OFFICIAL STATEMENT

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 2011 (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 2011

Coupon: 2.00%, Yield: 0.26%, CUSIP 451434BR4

Dated: Date of Delivery (July 1, 2011) **Due: June 29, 2012**

PURPOSE The Notes are being issued to fund the State's anticipated cash flow shortfalls during the fiscal year commencing on July 1, 2011, and ending June 30, 2012 ("Fiscal Year 2012"), 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 March 15, 2011, 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 2012 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.

[*] 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 2011

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 2011 (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, 2011, and ending June 30, 2012 ("Fiscal Year 2012"). 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 2012 (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 2012 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 29, 2012. 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 March 15, 2011 (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 2012 in an amount not to exceed $1,764.150 million. At the time the Board adopted the Resolution, General Tax Revenues anticipated to be collected during Fiscal Year 2012 were expected to be not less than $2,352.200 million, thereby imposing a limit of $1,764.150 million on such borrowings for Fiscal Year 2012.

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 2012, 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 2011, in anticipation of the income and revenues from taxes to be received during the fourth quarter of Fiscal Year 2012 (April, May and June 2012). These monies may include specific, *ad valorem*, excise, income, franchise or license revenues. The State anticipates receiving a total of $817.432 million in the fourth quarter of Fiscal Year 2012. The $500,000,000 in Notes to be issued is equal to 61.17% of anticipated Fiscal Year 2012 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 2012. The revenues anticipated for Fiscal Year 2012 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 2012 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 94.62% 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 49.70% of General Fund revenues/receipts in the first six months of Fiscal Year 2012. However, disbursements during the same period account for 67.70% of total expenditures.

The single largest item of expenditure in the State's budget is for public school aid, which totals $1,223,580,400, or 48.24% of total spending. 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 $991,328,660, or 81.02% 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 2012 are currently scheduled as follows:

TABLE 1
PAYMENTS TO SCHOOL DISTRICTS

Month	Amount
July 2011	$ 79,921,700
August 2011	330,777,610
September 2011	348,377,610
November 2011	232,251,740
February 2012	116,125,870
May 2012	116,125,870
Total	$ 1,223,580,400

Health and Welfare expenditures, the second largest single expenditure item, total $564,842,800, or 22.26% of the budget. The third largest expenditure item is aid to higher education, for a total of $274,055,500, which is 10.80% of the total Fiscal Year 2012 budget (see Table 14—General Fund Summary of the Fiscal Year 2012 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 2012.

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 2012 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 2011, 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 29, 2012. 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 2012 (April, May and June 2012) 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, 2012, 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 2012 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 2012
(000's omitted)

	April	May	June	Total
Individual Income Tax	$ 295,658	$ 56,725	$ 89,508	$ 441,891
Corporate Income Tax	30,983	6,903	18,842	56,728
Sales Tax	86,463	83,424	89,397	259,284
Product Taxes	3,097	3,065	3,199	9,361
Miscellaneous Revenues	2,428	2,071	45,669	50,168
Non-Revenue Receipts	0	0	0	0
Total Tax Revenues	$ 418,629	$ 152,188	$ 246,615	$ 817,432

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 29, 2012, 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 2012 fourth quarter revenues of $817.4 million provide 1.63X coverage for the Notes. Borrowable Cash Resources of $2,529 million provide 5.06X 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 2011, and Tables 4 and 5 present the projected cash flow for Fiscal Year 2012, by major categories of receipts and disbursements. The Fiscal Year 2012 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 2012 budget. Certain assumptions regarding the Fiscal Year 2012 cash flow statements are set forth below and on the page following Table 5 (see "Assumptions Underlying The Monthly Allocation of Fiscal Year 2012 General Fund Disbursements").

Fiscal Year 2012 Cash Flow Deficit. Fiscal Year 2012 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 $527,445,000 (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 2012 is $632,159,000, occurring on November 15, 2011.

The State of Idaho is choosing to take a conservative external borrowing approach during Fiscal Year 2012 and will 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, 2011

