authority has issued $271,660,000 of Idaho Bond Bank Authority Revenue Bonds, of which $249,605,000 remains outstanding as of April 24, 2012. The Authority is preparing to issue approximately $20,000,000 of Series 2012B Revenue Bonds in June 2012. The State does not anticipate that the Bond Bank Act will have any significant fiscal impact on the State, its property, or its ability to pay the principal of and interest on the Notes as the same become due.

State Bond Levy Equalization Support Program for School Facilities

The Legislature created a Bond Levy Equalization Support Program (the "Bond Levy Program") for public schools. The State Department of Education is directed to establish a "value index" for each school district, based on such school district's market value per support unit, for equalization purposes, and the average annual seasonally-adjusted unemployment rate and the per-capita income for the county in which a plurality of the school district's market value for assessment purposes of taxable property is located. Under the Bond Levy Program, school districts with a value index below one are eligible to receive additional State financial assistance for the amount of annual bond interest and redemption payments made on bonds passed on or after September 15, 2002; provided, that any school district with a value index less than 1.5 will receive no less than 10% of the interest cost portion of its average annual bond interest and redemption payment for bonds passed on or after September 15, 2002.

The Legislature has appropriated the following amounts to the Bond Levy Program, which payments are disbursed to qualifying school districts annually on September 1:

TABLE 29
BOND LEVY PROGRAM APPROPRIATIONS

Fiscal Year	Amount
2007	$ 6,300,000
2008	11,200,000
2008	16,500,000
2010	17,900,000
2011	17,900,000
2012	17,400,000
2013	17,400,000

The State does not anticipate that the Bond Levy Program will have any significant financial impact upon the State, its operations, or its ability to pay the debt service on the Notes as the same become due.

OUTSTANDING OBLIGATIONS OF THE STATE AND ITS INDEPENDENT AGENCIES

The State has no outstanding general obligation bond debt.

Idaho Housing and Finance Association and Transportation Project Financing

The Idaho Housing and Finance Association (formerly the Idaho Housing Agency) was created in 1972 to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of low income residing in the State, and to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build and rehabilitate residential housing for such persons and families.

The IHFA is governed by seven commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected chairman by the Governor. The vice chairman and secretary-treasurer are elected annually by the entire Board of Commissioners. The State Treasurer serves as an advisory Board member.

The IHFA has no taxing power and neither the State nor any political subdivision thereof is liable for its bonds or other indebtedness. The IHFA's mortgage loans are either guaranteed by Federal agencies, insured by private mortgage guarantee policies or collateralized by the IHFA's net assets.

As of December 31, 2011, 61.91% of the total bond debt had been used to purchase single-family mortgages, 1.72% had provided for the construction and permanent financing of multifamily developments, 27.40% represented grant anticipation revenue ("GARVEE") bonds issued for transportation projects undertaken by the Idaho Department of Transportation (see "Transportation Project Financing" below), and 8.96% represented Unemployment Insurance bonds issued on behalf of the Idaho Department of Labor (see "Unemployment Insurance Financing" below).

As of December 31, 2011, the IHFA's outstanding bond indebtedness was $2,298.3 million. Fund balances, including reserves, were $249.1 million.

Transportation Project Financing. The 2005 Legislature enacted legislation that authorized the issuance of GARVEE debt instruments (bonds or notes) to enable the State to finance State transportation infrastructure projects and to pay debt service and other bond-related expenses with future federal aid highway apportionments. The legislation states that the bonding authority "should be used in a manner that does not obligate future legislatures or governors for additional bonding and be used to finance projects which are of the highest critical need based on safety, traffic volume or projected demand."

The Legislature approved bonding authority for the issuance of GARVEE bonds by the IHFA in a principal amount sufficient to finance the highway transportation projects up to $200 million in 2006, $250 million in 2007, $134 million in 2008, $82 million in 2009, $12 million in 2010, and $162 million in 2011. As of March 31, 2012, the IHFA had issued $696.8 million in GARVEE bonds, of which $593.1 million remain outstanding.

The GARVEE bond legislation does not authorize or pledge State General Fund revenues to make payments on bonds or notes. In the opinion of Bond Counsel, the legislation will have no impact on the State's General Fund revenues or its ability to make payments on the Notes.

Unemployment Insurance Financing. The 2011 Legislature enacted legislation that authorized the Idaho Housing and Finance Association to issue bonds to repay advances from the federal Unemployment Insurance Trust fund and to increase the unemployment insurance trust fund size multiplier to ensure a more solvent trust fund. The Association issued $187,570,000 of Unemployment Compensation Revenue Bonds on August 31, 2011. The first principal payment is due August 15, 2012.

Idaho Health Facilities Authority

Organized in 1972, the Idaho Health Facilities Authority ("the Health Authority") is comprised of seven members appointed by the Governor to staggered five-year terms. The Executive Director is hired by and serves at the pleasure of the Health Authority members.

The Health Authority has the power, among others, to issue tax-exempt revenue bonds or notes and re-lend the funds to governmental and not-for profit health facilities in Idaho to (i) finance and refinance outstanding indebtedness for health facilities, and (ii) provide additional facilities for the development and maintenance of public health, health care, hospitals, and related facilities.

These debt instruments do not directly, indirectly, or contingently obligate the State of any political subdivision thereof to levy and form of taxation or to make any appropriations for the payment thereof and any such levy or appropriation is prohibited.

As of December 31, 2011, the total outstanding indebtedness of the Idaho Health Facilities Authority was $822,748,364.

Idaho State Building Authority

The Idaho State Building Authority (the "Building Authority") , established in 1974, is a body corporate and politic of the State, created as a public instrumentality by the Idaho State Building Authority Act, being Title 67, Chapter 64 of the Idaho Code, as amended, for the purpose of assisting in the acquisition, construction, operation, and financing of State governmental facilities and the facilities of community college districts. The Building Authority is authorized to issue its bonds or notes to finance governmental facilities pursuant to agreements entered into with departments, boards, commissions, or agencies of the State ("State Bodies" or "State Body") or with community college districts, subject to prior approval of the Legislature by concurrent resolution. To that end, the Building Authority issues bonds secured by annual rent equal to debt service on such bonds for the applicable fiscal year, plus certain administrative costs of the Building Authority and any required deposits to reserve or operating funds or accounts for such fiscal year, payable by the State, acting by and through one or more State Bodies or with community college districts under the terms of lease agreements relating to the project or projects being financed or refinanced, as applicable, by such bonds. All lease agreements are subject to annual renewal by State Bodies or community college districts and the annual rents payable thereunder are subject to annual appropriation. Annual rent for each lease agreement is due and payable in full within 30 days after commencement of each annual lease term.