	Actual											Budget	
(000 Omitted)	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**June**	**Total**
BEGINNING CASH BALANCE BEFORE BORROWING	**$ 11,438**	**$ 40,712**	**$ (213,970)**	**$ (484,439)**	**$ (409,439)**	**$ (565,869)**	**$ (454,217)**	**$ (336,396)**	**$ (392,209)**	**$ (300,756)**	**$ (44,722)**	**$ (71,449)**	**$ 11,438**
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	$ 71,114	$ 75,679	$ 73,249	$ 85,312	$ 72,989	$ 86,962	$ 121,346	$ 67,107	$ 89,844	$ 242,837	$ 71,900	$ 56,947	$ 1,115,286
Corporate Income Tax	5,716	2,555	20,054	7,322	2,486	20,039	8,229	6,714	19,117	24,275	7,372	516	124,395
Sales Tax	90,547	85,412	84,604	87,406	83,179	73,197	93,224	64,633	69,435	79,959	75,998	77,346	964,940
Product Taxes	3,247	6,853	3,439	3,383	3,287	3,430	3,134	3,096	3,054	3,229	3,166	3,393	42,711
Miscellaneous Revenues	16,047	2,968	9,829	3,910	1,914	19,357	(5,108)	4,005	4,728	2,853	1,616	39,172	101,291
Total Revenues	$ 186,671	$ 173,467	$ 191,175	$ 187,333	$ 163,855	$ 202,985	$ 220,825	$ 145,555	$ 186,178	$ 353,153	$ 160,052	$ 177,374	$ 2,348,623
Non-Revenue Transfers to GF	78,981	0	0	0	0	0	0	0	0	1,505	0	0	80,486
Non-Revenue Receipts	1,563	1,097	2,761	967	1,312	978	509	1,057	1,205	867	1,730	(1,730)	12,316
TAN - Interest (offset Int Exp)	0	0	0	0	0	0	0	0	0	0	9,972	0	9,972
TOTAL REVENUES AND RECEIPTS	**$ 267,215**	**$ 174,564**	**$ 193,936**	**$ 188,300**	**$ 165,167**	**$ 203,963**	**$ 221,334**	**$ 146,612**	**$ 187,383**	**$ 355,525**	**$ 171,754**	**$ 175,644**	**$ 2,451,397**
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	$ 34,387	$ 33,430	$ 37,266	$ 57,338	$ 34,944	$ 35,434	$ 37,381	$ 39,341	$ 36,816	$ 43,026	$ 23,302	$ 36,136	$ 448,801
Operating Costs	15,810	14,774	15,329	8,911	10,694	10,107	8,124	6,044	9,759	8,782	8,980	12,073	129,387
Capital Outlay	3,043	1,675	983	1,170	1,438	1,297	234	(665)	977	677	(51)	995	11,773
Trustee and Benefit Payments	19,159	6,705	18,422	6,619	4,878	10,329	11,360	4,371	7,523	5,196	6,951	0	101,513
Operating Transfers - Public Schools	65,879	330,905	353,530	0	228,280	0	0	117,843	0	0	117,843	0	1,214,280
Operating Transfers - All Others	99,047	39,865	36,064	38,765	39,865	34,404	45,849	34,404	39,272	41,264	29,483	11,110	489,392
Total Expenditures	$ 237,325	$ 427,354	$ 461,594	$ 112,803	$ 320,099	$ 91,571	$ 102,948	$ 201,338	$ 94,347	$ 98,945	$ 186,508	$ 60,314	$ 2,395,146
Non-Operating disbursements	$ 616	$ 1,892	$ 2,811	$ 497	$ 1,498	$ 740	$ 565	$ 1,087	$ 1,583	$ 546	$ 2,001	$ (2,001)	$ 11,835
TAN - Interest Expense	0	0	0	0	0	0	0	0	0	0	9,972	0	9,972
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 237,941**	**$ 429,246**	**$ 464,405**	**$ 113,300**	**$ 321,597**	**$ 92,311**	**$ 103,513**	**$ 202,425**	**$ 95,930**	**$ 99,491**	**$ 198,481**	**$ 58,313**	**$ 2,416,953**
													0
ENDING CASH BALANCE BEFORE BORROWING	**$ 40,712**	**$ (213,970)**	**$ (484,439)**	**$ (409,439)**	**$ (565,869)**	**$ (454,217)**	**$ (336,396)**	**$ (392,209)**	**$ (300,756)**	**$ (44,722)**	**$ (71,449)**	**$ 45,882**	**$ 45,882**
Beginning After-Borrowing Balance	$ 11,438	$ 540,712	$ 286,030	$ 15,561	$ 90,561	$ (65,869)	$ 45,783	$ 133,626	$ 77,813	$ 69,293	$ 50,341	$ (71,449)	$ 11,438
Borrowing													
Receipt	500,000	0	0	0	0	0	0	0	0	0	0	0	500,000
(Repayment)	0	0	0	0	0	0	(29,978)	0	(99,973)	(274,986)	(95,063)	0	(500,000)
Total Net Borrowing	$ 500,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ (29,978)	$ 0	$ (99,973)	$ (274,986)	$ (95,063)	$ 0	$ 0
NET RECEIPTS OVER (UNDER) DISBURSEMENT	29,274	(254,682)	(270,469)	75,000	(156,430)	111,652	117,821	(55,813)	91,453	256,034	(26,727)	117,331	34,444
ENDING AFTER-BORROWING CASH BALANCE (1)	**$ 540,712**	**$ 286,030**	**$ 15,561**	**$ 90,561**	**$ (65,869)**	**$ 45,783**	**$ 133,626**	**$ 77,813**	**$ 69,293**	**$ 50,341**	**$ (71,449)**	**$ 45,882**	**$ 45,882**

Note: Mid-month deficit for Fiscal Year 2011 (at November 15, 2010): ($689,716).