The Building Authority is governed by seven commissioners appointed by the Governor to serve staggered five-year terms. The commissioners of the Building Authority, in turn, appoint an executive director.

Bonds, notes, or other obligations of the Building Authority do not constitute an indebtedness or obligation of the State or of any department, board, commission, agency, political subdivision, body corporate and politic, or instrumentality of or municipality or county within the State, nor do they constitute the giving or loaning of credit of the State or any department, board, commission, agency, political subdivision, body corporate and politic, or instrumentality or municipality or county within the State. The Building Authority has no taxing power.

As of December 31, 2011, the Building Authority's outstanding bond and note indebtedness was $212,315,333. In Fiscal Year 2012, the total amount of rent due and payable under the facilities leases by the State to the Building Authority is $18,167,181.

In March 2012, the Building Authority issued $42,790,000 State Building Refunding Revenue Bonds, Series 2012A and Series 2012C-I, to refund eight series of bonds previously issued by the Building Authority. The refunding bonds were issued to achieve a debt service savings. Total outstanding bond and note indebtedness is $209,895,333 upon the closing of the refunding bonds. The Building Authority is preparing to issue approximately $37,200,000 of Series 2012B Refunding Revenue Bonds in June 2012 to refinance a prior series of bonds.

OTHER STATE FINANCIAL INFORMATION

Idaho Millennium Fund

The Idaho Millennium Fund is an endowment fund established in 2000 to receive, invest, and disburse funds that the State is receiving as a result of the master settlement agreement reached with tobacco companies.

The Idaho Millennium Permanent Endowment Fund was established in 2006 to receive 80% of all future tobacco settlement payments to the State. The remaining 20% of future tobacco settlement payments are directed into the Idaho Millennium Fund. Annual distributions from both of these funds will be made to the Idaho Millennium Income Fund. The Legislature will have the authority to spend funds in both the Idaho Millennium Fund and the Idaho Millennium Income Fund.

Legislation introduced in 2007 directed the State Treasurer to transfer $10 million of the Idaho Millennium Fund balance to the Idaho Millennium Permanent Endowment Fund and placed a cap of $100 million on the Idaho Millennium Fund. Any excess over $100 million will be transferred to the Idaho Millennium Permanent Endowment Fund. The balance in the Millennium Permanent Endowment Fund on April 24, 2012, was $148,381,643. The balance in the Idaho Millennium Fund on April 24, 2012, was $13,010,654.

Idaho State Lottery

The Idaho State Lottery was established in 1989. Total sales for Fiscal Year 2011 were $147,850,000. Net proceeds for that year totaled $35.84 million and were divided between the Permanent Building Fund, for use in carrying out State public works projects, the Public School Building Fund, for distribution to Idaho's public school districts, and the Bond Levy Fund.

Idaho Code stipulates that the State Treasurer will invest Lottery receipts and the interest generated on the Lottery Account balance will be transferred to the General Fund. Interest earnings for Fiscal Year 2011 were approximately $111,140.

Idaho State Insurance Fund

The Idaho State Insurance Fund (the "Insurance Fund") was created in 1917 by the Legislature to insure employers against liability under the Workers' Compensation Act. The Insurance Fund is an independent body corporate and politic and is administered without liability on the part of the State. The money in the Insurance Fund does not belong to the State and is not in the State Treasury; it is deposited with the State Treasurer as custodian and is held by the State Treasurer as such for the contributing employers and the beneficiaries of the compensation law and for the payment of the costs of the operation of the Insurance Fund. All public employers are required by law to obtain their workers' compensation insurance through the Insurance Fund or to self-insure. Private employers may, at their discretion, also procure workers' compensation insurance from the Insurance Fund.

As of December 31, 2011, the Insurance Fund had a surplus (fund balance) of $197 million. The Insurance Fund has no bonded debt. The Insurance Fund's manager, who is hired by a board of directors, administers the Insurance Fund. The board is appointed by the Governor.

Idaho Petroleum Clean Water Trust Fund

The Idaho Petroleum Clean Water Trust Fund (the "Trust Fund") is a not-for-profit State entity created in 1990 by the Legislature to indemnify tank owners and operators from petroleum storage tank releases. The Trust Fund's board of trustees, appointed by the Governor, was created in 2003 to direct the policies and operations of the Trust Fund. The Insurance Fund, at the pleasure of the board of trustees, will act as the administrator for the Trust Fund. Statutorily, neither the Insurance Fund nor the State has any liability for the Trust Fund's obligations.

As of December 31, 2011, the Trust Fund had fund balances of $27.9 million. The unencumbered fund balance was $25.9 million. The Trust Fund has no bonded debt.

LITIGATION

There is no litigation pending or, to the best of the State's knowledge, threatened against the State or its officers questioning the authority of the State to issue the Notes or which seeks to restrain or enjoin the issuance or delivery of the Notes or the collection of the General Tax Revenues pledged for the repayment of the Notes. At the time of the delivery of the Notes, the Attorney General of the State of Idaho will provide an opinion that no such litigation is pending or, to the knowledge, information, and belief of the Attorney General, threatened against the State or its officers.

LEGAL AND TAX INFORMATION

Tax Matters

In the opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is excluded from gross income for purposes of State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Notes. The State has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Notes will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes from the date of original execution and delivery of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any matters coming to Bond Counsel's attention after the date of execution and delivery of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is excluded from gross income for purposes of State of Idaho personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a beneficial owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code, or court decisions could cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status on such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Code.

Continuing Disclosure Undertaking

The State has covenanted in the Plan of Financing that it will provide, to the MSRB via EMMA, notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on debt service reserves reflecting financing difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Notes;

(vii) modifications to rights of Noteholders;

(viii) Note calls;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Notes;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership, or similar proceedings;

(xiii) merger, consolidation, or acquisition of an obligated person; or

(xiv) appointment of, or change in the name of, a trustee, successor trustee, or additional trustee.

If the State fails to comply with the foregoing disclosure undertakings, it will, within a reasonable time not in excess of ten business days following its ascertainment of such failure, provide notice to the MSRB via EMMA of any material failure of disclosure. The State has never failed to comply with a prior written continuing disclosure undertaking made pursuant to SEC Rule 15c2-12 with respect to its Notes.

The continuing disclosure undertakings described above have been made for the benefit of the Noteholders. Noteholders may enforce specific performance of the undertakings by any available judicial proceeding. However, the failure of the State to perform the undertakings hereunder does not constitute an event of default with respect to the Notes, nor does such failure entitle any Noteholder to monetary damages.

Approval of Legality

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving opinion of Moore Smith Buxton & Turcke, Chartered, Bond Counsel. Bond Counsel has reviewed the portions of this Official Statement set forth under "The Notes" entitled "Description of the Notes" and "Authorization," and under "Security and Sources of Payment" (except for statistical and financial data), and has prepared the section entitled "Tax Matters" and the form of approving opinion of Bond Counsel set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the State by the Attorney General for the State.