(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, 2012

(000 Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
BEGINNING CASH BALANCE BEFORE BORROWING (1)	**$ 45,882**	**$ 45,718**	**$ (211,259)**	**$ (466,690)**	**$ (368,782)**	**$ (527,445)**	**$ (387,377)**	**$ (231,331)**	**$ (351,718)**	**$ (337,364)**	**$ (16,796)**	**$ (68,533)**	**$ 45,882**
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	$ 90,122	$ 91,963	$ 90,490	$ 102,154	$ 87,912	$ 125,360	$ 157,406	$ 8,104	$ 32,414	$ 295,658	$ 56,725	$ 89,508	$ 1,227,816
Corporate Income Tax	5,011	1,493	23,774	6,930	466	19,470	7,663	1,572	10,155	30,983	6,903	18,842	133,262
Sales Tax	96,734	94,009	93,590	93,485	84,577	81,956	98,096	73,572	72,734	86,463	83,424	89,397	1,048,037
Product Taxes	3,065	6,740	3,260	3,081	3,105	3,081	3,052	2,963	2,991	3,097	3,065	3,199	40,699
Miscellaneous Revenues	7,737	2,081	9,885	1,821	2,139	10,810	1,590	3,912	6,205	2,428	2,071	45,669	96,348
Total Revenues	202,669	196,286	220,999	207,471	178,199	240,677	267,807	90,123	124,499	418,629	152,188	246,615	2,546,162
Transfers to General Fund (2)	38,005	0	0	0	0	0	0	0	0	0	0	0	38,005
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES AND RECEIPTS	**$ 240,674**	**$ 196,286**	**$ 220,999**	**$ 207,471**	**$ 178,199**	**$ 240,677**	**$ 267,807**	**$ 90,123**	**$ 124,499**	**$ 418,629**	**$ 152,188**	**$ 246,615**	**$ 2,584,167**
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	$ 41,744	$ 38,961	$ 46,383	$ 38,498	$ 43,137	$ 41,745	$ 38,034	$ 38,962	$ 46,383	$ 33,396	$ 30,149	$ 26,439	$ 463,831
Operating Costs	16,127	16,099	14,195	11,437	10,079	8,287	9,589	7,630	7,980	8,189	8,595	21,783	139,990
Capital Outlay	3,360	1,937	1,183	1,288	1,398	993	838	582	688	564	1,184	1,905	15,920
Trustee and Benefit Payments	13,212	8,854	10,766	6,706	6,410	6,048	6,165	3,673	4,452	4,278	4,334	6,438	81,336
Operating Transfers - Public Schools	79,922	330,778	348,378	0	232,252	0	0	116,127	0	0	116,126	0	1,223,583
Operating Transfers - All Others	86,473	56,634	55,525	51,634	43,586	43,536	57,135	43,536	50,642	51,634	43,537	28,477	612,349
Total Expenditures	$ 240,838	$ 453,263	$ 476,430	$ 109,563	$ 336,862	$ 100,609	$ 111,761	$ 210,510	$ 110,145	$ 98,061	$ 203,925	$ 85,042	$ 2,537,009
Non-Operating Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 240,838**	**$ 453,263**	**$ 476,430**	**$ 109,563**	**$ 336,862**	**$ 100,609**	**$ 111,761**	**$ 210,510**	**$ 110,145**	**$ 98,061**	**$ 203,925**	**$ 85,042**	**$ 2,537,009**
ENDING CASH BALANCE BEFORE BORROWING	**$ 45,718**	**$ (211,259)**	**$ (466,690)**	**$ (368,782)**	**$ (527,445)**	**$ (387,377)**	**$ (231,331)**	**$ (351,718)**	**$ (337,364)**	**$ (16,796)**	**$ (68,533)**	**$ 93,040**	**$ 93,040**
Beginning Cash Balance Before Borrowing	45,882	545,718	288,741	33,310	131,218	(27,445)	112,623	268,669	148,282	162,636	483,204	(68,533)	45,882
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	(164)	(256,977)	(255,431)	97,908	(158,663)	140,068	156,046	(120,387)	14,354	320,568	(51,737)	161,573	47,158
ENDING AFTER-BORROWING CASH BALANCE (3)	**$ 545,718**	**$ 288,741**	**$ 33,310**	**$ 131,218**	**$ (27,445)**	**$ 112,623**	**$ 268,669**	**$ 148,282**	**$ 162,636**	**$ 483,204**	**$ 431,467**	**$ 93,040**	**$ 93,040**

Note: Projected mid-month deficit for Fiscal Year 2012 (at November 15, 2011): $(632,159).

(1) Beginning cash balance includes no encumbrance reserve.

(2) Transfers to General Fund include:
$22 million from Millennium SB 1201
$8 million from Liquor Control Fund SB 1201
$7 million from Permanent Building Fund SB 1201

(3) 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, 2012

(000 omitted)	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
BEGINNING CASH BALANCE	**$ 45,882**	**$ 33,310**	**$ 112,623**	**$ 162,636**	**$ 45,882**
REVENUES AND RECEIPTS					
Revenues					
Individual Income Tax	$ 272,575	$ 315,426	$ 197,924	$ 441,891	$ 1,227,816
Corporate Income Tax	30,278	26,866	19,390	56,728	133,262
Sales Tax	284,333	260,018	244,402	259,284	1,048,037
Product Taxes	13,065	9,267	9,006	9,361	40,699
Miscellaneous Revenues	19,703	14,770	11,707	50,168	96,348
Total Revenues	$ 619,954	$ 626,347	$ 482,429	$ 817,432	$ 2,546,162
Non-revenue Receipts	38,005	0	0	0	38,005
TOTAL REVENUES AND RECEIPTS	**$ 657,959**	**$ 626,347**	**$ 482,429**	**$ 817,432**	**$ 2,584,167**
EXPENDITURES AND DISBURSEMENTS					
Expenditures					
Personnel Costs	$ 127,088	$ 123,380	$ 123,379	$ 89,984	$ 463,831
Operating Expense	46,421	29,803	25,199	38,567	139,990
Capital Outlay	6,480	3,679	2,108	3,653	15,920
Trustee and Benefit Payments	32,832	19,164	14,290	15,050	81,336
Operating Transfers-Public Schools	759,078	232,252	116,127	116,126	1,223,583
Operating Transfers-All Other	198,632	138,756	151,313	123,648	612,349
Total Appropriated Expenditures	$ 1,170,531	$ 547,034	$ 432,416	$ 387,028	$ 2,537,009
Non-Operating Disbursements	0	0	0	0	0
Net Interest Revenues/Expenditures on TAN	0	0	0	0	0
TOTAL EXPENDITURES AND DISBURSEMENTS	**$ 1,170,531**	**$ 547,034**	**$ 432,416**	**$ 387,028**	**$ 2,537,009**
TAX ANTICIPATION NOTES:					
Receipt	$ 500,000	$ 0	$ 0	$ 0	$ 500,000
Repayment	0	0	0	(500,000)	(500,000)
ENDING CASH BALANCE	**$ 33,310**	**$ 112,623**	**$ 162,636**	**$ 93,040**	**$ 93,040**