OTHER NOTE INFORMATION

Ratings

Moody's Investors Service, Standard and Poor's Corporation, and Fitch have assigned the Notes the ratings of MIG-1, SP-1+, and F1+, respectively. An explanation of the significance of each such rating may be obtained from the respective rating agency. The State has furnished certain information and materials with respect to the State and the Notes to the rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the credit ratings may have an adverse effect on the market price of the Notes.

Underwriting

Seattle-Northwest Securities Corporation (the "Underwriter") has agreed, subject to certain conditions, to purchase all of the Notes from the State at a price equal to $508,568,931, plus accrued interest, if any, and will re-offer the Notes at a price of $508,880,000, plus accrued interest, if any. The underwriting spread on the Notes is $0.622 per $1,000 of principal. The Underwriter has advised the State that the Notes may be offered and sold to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the initial public offering prices set forth on the cover page of this Official Statement and that such public offering price may be changed from time to time.

The Underwriter has entered into a distribution agreement with UBS Financial Services Inc. for the retail distribution of certain municipal securities at the original issue prices. Pursuant to this agreement, the Underwriter will share a portion of its underwriting compensation with respect to the Notes with UBS Financial Services Inc.

Miscellaneous

All summaries herein of the provisions of the Constitution of the State of Idaho, acts of the Legislature, other documents and instruments, and the Notes are made subject to all the detailed provisions and judicial interpretations thereof to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed, and delivered by the State.

/s/ Ron Crane
Ron G. Crane, State Treasurer

Dated: June 19, 2012

APPENDIX A
SELECTED DATA ON THE STATE OF IDAHO

Idaho State Government

State Government in Idaho originates from the State Constitution adopted at the constitutional convention of August 6, 1889, and ratified by the people in November of the same year. The United States Congress approved the Constitution and admitted Idaho to the Union on July 3, 1890.

The Executive Department

The Idaho Executive Department consists of seven constitutionally empowered elected officials: Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction.

The Governor is vested with the "supreme executive power." The Governor appoints department heads and members of boards and commissions. On extraordinary occasions, the Governor can convene special sessions of the Legislature. The Governor gives final approval, by signing, of bills passed by the Legislature, and has the power to veto bills but must list the objections. The Legislature can override a veto by a two-thirds vote of each chamber.

The Lieutenant Governor presides over the State Senate and, when the Governor is absent from the State, serves as Acting Governor. In case of vacancy for any reason in the Governor's office, the Lieutenant Governor succeeds to that office.

The Secretary of State is primarily a ministerial official. The Secretary of State is the custodian of records, including those of corporations, and of the Great Seal of the State of Idaho. The Secretary of State is the State's Chief Election Officer and has administrative duties as a member of the Board of Examiners, the State Land Board, and State Board of Canvassers.

The State Controller, as Chief Accounting Officer, is responsible for the accounting records, and is the State's cash disbursement officer. The State Controller is also responsible for maintaining the State-wide system of internal control procedures. The State Controller is the State Administrator of Social Security, a member of the State Land Board, *ex officio* Secretary of the Board of Examiners, and a member of the State Board of Canvassers.

The State Treasurer, as Chief Financial Officer, receives all State revenues and fees, and is cash manager and investor for all State revenues. The State Treasurer pays all State bills by redeeming State warrants, and is custodian of the Worker's Compensation Fund and the Public School Endowment Fund. The State Treasurer also is a member of the State Board of Canvassers, and serves as advisor to the Idaho Housing and Finance Association.

The Attorney General is the Chief State Legal Officer and represents State officers and agencies in legal matters. The Attorney General must provide legal opinions in writing when requested by government officials. The Attorney General is required to supervise all county prosecuting attorneys and to assist them in law enforcement if they so request. The Attorney General is in charge of consumer protection laws and has jurisdiction to enforce State antitrust laws. The Attorney General is a member of the Board of Examiners and the State Land Board.

The State Superintendent of Public Instruction is an *ex-officio* and voting member of the State Board of Education, the executive officer of the State Department of Education and advisor to school districts on all aspects of education. The State Superintendent also is a member of the State Land Board and serves as *ex officio* member of the State Library Board.

Description of Area

Located in the northwestern portion of the United States, Idaho is bordered by Washington, Oregon, Nevada, Utah, Wyoming, Montana and Canada. Idaho's land area consists of 82,751 square miles of varied terrain.

Idaho has substantial water resources which have dominated its history and development. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. Three of Idaho's rivers—the Clearwater, the Kootenai and the Salmon—are more than half as large as the Colorado River. The Snake River Plain Aquifer is one of the largest fractured basalt aquifers in the world. Equally important to quantity is the quality of Idaho's waters, which remains outstanding. The drop in elevation of rivers like the Snake allows valuable hydropower production, affording the State some of the lowest electricity rates in the nation.

Idaho enjoys a broad base of economic wealth ranging from extensive mining and timber resources to notably productive agricultural lands, which benefit from a highly developed series of man-made reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing Idaho fourth in the nation for irrigated acreage.

Idaho traditionally has been an agricultural state. Livestock, beef, dairy cattle, and sheep are important to the economy, while the major crops of Idaho's farmers include potatoes, wheat, barley, sugar beets, peas, lentils, seed crops and fruit. Major manufacturing industries include food processing, forest products, phosphate processing, and electronics. Mining has played an important role in the development of the State, with phosphate rock, silver, lead, zinc and molybdenum among the resources mined.

Idaho Economic Overview and Outlook

The Idaho Economic Forecast ("IEF"), a quarterly publication prepared by the Division of Financial Management ("DFM"), provides historical and forecast values for the State's economy. The historical and forecast data are presented at both quarterly and annual frequencies. The IEF is published in January, April, July, and October of each year. Concepts covered in the IEF include population, housing, personal income, and nonfarm employment. The most recent IEF was published in April 2012. It estimates Idaho nonfarm employment grew 0.5% in 2011 and forecasts a 1.8% increase in 2012 and a 2.6% rise in 2013. The next IEF is scheduled to be released in July 2012.

The General Fund Revenue Book ("GFRB") is an annual publication prepared by the DFM that provides input into the Governor's proposed budget. It consists of General Fund projections by source, the economic forecast upon which the revenue forecasts are based, and a section devoted to the State's tax structure. The most recent GFRB was published in January 2012. The General Fund revenue forecast projects a 4.4% increase in General Fund revenues for Fiscal Year 2012. Fiscal Year 2013 General Fund revenues are projected to increase by 5.8% from the Fiscal Year 2012 projection.

Both the IEF and the GFRB are available on the internet at: *http://dfm.idaho.gov/Publications/Econ_Publications.html.* This website is not incorporated into this Official Statement by such reference and is not a part hereof.

The tables on the following pages provide historical economic and demographic data for the State.

TABLE 30

IDAHO ECONOMIC INDICATORS

	Actual		Projected		
	2010	**2011**	**2012**	**2013**	**2014**
Idaho Economic Indicators					
Personal Income ($ millions)	50,114	52,821	54,459	56,625	59,614
Percent Change	4.0%	5.4%	3.1%	4.0%	5.3%
Total Nonfarm Employment	602,608	605,441	616,309	632,252	648,412
Percent Change	-1.2%	0.5%	1.8%	2.6%	2.6%
Goods-Producing Employment	87,768	87,630	87,529	89,701	92,848
Percent Change	-5.0%	-0.2%	-0.1%	2.5%	3.5%
Nongoods-Producing Employment	514,840	517,812	528,780	542,550	555,564
Percent Change	-0.5%	0.6%	2.1%	2.6%	2.4%
Population (thousands)	1,573	1,594	1,620	1,648	1,677
Percent Change	1.4%	1.3%	1.7%	1.7%	1.8%
Housing Starts-Single Unit	4,659	3,980	5,245	7,532	10,231
Housing Starts-Multiple Unit	573	654	922	1,136	1,219
Selected US Production Indices (2002=1.000)					
Lumber and Wood Products	0.679	0.695	0.729	0.817	0.967
Computer and Electronic Products	1.030	1.111	1.183	1.290	1.446
Semiconductors and Other Computers	1.330	1.486	1.473	1.677	2.044
Food	0.980	1.004	1.024	1.040	1.063
Paper	0.872	0.860	0.866	0.880	0.896
Agricultural Chemicals	0.948	0.930	0.992	1.001	1.010
Metal Ore Mining	0.964	0.991	1.031	1.048	1.068
Selected US Producer Prices (1982=1.000)					
All Items	1.848	2.011	2.036	2.066	2.098
Lumber and Wood Products	1.927	1.946	2.001	2.084	2.206
Machinery and Equipment	1.311	1.327	1.343	1.349	1.356
Farm	1.511	1.867	1.838	1.766	1.745
Pulp, Paper and Allied Products	2.369	2.453	2.444	2.482	2.540
Chemicals	2.467	2.754	2.829	2.888	2.949

Source: IHS Global Insight and Idaho Division of Financial Management

TABLE 31
STATE OF IDAHO
POPULATION TRENDS

Year	Population
2000*	1,293,953
2001	1,319,962
2002	1,340,372
2003	1,363,380
2004	1,391,802
2005	1,428,241
2006	1,468,669
2007	1,505,105
2008	1,534,320
2009	1,554,439
2010*	1,567,582
2011	1,584,985

* Census data
Source: U.S. Census Bureau

TABLE 32
STATE OF IDAHO
LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL[1]

	2011	2010	2009	2008	2007
Civilian Labor Force	770,639	763,498	750,703	757,924	766,356
Unemployment	67,077	66,983	57,658	57,816	33,805
Percent of Labor Force Unemployed	8.7%	8.8%	7.7%	7.6%	4.4%
Total Employment	703,562	696,515	693,045	700,108	732,551
Nonfarm Payroll Jobs-NAICS[2]	605,100	603,600	609,900	648,800	655,600
Goods Producing	87,700	87,900	92,300	112,100	123,200
Natural Resources and Mining	3,700	3,500	3,200	4,200	4,400
Construction	29,500	31,300	34,300	44,900	52,500
Manufacturing	54,500	53,200	54,800	63,000	66,300
	31,300	29,900	31,100	38,400	42,500
	23,300	23,300	23,600	24,600	23,800
Service Providing	517,400	515,700	517,500	536,700	532,400
Trade, Transportation and Utilities	121,700	121,400	122,900	131,500	132,300
Trade	101,000	100,700	102,300	110,400	111,400
Transportation, Warehousing, and Utilities	20,700	20,700	20,700	21,000	20,800
Information	9,500	9,600	10,000	11,000	10,900
Financial Activities	29,000	29,200	29,600	31,700	32,500
Proefessional and Business Services	74,900	74,100	74,700	81,300	83,100
Management of Companies and Entrepreneurs	5,800	5,900	6,000	7,300	7,900
Administrative, Support, Waste Management	37,600	36,900	37,200	40,600	41,600
Educational and Health Services	86,000	83,800	81,000	77,700	73,600
Leisure and Hospitality	58,900	58,000	58,700	63,200	63,300
Other Services	21,100	21,100	21,200	21,200	19,400
Total Government	116,300	118,600	119,500	119,200	117,500
Federal Government	12,600	13,700	13,500	13,200	13,100
State and Local Government	103,700	104,900	106,000	106,000	104,400
State Government	28,400	28,500	30,000	29,800	29,400
Local Government	75,300	76,400	76,000	76,200	75,000

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group’s pay period ending the 12th of the month.

Source: Idaho Department of Labor

TABLE 33
STATE OF IDAHO
NONFARM PAYROLL JOBS—BY PLACE OF WORK[1]

	Feb 2012	Jan 2012[1]	Feb 2010	Percent Change From Last Month	Percent Change From Last Year
Nonfarm Payroll Jobs-NAICS[2]	597,900	592,700	590,100	0.9%	1.3%
Goods Producing	83,300	83,200	82,600	0.1%	0.8%
Natural Resources	3,300	3,300	3,400	0.0%	-2.9%
Construction	25,300	25,500	25,600	-0.8%	-1.2%
Manufacturing	54,700	54,400	53,600	0.6%	2.1%
Durable Goods	31,700	31,500	30,400	0.6%	4.3%
Nondurable Goods	23,000	22,900	23,200	0.4%	-0.9%
Service Providing	514,600	509,500	507,600	1.0%	1.4%
Trade, Transportation, And Utilities	120,100	120,800	118,000	-0.6%	1.8%
Trade	99,400	100,100	97,700	-0.7%	1.7%
Transportation, Warehousing, And Utilities	20,700	20,700	20,400	0.0%	1.5%
Information	9,200	9,300	9,300	-1.1%	-1.1%
Financial Activities	28,900	29,000	28,500	-0.3%	1.4%
Professional and Business Services	31,300	31,200	31,600	0.3%	-0.9%
Management of Companies and Enterprises	5,700	5,800	5,900	-1.7%	-3.4%
Administrative, Support, Waste Management	35,900	35,800	35,100	0.3%	2.3%
Education and Health Services	87,600	86,800	85,800	0.9%	2.1%
Leisure and Hospitality	57,000	56,500	54,700	0.9%	4.2%
Other Services	21,100	20,700	21,300	1.9%	-0.9%
Total Government	117,800	113,600	117,400	3.7%	0.3%
Federal Government	11,600	11,600	11,700	0.0%	-0.9%
State and Local Government	106,200	102,000	105,600	4.1%	0.6%
State Government	29,700	27,100	29,300	9.6%	1.4%
Local Government	76,500	74,900	76,300	2.1%	0.3%