Source: Division of Financial Management

Assumptions Underlying the Monthly Allocation of Fiscal Year 2012 General Fund Disbursements

The Fiscal Year 2012 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 2012 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. Interest expense on the 2010 Notes is $9,972,222. Interest on the 2011 Notes is $9,944,444, which includes a premium of $8,625,000. However, since the Fiscal Year 2012 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 2012 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 $2,529 million at June 30, 2012. Set forth in Tables 6 and 7 are the actual internal Borrowable Cash Resources available to the State Treasurer for Fiscal Years 2007-2011 (estimated for May and June, 2011). Table 8 provides the estimated internal Borrowable Cash Resources available for Fiscal Year 2012.

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, can 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 table:

TABLE 6
BORROWABLE CASH RESOURCES

Fiscal Year	Year-End Balance
2007	$2.632 billion
2008	3.140 billion
2009	3.063 billion
2010	2.562 billion
2011	2.281 billion
2012	2.529 billion

Source: Division of Financial Management

TABLE 7
STATE OF IDAHO
BORROWABLE CASH RESOURCES
FISCAL YEARS 2007-2012

(000 omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
ACTUAL												
Fiscal Year 2007	2,072,969	2,276,356	2,431,211	2,238,032	2,394,785	2,175,895	2,355,617	2,529,731	2,465,658	2,676,576	2,869,528	2,632,974
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 (1)	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	2,587,870	2,280,621
ESTIMATE												
Fiscal year 2012	$ 2,666,964	$ 2,894,953	$ 2,756,497	$ 2,873,754	$ 2,827,040	$ 3,003,071	$ 3,048,591	$ 3,065,639	$ 2,868,473	$ 2,661,645	$ 2,554,829	$ 2,528,689

(1) June estimated for Fiscal Year 2011.

Source: Division of Financial Management

TABLE 8
STATE OF IDAHO
ESTIMATED AVAILABLE BORROWABLE CASH RESOURCES
FISCAL YEAR 2012

(000's Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
NON-INTEREST BEARING												
Lottery	$ 1,339	$ 4,387	$ 7,866	$ 9,672	$ 13,360	$ 20,008	$ 18,865	$ 21,741	$ 25,497	$ 28,195	$ 31,254	$ 35,436
Co-Op Welfare	20,832	10,506	(8,110)	19,974	10,807	16,756	15,661	17,139	26,129	267,282	35,849	3,393
Co-Op DEQ	747	3,267	2,879	1,364	1,438	2,927	2,441	2,169	2,493	2,783	784	246
Tax Commission Refunds	14,727	29,316	47,157	55,814	60,571	75,227	89,864	23,025	1,915	10,259	5,001	1,577
Circuit Breaker/Sales Tax	17,173	31,987	46,525	20,992	34,005	37,149	17,747	29,122	40,668	20,581	33,080	36,800
Department of Lands	8,180	8,360	8,278	7,771	8,036	8,051	9,550	9,758	9,503	10,469	10,384	9,889
State Regulatory Agency Accounts	42,991	41,352	40,912	39,691	40,786	40,578	43,623	44,420	47,739	46,652	48,776	49,047
All Other Non-Interest Bearing Funds	166,880	174,889	187,924	181,970	57,350	32,441	209,651	210,111	161,367	155,154	136,260	163,966
TOTAL NON-INTEREST BEARING	$ 272,869	$ 304,064	$ 333,431	$ 337,248	$ 226,353	$ 233,137	$ 407,402	$ 357,485	$ 315,311	$ 287,351	$ 301,388	$ 300,354
INTEREST BEARING												
Permanent Building	$ 1,449	$ 1,317	$ 1,185	$ 1,053	$ 921	$ 789	$ 657	$ 525	$ 393	$ 261	$ 129	$ 0
Water Pollution Control	1,026	1,426	1,828	2,136	2,539	2,942	3,224	3,627	4,031	4,341	4,746	4,002
Endowments	97,282	98,172	98,600	98,267	98,751	98,384	98,545	98,333	98,124	95,429	28,344	22,355
Public School Income	60,858	60,323	59,019	50,899	48,663	49,267	51,001	32,366	31,052	32,775	30,821	29,912
Unemployment Clearing	19,553	17,538	22,298	21,830	21,925	22,530	27,643	70,717	38,634	25,827	20,630	21,562
Group Insurance	71,096	75,676	77,014	81,947	82,713	85,631	88,655	88,039	92,115	91,548	88,407	87,876
State Highway Accounts	52,580	58,359	67,985	44,346	50,643	64,947	50,224	61,455	76,630	59,563	67,955	70,521
Budget Reserve	69	69	69	69	69	70	70	70	70	70	70	71
Risk Management	4,117	4,473	7,962	10,801	10,228	9,980	9,771	9,451	8,875	8,430	8,244	7,895
Idaho Millennium Fund	7,100	7,130	7,160	7,190	7,220	7,250	7,280	7,310	7,340	11,370	11,410	11,450
Land Improvement	15,858	19,666	19,448	15,157	21,397	16,903	13,694	19,716	16,629	15,659	20,651	17,784
Liquor Control	21,370	17,528	18,041	15,004	15,463	22,436	17,435	18,069	21,339	17,682	19,960	15,930
Petroleum Price	4,492	4,458	4,388	4,333	4,322	4,250	4,218	4,164	4,175	4,185	4,186	4,133
Interagency Billing Accounts	9,536	11,236	10,642	10,054	9,799	9,995	10,327	10,920	10,463	10,226	10,186	8,647
Joint Exercise of Powers	1,561,050	1,762,730	1,570,116	1,722,904	1,775,911	1,899,564	1,774,769	1,819,980	1,672,380	1,506,110	1,445,144	1,416,339
Catastrophic Health Care	18,389	15,373	14,530	10,492	8,927	6,718	3,926	2,470	925	7,753	6,141	2,794
All Other Interest Bearing funds	448,270	435,415	442,781	440,024	441,196	468,278	479,750	460,942	469,987	483,065	486,417	507,064
TOTAL INTEREST BEARING	$ 2,394,095	$ 2,590,889	$ 2,423,066	$ 2,536,506	$ 2,600,687	$ 2,769,934	$ 2,641,189	$ 2,708,154	$ 2,553,162	$ 2,374,294	$ 2,253,441	$ 2,228,335
TOTAL INTERNAL CASH BORROWING RESOURCES	$ 2,666,964	$ 2,894,953	$ 2,756,497	$ 2,873,754	$ 2,827,040	$ 3,003,071	$ 3,048,591	$ 3,065,639	$ 2,868,473	$ 2,661,645	$ 2,554,829	$ 2,528,689

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 2003.

TABLE 9
INTERNAL BORROWINGS OVER 30 DAYS

Fiscal Year	Par Amount	Issued	Repaid
2003	$ 130,000,000	05/13/2003	06/26/2003
2004	-		
2005	-		
2006	-		
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	67,224,000	06/17/2011	06/30/2011 (est.)

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 2001-2011

Fiscal Year	External Notes	Note Payment Account Fully Funded
2002	$ 250,000,000	4/24/2002
2003	350,000,000	4/17/2003
2004	375,000,000	5/14/2004
2005	230,000,000	4/21/2005
2006	260,000,000	4/21/2006
2007	100,000,000	4/24/2007
2008	400,000,000	5/07/2008
2009	600,000,000	5/05/2009
2010	500,000,000	4/23/2010
2011	500,000,000	5/05/2011

Source: Idaho State Treasurer

Series 2010 Notes

The State issued $500 million in Tax Anticipation Notes, Series 2010 (the "2010 Notes"), on July 1, 2010, to mature on June 30, 2011. The 2010 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 2011. In accordance with the Act, all income and revenues from the taxes collected during the fourth quarter of Fiscal Year 2011 will be deposited into the Series 2010 Note Payment Account as received until the monies therein, together with investment earnings, are sufficient to pay principal of and interest on the 2010 Notes at maturity.

Sufficient monies to redeem the 2010 Notes with full payment of interest at maturity will be deposited into the Series 2010 Note Payment Account held by the Escrow/Paying Agent and irrevocably set aside solely for the June 30, 2011, payment of the principal of and interest on the 2010 Notes. The State Treasurer began funding the Series 2010 Note Payment Account on January 25, 2011, and had deposited into the Series 2010 Note Payment Account as of May 5, 2011, a total of $509,972,222, fully funding the Series 2010 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 391 days as of April 25, 2011.

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 29, 2012.

STATE FINANCES

Annual Balanced Budget Requirement

Article VII, §11, 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.

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 2011 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 websites provided in this section 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.)

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 Division of Financial Management ("DFM") reviews actual receipts on a monthly basis and compares them to its projections. It also works closely with other agencies responsible for revenue processing on a regular basis. Monthly revenue updates are published in the Idaho General Fund Revenue Report (formerly the Idaho Outlook). Legislative leaders are kept informed of revenue trends and prospects by the Legislative Budget and Policy Analysis Section.

The Legislature and the Governor have a constitutional responsibility to achieve a balanced budget. In January 2011, the Legislature's Joint Economic Outlook and Revenue Assessment Committee recommended adopting a General Fund revenue forecast for Fiscal Year 2012 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 at the midpoint 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
2001	182,692,000
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 (est.)	37,882,000

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 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
2007	121,565,572	2,657,365	109,029,780	-
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 (est.)	15,000	53,700	11,148,900	-
2012 (est.)	15,000	56,100	11,258,900	-

Source: Division of Financial Management

Budget Stabilization Fund

Section 57-814, Idaho Code, creates in the State Treasury the Budget Stabilization Fund ("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.