(1) Benchmarked data.
(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

Source: Idaho Department of Labor

TABLE 34
STATE OF IDAHO
AGRICULTURAL EMPLOYMENT ESTIMATES

	Feb 2012	Jan 2012	Feb 2011	Percent Change From Last Month	Percent Change From Last Year
Total Agricultural Employment	40,443	39,683	40,744	1.9%	-0.7%
Operators and Unpaid Family	11,934	11,934	11,934	0.0%	0.0%
Hired Workers	28,509	27,749	28,810	2.7%	-1.0%

Source: Idaho Department of Labor

TABLE 35
STATE OF IDAHO
LARGEST EMPLOYERS

Employer	Number of Employees	% of Total State Employment
State of Idaho	18,000-18,500(1)	2.7%
Federal Government	13,500-14,000	2.0%
St. Luke's Regional Medical Center	8,000-8,500	1.2%
Wal-Mart Associates	6,500-7,000	1.0%
Micron Technology	5,000-5,500	0.8%
Meridian Joint School District No. 2	4,500-5,000	0.7%
Batelle Energy Alliance	4,000-4,500	0.6%
Brigham Young University-Idaho	3,500-4,000	0.5%
Boise Independent School District No. 1	3,500-4,000	0.5%
Albertsons/Supervalu	3,500-4,000	0.5%
St. Alphonsus Regional Medical Center	3,000-3,500	0.5%
J.R. Simplot Company	3,000-3,500	0.5%

(1) Includes only full-time personnel.

Source: *State of Idaho Comprehensive Annual Financial Report for year ended Fiscal Year 2011*

TABLE 36
STATE OF IDAHO
COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2002	$29,544	$38,341
2003	30,286	39,537
2004	31,533	41,283
2005	32,507	42,640
2006	34,381	44,593
2007	35,391	46,671
2008	35,678	47,889
2009	35,896	47,947
2010	36,780	49,348
2011	37,550	50,876
2012	38,859	52,302

Source: *Idaho Economic Forecast*

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APPENDIX B

PLAN OF FINANCING

STATE OF IDAHO

TAX ANTICIPATION NOTES, SERIES 2012
PRINCIPAL AMOUNT $500,000,000

RON G. CRANE, the duly elected, qualified, and acting Treasurer of the State of Idaho, hereby certifies as follows:

ARTICLE I

DEFINITIONS AND PURPOSE

Section 1.1: DEFINITIONS

As used in this document, the following terms shall have the following definitions:

Act means Title 63, Chapter 32, Idaho Code, pursuant to which the Notes are authorized, issued, and sold.

Authenticating and Paying Agent means a national bank doing business in New York, New York, appointed by the State Treasurer pursuant to Section 3.5 of this Plan in the event that Certificated Notes are issued.

Beneficial Owner(s) means the owners or Holders of Notes whose ownership is recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries in the Book-Entry-Only System of the Depository.

Board of Examiners means the State Board of Examiners created pursuant to Article IV, Section 18, Idaho Constitution, and Chapter 20, Title 67, Idaho Code.

Book-Entry-Only System means the system of recordation of ownership of the Notes on the books of the Depository pursuant to Article III of this Plan.

Certificated Note(s) means a Note or Notes evidenced by a printed certificate or certificates in the event that the Book-Entry-Only System is discontinued.

Code means the Internal Revenue Code of 1986, as amended.

Depository means The Depository Trust Company, New York, New York, its successor corporation, or such other depository as may subsequently be designated by the Treasurer.

EMMA means the Electronic Municipal Market Access System of the MSRB as provided for by the Securities and Exchange Commission and located at www.emma.msrb.org.

Escrow Agent means The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, as escrow agent for the Note Payment Account designated pursuant to Section 2.6 of this Plan, and as paying agent for the Notes, so long as the Notes are issued in book-entry-only form, designated pursuant to Section 3.1 of this Plan.

Escrow Agreement means the escrow agreement between the State Treasurer and the Escrow Agent substantially in the form of Exhibit "E" which is annexed hereto and by reference made a part of this Plan.

Fiscal Year means the 2012-2013 fiscal year of the State, commencing on July 1, 2012, and ending on June 30, 2013.

General Fund means the general fund of the State.

General Tax Revenues means income and revenue from taxes, whether specific, ad valorem, excise, income, franchise, or license.

Global Note(s) means the typewritten Note or Notes in the aggregate principal amount of the Notes, dated as of the date of delivery of the Notes, and registered in the name of the Nominee.

Governor means the Governor of the State of Idaho.

Holder or Holders means (i) so long as the Book-Entry-Only System is in effect, the Beneficial Owners, or (ii) in the event that the Book-Entry-Only System is discontinued, the holders of Certificated Notes.

Letter of Representations means the Blanket Issuer Letter of Representations between the State Treasurer and the Depository, relating to the Book-Entry-Only System, substantially as set forth in Exhibit "D" which is annexed hereto and by reference made a part of this Plan.

MSRB means the Municipal Securities Rule Making Board.

Nominee means Cede & Co. as nominee for the Depository, or such nominee as the Depository may substitute therefor.

Note Payment Account means the "Tax Anticipation Notes, Series 2012, Note Payment Account" within the Tax Anticipation Note Redemption Fund of the State created by Section 63-3203, Idaho Code, established pursuant to Section 2.6 of this Plan.

Notes means the State of Idaho Tax Anticipation Notes, Series 2012, issued in the principal amount of $500,000,000.

Official Statement means the disclosure statement relating to the Notes, jointly approved by the State Treasurer and the Underwriter, and includes the Preliminary Official Statement.

Participant or Participants means banks and broker-dealer participants and correspondents, including indirect participants, that are related to entries on the Book-Entry-Only System of the Depository.

Plan means this Plan of Financing, dated as of June 19, 2012, authorizing the issuance, sale, and delivery of the Notes.

Preliminary Official Statement means the preliminary disclosure statement relating to the Notes, jointly approved by the State Treasurer and the Underwriter.

Purchase Contract means the Note Purchase Contract, dated as of June 19, 2012, between the State and the Underwriter, providing for the sale of the Notes, substantially in the form of Exhibit "A" which is annexed hereto and by reference made a part of this Plan.

Secretary of State means the Secretary of State of the State of Idaho.

State means the State of Idaho.

State Controller means the State Controller of the State of Idaho.

State Treasurer means the State Treasurer of the State of Idaho.

Underwriter means Seattle-Northwest Securities Corporation.