Recognizing that all available revenues would be needed to support critical on-going programs and services of the State for Fiscal Year 2012, the 2011 Legislature passed House Concurrent Resolution 7, which directs the State Controller not to transfer General Funds to the Budget Stabilization Fund pursuant to Section 57-814, Idaho Code, during Fiscal Year 2012.

Economic Recovery Reserve Fund

Section 67-3520, Idaho Code, creates in the State Treasury the Economic Recovery Reserve Fund ("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. 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. Interest earned from the investment of moneys in the PESF will be retained in the PESF.

Higher Education Stabilization Fund

The Higher Education Stabilization Fund has been created in the State Treasury. The fund 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 this fund 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

Idaho Public Schools

The public education total fund appropriation for Fiscal Year 2012 was set at $1.56 billion, a reduction of $21.3 million from the Fiscal Year 2011 original total fund appropriation. The Fiscal Year 2012 General Fund portion was $1.2 billion, an increase of $ 9.3 million from the Fiscal Year 2011 original General Fund appropriation.

2011 School Modernization and Reform Legislation. The 2011 Legislature enacted, and the Governor signed into law, three bills making significant changes to public education policy in Idaho, collectively referred to as the "2011 School Modernization and Reform Legislation."

Senate Bill No. 1108 extensively amends existing Idaho statutes relating to contracts between teachers and public school districts and collective bargaining by public school teachers. The bill provides for the phasing out of tenure status for all new teachers and for current teachers who have not yet achieved tenure, to be replaced by one- and two-year contracts. No new employment "shall result in the vesting of tenure, continued expectations of employment or property rights in an employment relationship." Each employment contract will include a provision allowing the board of trustees of the school district to terminate the contract in the event of a reduction in student enrollment of greater than one percent. The selection of contracts to be terminated will be at the sole discretion of the board of trustees of the district, but seniority or contract status may not be used as a factor in making such determination.

Senate Bill No. 1108 also places a number of restrictions on negotiated labor agreements. It limits the length of negotiated labor contracts to one year, eliminates automatically renewable ("evergreen") provisions from negotiated labor agreements, requires that unions provide documentation that they represent over 50% of employees in order for collective bargaining to take place, limits collective bargaining to salaries and benefits (employee insurance, leave time, and sick leave benefits only), and provides that all labor negotiations must be conducted in open sessions, with all members of the public able to attend. House Bill No. 335 subsequently amended Section 33-515, Idaho Code, as amended by Senate Bill No. 1108, to declare any provision of a master agreement or negotiated contract that conflicts with these changes to be null and void as of January 31, 2011.

Senate Bill No. 1108 also repeals a current statutory provision that allowance of funds from the State educational support program may be based on the 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 by House Bill No. 315 to keep the 99% rule in place for the remainder of the current fiscal year, to reduce the funding floor to 97% for the 2012 fiscal year, and to eliminate it for subsequent fiscal years.

House Bill No. 335 amended Senate Bill No. 1108 to declare an emergency and to provide that the entire bill, as amended, will be in full force and effect immediately.

The Fiscal Note attached to Senate Bill No. 1108 states that the implementation of this bill will save the State $9.4 million annually beginning in Fiscal Year 2012.

Senate Bill No. 1110 creates a new Section 33-1004I, Idaho Code, to take effect on July 1, 2012, which provides for "pay for performance" for public school teachers and administrators. Teachers and administrators are to be rewarded for student achievement as determined by academic growth, measured by comparing spring student scores on State-mandated summative achievement tests from one year to the next, and by establishing percentile rankings for individual student growth by comparing students with identical test scores in the previous year with each other in the current year. "The median student growth percentile, based on measuring all eligible students, shall be the growth score for each student." The bill creates a formula for distribution of moneys.

The Fiscal Note for Senate Bill No. 1110 estimates the cost to the State for the "pay for performance" system at $38 million for Fiscal Year 2013 and $51.3 million for each of the following fiscal years, but states that the cost will be offset by other savings in the 2011 School Modernization and Reform Legislation.

Senate Bill No. 1110 was subsequently amended by House Bill No. 336 to make technical changes and to declare an emergency making the bill in full force and effect immediately.

Senate Bill No. 1184 is the third and final piece of the educational reform package. It requires the Department of Education to post a fiscal report card on each school district and charter school on the department's internet site. Each education provider is required to post its annual budget on its own website within 30 days after its approval, and is likewise required to post its current master labor agreements. The minimum salary for any full-time teacher is increased from $29,655 to $30,000. The bill amends the current salary-based apportionment of the State educational support program to allow districts more flexibility in the use of the funds, by authorizing districts to reallocate from 1.67% to 6.42% of salary-based apportionment dollars over the next five fiscal years.

The bill creates a funding formula for instructional classroom technology and for professional development for teachers. It provides a minimum of $3.5 million for Fiscal Years 2013 and 2014 for the Idaho Digital Learning Academy and creates a formula for the funding of public school technology. It provides for up to 36 postsecondary credits of dual credit courses during a student's twelfth grade. The bill further provides that, beginning with the 2012-2013 school year, parents and guardians of secondary students will have the right to enroll such students for credit in any online course that meets certain conditions set forth in the bill. Computers will be provided for high school students beginning in the 2013-2014 school year.