Section 1.2: PURPOSE

The Notes are being issued pursuant to the Act for the purpose of providing funds for the payment of current expenses in anticipation of the receipt of General Tax Revenues for the Fiscal Year. This document shall constitute the Plan of Financing (the "Plan") of the State Treasurer required pursuant to Section 63-3202(2), Idaho Code, and the order of the State Treasurer required by Section 63-3202(3), Idaho Code, in connection with the issuance, sale, and delivery of the Notes.

ARTICLE II

THE NOTES

Section 2.1: The Notes are to be issued, sold, and delivered in accordance with the Act and the Purchase Contract. The maximum principal amount of Notes which may be outstanding at any one time under this Plan is $500,000,000. In accordance with the April 17, 2012, approval of the Board of Examiners for the issuance of not to exceed $1,914,150,000 Tax Anticipation Notes, the State Treasurer reserves the right to file one or more additional Plans of Financing under the authority of the Act during the Fiscal Year.

Section 2.2: The Notes shall be issued in accordance with the Book-Entry-Only System described hereinafter in the form of not more than two typewritten Notes (the "Global Notes") in the aggregate principal amount of $500,000,000, shall be dated as of their date of delivery, shall mature on June 28, 2013, shall bear interest from their date at a fixed rate of 2.0% per annum until paid, calculated on the basis of a thirty-day month and a 360-day year, such interest being payable at maturity, and shall be substantially in the form of the Global Note which is annexed hereto as Exhibit "B" and by reference made a part hereof. The Notes shall not be subject to redemption prior to their stated maturity.

Section 2.3: The Notes shall be issued in anticipation of the General Tax Revenues to be received by the State during the fourth quarter of the Fiscal Year, and the Notes shall be secured by an irrevocable pledge of the income and revenues from the taxes so anticipated. Each Note so issued shall recite that it is a valid and binding obligation of the State, and that the faith and credit of the State is solemnly pledged for the payment of the principal thereof and interest thereon in accordance with its terms and the Constitution and laws of the State.

Section 2.4: The Notes shall be registered prior to their issuance in the office of the State Controller. A legend to that effect shall appear on the Global Notes and, in the event that the Book-Entry-Only System is discontinued, on each Certificated Note.

Section 2.5: The Notes shall be payable in accordance with the provisions of the Book-Entry-Only System as set forth in Article III of this Plan. In the event that the Book-Entry-Only System is discontinued and Certificated Notes are issued, the Notes shall be payable, principal and interest, on their maturity date, at the office of the State Treasurer, at Boise, Idaho, or, at the option of the Holders of the Certificated Notes, at the principal corporate trust office of the Authenticating and Paying Agent, New York, New York, which is hereby designated, pursuant to Section 67-1221, Idaho Code, as alternative fiscal agent for the State and alternative place of payment of principal of and interest on the Certificated Notes.

Section 2.6: There is hereby established within the Tax Anticipation Note Redemption Fund of the State, created by Section 63-3203, Idaho Code, the Tax Anticipation Notes, Series 2012, Note Payment Account (the "Note Payment Account") for the payment of the principal of and interest on the Notes. The Bank of New York Mellon Trust Company, N.A., Seattle, Washington, is hereby appointed as escrow agent (the "Escrow Agent") in accordance with the Escrow Agreement which is annexed hereto as Exhibit "E" and by reference made a part of this Plan. The Note Payment Account shall be held and invested at the direction of the State Treasurer by the Escrow Agent pursuant to the provisions of the Escrow Agreement.

Section 2.7: The Notes are hereby sold to the Underwriter in accordance with the Purchase Contract, at a purchase price of $500,000,000, plus a premium of $8,880,000, less an underwriter's discount of $311,069.00, less fees and expenses of the financial advisor to the State in the estimated amount of $114,713, plus accrued interest, if any.

Section 2.8: As provided in Section 63-3202(b), Idaho Code, immediately upon the issuance and sale of the Notes the State Treasurer shall cause the proceeds of the sale of the Notes to be credited to the General Fund.

ARTICLE III

THE BOOK-ENTRY-ONLY SYSTEM

Section 3.1: The Notes shall initially be issued in the form of fully registered Notes in book-entry-only form (the "Book-Entry-Only System"), with no Notes being made available to Beneficial Owners thereof, as provided in the Letter of Representations between the State Treasurer and the Depository. So long as the Notes are issued in book-entry-only form, the State shall recognize the Depository or its Nominee as the owner of the Notes for all purposes. Beneficial ownership interests in the Notes will be available through Participants in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. By purchasing a beneficial interest therein, a Beneficial Owner shall be deemed to have waived the right to receive a Certificated Note, except as provided hereinafter. Ownership of the Notes shall be recorded through entries on the books of banks and broker-dealer participants and correspondents (the "Participants") that are related to entries on the Book-Entry-Only System of the Depository. The Notes shall be initially issued in the form of not more than two typewritten Notes (the "Global Notes"). The Global Notes shall be executed by the Governor, countersigned by the State Treasurer, and attested by Secretary of State, any of which signatures may be either manual or facsimile. The Global Notes shall be registered in the name of the Nominee and, upon payment therefor in accordance with the terms and conditions of the Purchase Contract, including accrued interest, if any, to delivery, shall be lodged with the Depository until maturity of the Notes. The Escrow Agent shall be the paying agent for the Notes. The Escrow Agent shall remit payment for the principal of and interest on the Notes at maturity, in lawful money of the United States, directly to the Depository, so long as Depository or its Nominee is the registered owner of the Notes, for distribution to the Beneficial Owners of the Notes by recorded entry on the books of the Depository.

Section 3.2: With respect to Notes registered in the name of the Nominee, the State shall have no responsibility to any Participant, or to any Beneficial Owner on behalf of which such Participant acts as agent, with respect to:

(i) the sending of transaction statements, or maintenance, supervision, or review of records of the Depository;

(ii) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Notes;

(iii) the delivery to any Participant, the Beneficial Owners, or any other person of any notice with respect to the Notes;

(iv) the payment to any Participant, Beneficial Owner, or any other person other than the Depository or its Nominee of any amount with respect to principal of or interest on the Notes;

(v) any consent given or other action taken by the Depository or its Nominee as owner of the Notes.

Section 3.3: The State shall cause to be paid, by the Escrow Agent, as set forth in the Escrow Agreement, on or before the date of maturity of the Notes, all of the principal of and interest on the Notes to the Nominee, and such payment shall be valid and effective fully to satisfy and discharge the State's obligation to any Participant, Beneficial Owner, or other person with respect to payment thereof to the extent of the sum or sums so paid. Transfer of principal and interest payments on the Notes shall be the responsibility of the Depository and its Participants, and the State shall have no liability therefor.

Section 3.4: Upon delivery by the Depository to the State of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Plan shall be deemed to refer to such new nominee.

Section 3.5: (A) In the event that either the State or the Depository shall determine to discontinue the services as set forth in the Letter of Representations, and the State elects not to designate another qualified securities depository to replace the Depository, then the State will discontinue the use of the Book-Entry-Only System and will cause to be issued Certificated Notes to the Beneficial Owners as Holders of the Notes. The Certificated Notes shall be issued in bearer form in the aggregate principal amount of $500,000,000, shall be dated as of the date of delivery of the Global Notes, shall mature on June 28, 2013, shall bear interest (which shall include interest accrued during the time the Notes were in book-entry-only form) from their date at the same rate as the Global Note, payable at maturity, and shall be substantially in the form of the Note annexed hereto as Exhibit "C."

(B) Certificated Notes shall be executed by the facsimile signature of the Governor, countersigned by the facsimile signature of the State Treasurer, and attested by the facsimile signature of the Secretary of State. The State Treasurer will designate an Authenticating and Paying Agent for the Certificated Notes. Only such Certificated Notes as shall bear thereon a certificate of authentication in the form set forth on Exhibit "C," manually executed by an authorized officer of the Authenticating and Paying Agent, shall be valid for any purpose. Such certificate of authentication shall be conclusive evidence that the Certificated Notes so authenticated have been duly executed, authenticated, and delivered hereunder and shall be entitled to the benefits of this Plan. The Authenticating and Paying Agent shall be responsible for its representations contained in the certificate of authentication on the Certificated Notes. The Certificated Notes shall be payable in the manner set forth in Section 2.5 hereinabove.

(C) In the event that Certificated Notes are issued, the State shall cause the Beneficial Owners to be notified of the discontinuance of the Book-Entry-Only System, issuance of Certificated Notes, and the appointment of the Authenticating and Paying Agent, and, within fifteen (15) days of the maturity date of the Notes, cause notice of the payment date and place to be published once in a financial journal published in New York, New York.

ARTICLE IV

COVENANTS

Section 4.1: All income and revenues from the taxes specified in Section 2.3 hereof, collected during the fourth quarter of the Fiscal Year (save and except only those revenues required, pursuant to Section 63-3067, Idaho Code, to be deposited into the "State Refund Account" and, pursuant to Section 63-3638, Idaho Code, to be deposited into the "Sales Tax Refund Tax Account"), shall be deposited into the Note Payment Account as received until such time as the moneys and investment earnings accumulated therein shall be fully sufficient to pay the principal of the Notes, and the interest thereon, at maturity. All moneys in the Note Payment Account shall be invested only in the following investments permitted by Section 67-1210, Idaho Code: (i) direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or any agency thereof, or (ii) fully collateralized time certificates of deposit or fully collateralized repurchase agreements. No moneys in the Note Payment Account shall be invested in obligations permitted under paragraphs (c), (e), (g), (h), or (k) of Section 67-1210, Idaho Code. All moneys in the Note Payment Account shall be invested so as to mature on or before June 28, 2013. Nothing herein shall be deemed as prohibiting the State Treasurer from depositing any income and revenues from taxes received prior to the fourth quarter of the Fiscal Year or other available revenues into the Note Payment Account. In accordance with the Act, the funds so accumulated in the Note Payment Account are pledged, appropriated, and set aside solely for such purpose. Any moneys remaining in the Note Payment Account after payment in full of all principal of and interest on the Notes at maturity shall be transferred to the General Account of the State.

Section 4.2: In the event that there are not on deposit in the Note Payment Account, on or before June 28, 2013, tax revenues fully sufficient, together with investment earnings earned or to be earned prior to the date of maturity of the Notes, to pay the principal of and interest on the Notes at maturity, then the State Treasurer shall, on or before June 28, 2013, (1) transfer to the Note Payment Account any moneys available, as authorized by Section 67-1212(2)(a), Idaho Code, in an amount sufficient, together with revenues and investment earnings on deposit in the Note Payment Account, to pay the principal of and interest on the Notes at maturity; or (2) take any or all other legally available actions to cause to be deposited in the Note Payment Account amounts sufficient, together with all other available revenues and investment earnings, to pay the principal of and interest on the Notes at maturity.

Section 4.3: None of the proceeds of the Notes will be (i) loaned to private persons within the meaning of Section 141(c) of the Code, or (ii) used for any private business use within the meaning of Section 141(b) of the Code. For purposes of the preceding sentence, "private persons" means any person or entity (including the federal government) other than a state or local government unit, and "private business use" means use directly or indirectly in a trade or business carried on by any such private person. Accordingly, the Notes will not be "private activity bonds" within the meaning of Section 141 of the Code. The State will take no action which would cause the Notes to become an item of tax preference for alternative minimum tax purposes.

Section 4.4: The State will comply with the provisions of the Code which are necessary for interest paid on the Notes to be exempt from federal income taxation (except for certain minimum taxes on corporations) and will make no use of the proceeds of the Notes that would result in the interest on the Notes being includable in gross income within the meaning of Section 103(a) of the Code, and in particular will take no action which would cause the Notes to become arbitrage bonds within the meaning of Section 148 of the Code. Prior to the issuance of the Notes, the State Treasurer will execute a Tax Certificate with respect to the Notes, and the State will comply with the provisions thereof.

Section 4.5: The State will calculate its actual cumulative cash flow deficit (within the meaning of Code Section 148(f)(4)(B)(iii)(II)) prior to the maturity of the Notes, and will keep accurate records of all investments of the proceeds of the Notes, including earnings on the proceeds of the Notes, and the expenditure thereof. If by a date which is not later than six months after the date on which the Notes are issued, the actual cumulative cash flow deficit has not equaled or exceeded ninety percent (90%) of the proceeds of the Notes, then (i) the State shall account for the investment of the Gross Proceeds (as described in Section 148(f)(6)(B) of the Code and Section 1.148-1(b) of the Treasury Regulations) of the Notes and make the required arbitrage rebate payments to the federal government from the proceeds of the Notes or from any other legally available source (provided, however, that this obligation shall not be construed as constituting a debt or liability of the State within the meaning of any constitutional or statutory limitation upon the incurrence of the indebtedness by the State) at the times, upon the terms and conditions, and in the manner specified in Section 148(f) of the Code and the Treasury Regulations promulgated in connection therewith, and (ii) the State shall keep and retain or cause to be kept and retained, until the date six years after the retirement of the last Note, adequate records with respect to the Notes and the investment and expenditure of proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of Gross Proceeds of the Notes including (a) purchase price of such investments, (b) purchase date, (c) type of security or investment, (d) accrued interest paid on the investment (if any), (e) interest rate (if applicable), (f) dated date (if applicable), (g) principal amount, (h) date of maturity, (i) interest payment dates (if applicable), (j) date of liquidation, (k) amounts received upon liquidation of such investments, and (l) the market value of such security or investment on the date it became Gross Proceeds of the Notes and on the date of the retirement of the last Note if then held by the State.