The estimated cost to the State, according to the Fiscal Note accompanying the bill, is $5,500,000 for Fiscal Year 2012 (to be met by the savings expected under Senate Bill No. 1184); thereafter, according to the Fiscal Note, implementation of the bill is estimated to result in savings to the State of $21,710,000 in Fiscal Year 2013, $35,010,000 in Fiscal Years 2014 and 2015, $34,970,000 in Fiscal Year 2016, and $35,010,000 in Fiscal Year 2017.

Senate Bill No. 1184 was subsequently amended by House Bill No. 345 to declare an emergency and to provide that all sections of the bill except Section 5, dealing with funding for the Idaho Digital Learning Academy, are in full force and effect immediately.

Referendum Petitions to Overturn School Modernization and Reform Legislation; Effect of Emergency Clauses. On March 18, 2011, a citizens group, "Idahoans for Responsible Education Reform," filed referendum petitions with the Idaho Secretary of State's office seeking voter referenda on Senate Bills 1108 and 1110, and on April 8, 2011, the same group filed a referendum petition on Senate Bill No. 1184. The Idaho Attorney General has approved each of the petitions as to form, and the supporters have 60 days to gather the required 47,432 signatures from registered voters in order to submit the legislation to the voters at the November 2012 general election.

Section 34-1803, Idaho Code, provides that, if a valid referendum petition is filed not more than 60 days after the final adjournment of the session of the Legislature which passed the bill on which the referendum is demanded, the measure so referred to the people will take effect and become law when it is approved by the majority of the votes cast thereon. However, the Idaho Supreme Court has held that, if a bill includes an emergency clause, it becomes effective immediately and continues in effect until the next general election (and thereafter, if approved by the voters). As discussed above, all of the 2011 school modernization and reform bills, as amended, contain emergency clauses. Therefore, they go into effect immediately and will remain in effect, regardless of the outcome of the petition drive on the referendum petitions, unless and until the voters reject them at the November 2012 general election.

Health and Welfare

Fiscal Year 2012 total fund appropriations for health and welfare were set at $2.24 billion, an increase of $236 million from the Fiscal Year 2011 original total fund appropriation. The Fiscal Year 2012 General Fund portion was $564.8 million, an increase of $128 million from the Fiscal Year 2011 original General Fund appropriation.

The 2011 Legislature passed and the Governor signed House Bill 260. The purpose of this legislation is to reduce health care costs in the Medicaid budget and improve the healthcare delivery system in Medicaid. The fiscal impact of the legislation is estimated to be a $34 million savings to the General Fund. House Bill 260 directs the Idaho Department of Health and Welfare to implement changes to accomplish the following:

(i) change or temporarily delete current policies because of the current economic situation, with the possibility of restoring any temporarily deleted policies later if they are found to be excellent business practices;

(ii) permanently discontinue policies that are found to be poor business practices;

(iii) discontinue benefit programs when the preponderance of scientific evidence does not support the outcomes;

(iv) re-design certain optional programs to reflect those basic needs that are necessary to prevent elevated costs in other areas;

(v) develop a plan to eliminate the fee-for service healthcare outcomes;

(vi) remove all forms of self-referral by certain healthcare providers; and

(vii) maximize co-pays to the extent allowed under federal law to encourage personal responsibility.

Hire One Act

The 2011 Legislature passed and the Governor signed House Bill 297a, the Hire One Act. The Hire One Act is aimed at advancing the goals of the Project 60 Initiative, an economic development initiative intended to grow Idaho's gross domestic product. The act was designed to reinforce Idaho's job-friendly environment by encouraging Idaho businesses to reinvest in personnel and recruiting new enterprises with rewards for creating more career opportunities in Idaho communities. It sets three levels of qualification for refundable income tax credits, based on how each employer is rated by the Department of Labor for payment of unemployment insurance taxes. Positive-rated employers adding an employee would get a refundable tax credit equal to 6% of the new employee's gross annual wages. Standard-rated employers would get a refundable tax credit equal to 4% of the new employee's gross annual wages. Deficit-rated employers would get a refundable tax credit equal to 2% of the new employee's gross annual wages. The Hire One act also focuses its encouragement on the hardest-hit areas by setting a $15/hour minimum qualifying wage in counties with less than 10% unemployment, and a $12/hour minimum qualifying wage in counties with 10% or greater unemployment. The legislation will sunset on December 31, 2013.

The Department of Labor and Division of Financial Management reports that the legislation could draw an estimated $7.9 million per year from the General Fund while helping to generate an estimated $25.3 million in State tax revenue.

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 2011 Legislature passed and the Governor implemented HCR025, implementing a delay of one year in the incremental increase of the Grocery Tax Credit. This provided a $15 million addition to the General Fund. Taking this delay into account the fiscal impact of HB 588 is as follows:

TABLE 13
FISCAL IMPACT OF HB 588

Tax Year	Fiscal Year	Reduction
2008	2009	$50.1 million
2009	2010	64.3 million
2010	2011	78.8 million
2011	2012	79.9 million
2012	2013	95.6 million
2013	2014	111.6 million
2014	2015	128.2 million
2015	2016	141.9 million
2016	2017	154.9 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 $2,909,850,000, meaning the exemption will not take effect until General Fund revenue reaches a level of $3,055,342,500. The General Fund revenue is forecast to pass this threshold in Fiscal Year 2015, which would result in no personal property exemption before property tax year 2016, and no General Fund revenue impact before Fiscal Year 2017.