In addition, the State will not enter into any transaction or cause any transaction to be entered into which reduces the amount which may be required to be paid to the federal government pursuant to the arbitrage rebate requirements specified above, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Notes not been relevant to either party.

The State represents that it is legally authorized to pay rebates to the United States as required by Section 148(f) of the Code, and that its expected cumulative cash flow deficit exceeds ninety percent of the proceeds of the Notes.

Section 4.6: The State will comply with the applicable requirements of Rule 15c2-12(b)(5)(i)(C) of the U.S. Securities and Exchange Commission with respect to the disclosure of certain material events with respect to the Notes, and hereby covenants and agrees with and for the benefit of the Holders of the Notes to provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to the MSRB via EMMA, notice of any of the following events with respect to the Notes, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Notes; (7) modifications to rights of Note Holders; (8) Note calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar proceedings; (13) merger, consolidation, or acquisition of an obligated person; or (14) appointment of, or change of the name of, a trustee, successor trustee, or additional trustee. If the State fails to comply with the foregoing disclosure undertakings, it will, within a reasonable time not in excess of ten (10) business days following its ascertainment of such failure, provide notice to the MSRB via EMMA of any material failure of disclosure. Holders of the Notes may enforce specific performance of the foregoing undertakings by any available judicial proceeding; provided, however, that the failure of the State to perform such undertakings shall not constitute an event of default with respect to the Notes, nor shall any such failure render the State liable for monetary damages to any Holder or transferee of the Notes.

ARTICLE V

MISCELLANEOUS

Section 5.1: In connection with the public offering of the Notes by the Underwriter, the use of a Preliminary Official Statement and a final Official Statement is hereby authorized. Pursuant to Securities and Exchange Commission Rule 15c2-12, the State deems the Preliminary Official Statement as final as of its date except for the omission of information dependent upon the pricing of the Notes, such as offering price, interest rate, selling compensation, delivery date, or other terms dependent upon the foregoing matters. The State hereby agrees to deliver or cause to be delivered, within seven (7) business days after any final agreement to purchase the Notes copies of a final Official Statement in sufficient quantity to comply with paragraph (b)(4) of Securities and Exchange Commission Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

Section 5.2: Any notices shall be given as follows: If to the State, to: State Treasurer, 700 W. Jefferson, Room 126, Boise, Idaho 83720; if to the Underwriter, to: Seattle-Northwest Securities Corporation, 101 S. Capitol Blvd., Ste. 603, Boise, ID 83702; if to the Depository, to: The Depository Trust Company, 55 Water Street, New York, New York 10041; if to the Escrow Agent, to The Bank of New York Mellon Trust Company, N.A., 601 Union Street, Suite 520, Seattle, Washington, 98101.

Section 5.3: IN WITNESS WHEREOF, I have hereunto subscribed my official signature as of the 19th day of June, 2012.

____
Ron G. Crane
State Treasurer

FILED in the Office of the Governor of the State of Idaho this 20th day of June, 2012.

By_________________________________
Office of the Governor

APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL

MOORE SMITH BUXTON & TURCKE, CHARTERED

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* Also admitted in Oregon
◊ Also admitted in South Dakota
≈ Also admitted in Utah
‡ Also admitted in Washington

July 2, 2012

The Hon. Ron G. Crane
State Treasurer
P.O. Box 83720
Boise, Idaho 83720-0091

Seattle-Northwest Securities Corporation
101 S. Capitol Blvd., Ste. 603
Boise, ID 83702

Re: State of Idaho Tax Anticipation Notes, Series 2012, in the Principal Amount of $500,000,000

Dear Mr. Crane, Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the State of Idaho (the "State") of its Tax Anticipation Notes, Series 2012 (the "Notes"), which are dated July 2, 2012, mature on June 28, 2013, bear interest at the rate of two percent (2.0%) per annum, and are issued in the aggregate principal amount of $500,000,000.

The Notes have been sold to Seattle-Northwest Securities Corporation pursuant to a Note Purchase Contract dated as of June 19, 2012. We refer you to the Plan of Financing executed on June 19, 2012, pursuant to which the Notes are issued, for a description of the purpose for which the Notes are issued, the security for the Notes, the manner in which the principal of and interest on the Notes are payable, and all other details of the Notes.

We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation. We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We have examined the Constitution and laws of the State of Idaho, including Title 63, Chapter 32, Idaho Code, and such other laws, proceedings (prepared, in part, by us) relating to the issuance and sale of the Notes, and other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of issuance and delivery of the Notes.

Based upon our examination, we are of the opinion, under existing law and as of the date hereof:

1. The State has full power and authority under the Constitution and statutes of the State to borrow money for the purposes set forth in the Plan of Financing, to issue and sell the Notes, and to enter into and perform its obligations under the Plan of Financing and the Note Purchase Contract.

2. The Notes have been legally authorized, issued, and sold under and pursuant to the Constitution and laws of the State of Idaho and constitute valid and legally binding obligations of the State, payable from the "Tax Anticipation Notes, Series 2012, Note Payment Account" established by the Plan of Financing within the Tax Anticipation Note Redemption Fund of the State. The faith and credit of the State is pledged for the payment of the principal of and interest on the Notes.

3. The Plan of Financing and the Note Purchase Contract have been duly and validly authorized, executed, and delivered by the State, and, assuming the due and proper authorization, acceptance, and execution by the other parties thereto to the extent applicable, will constitute valid and legally binding obligations of the State, enforceable in accordance with their respective terms.

4. Except as discussed below, the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes. We are further of the opinion that the interest will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the State with, certain representations and covenants regarding the use and investment of the proceeds of the Notes. Under the Code, the State is required to comply with certain requirements subsequent to the issuance of the Notes to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Notes and use of facilities financed with such proceeds. The State has covenanted to comply with these requirements, and the opinion expressed in this paragraph 4 hereof assumes such compliance. However, we have not undertaken and do not undertake to monitor compliance by the State with such requirements; and if the State should fail to comply with such requirements, the interest on the Notes could become includable in gross income for federal and State of Idaho income tax purposes retroactive to the date of issuance of the Notes.

5. Interest on the Notes is excluded from gross income for purposes of income taxation by the State of Idaho, to the same extent that such interest is excluded from gross income for purposes of federal income taxation.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences arising with respect to the Notes. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the holders of the Notes may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Our opinion is limited to matters of Idaho law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

MOORE SMITH BUXTON & TURCKE, CHARTERED

Michael C. Moore

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APPENDIX D
DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of

ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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