Recent Constitutional Amendments

Three constitutional amendments on indebtedness for publicly-owned hospitals, airports that are operated by political subdivisions or regional airport authorities, and municipal power systems, were approved by the voters at the November 2010 general election.

House Joint Resolution 4 amends Article VIII, Section 3C of the Idaho Constitution to allow public hospitals to incur debt or liability to purchase, contract, lease, construct, or acquire facilities, equipment, technology, and real property for health care operations without voter approval, so long as no tax funding is pledged or put at risk for the repayment.

House Joint Resolution 5 creates a new Section 3E in Article VIII of the Idaho Constitution to allow political subdivisions and regional airport authorities operating an airport to incur debt without voter approval, so long as the debt is payable solely from airport revenues and no tax funding is pledged or put at risk for repayment. The new Section 3E deems airport projects, acquisitions, and facilities to be "public purposes."

House Joint Resolution 7 creates a new Section 3D in Article VIII of the Idaho Constitution to allow municipalities that own a municipal electric system to issue revenue bonds with the assent of a majority of electors, so long as the revenue bonds are payable solely from rates, charges, and revenues derived from the electric system and no tax funding is pledged or put at risk for the repayment.

Boise County Bankruptcy

Idaho law, Title 67, Chapter 39, Idaho Code, authorizes taxing districts within the State to file a petition and to seek a readjustment of its debts under the Federal Bankruptcy Act. Pursuant to this authority, Boise County (the "County"), a rural county located in southwestern Idaho with a population of approximately 7,000 persons, filed a petition on March 1, 2011, under Chapter 9 of the Federal Bankruptcy Act. The petition is currently pending before the Federal Bankruptcy Court. A hearing is scheduled on June 28, 2011, for a creditor's motion to dismiss the petition. The State is not a guarantor of and has no legal obligation to pay any part of the County's indebtedness. The filing of the petition by the County has no direct impact upon the finances of the State or the State's ability to collect the General Tax Revenues and to pay the Notes.

RECENT FINANCIAL INFORMATION REGARDING THE STATE

In the following sections, all references to the original Fiscal Year 2012 and revised Fiscal Year 2011 executive revenue forecasts are based on forecasts that were produced in December 2010, published in the Fiscal Year 2012 Executive Budget, and presented to the legislative Joint Economic Outlook and Revenue Assessment Committee ("EORAC") in January 2011. The EORAC adopted General Fund revenue forecasts of $2,359 million for Fiscal Year 2011 and $2,430 million for Fiscal Year 2012. The amount adopted for Fiscal Year 2012 is lower than the amount of $2,521 million that was published by the executive branch. The following discussion of Fiscal Year 2012 and Fiscal Year 2011 revenue detail is based solely on the published executive revenue forecasts, since 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 2012

General. The total amount of General Funds forecasted to be available in Fiscal Year 2012 is $2,532,082,500. This consists of $39,403,100 in beginning balance (Table 4 beginning cash balance of $45,882,000 less encumbrance reserve), $2,521,456,000 in original projected revenues (executive forecast), less $91,490,300 in revenue forecast adjustment (legislative Joint Economic Outlook and Revenue Assessment Committee), plus $24,709,000 in net revenue adjustments that result from eight law changes that were enacted during the 2011 legislative session, plus $38,004,700 in net transfers into the General Fund. Fiscal Year 2012 original appropriations of $2,528,960,600 (Table 4 total expenditures less encumbrance expenditures) and post-legislative session non-budgetary adjustments of $1,572,200 leave an expected Fiscal Year 2012 General Fund ending balance of $1,549,700 (Table 4 ending cash balance less $91,490,300 revenue forecast adjustment).

The following discussion of specific revenue categories is based on the Fiscal Year 2012 Executive Budget published and presented to the Legislature in January 2011. The legislative revenue forecast used for purposes of the Fiscal Year 2012 budget is $91.5 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 $1,204.6 million in Fiscal Year 2012, is the largest component of General Fund revenue. It is expected to grow by 6.9%, or $77.6 million, from Fiscal Year 2011. This growth represents the continuing economic recovery in Idaho. Three laws enacted during the 2011 legislative session impacted the Fiscal Year 2012 individual income tax forecast and are not reflected in the original executive forecast. House Bill 102 (US Internal Revenue Code conformance without Bonus Depreciation) reduces revenue by $5.3 million. House Bill 306 (allowed the Tax Commission to hire additional personnel to recover taxes owed to the State) raises revenue $13.5 million. House Concurrent Resolution 25 (delays the next increases in the Grocery Tax Credit for one year) raises $15 million. Combined, these actions increase the Fiscal Year 2012 individual income tax forecast by $23.2 million to $1,227.8 million.

Corporate Income Tax. The corporate income tax is forecast to grow by $13.1 million (10.6%) to $136.2 million in Fiscal Year 2012. Two laws enacted during the 2011 legislative session impacted the Fiscal Year 2012 corporate income tax forecast and are not reflected in the original executive forecast. House Bill 102 (US Internal Revenue Code conformance without Bonus Depreciation) reduces revenue by $4.6 million. House Bill 306 (allowed the Tax

Commission to hire additional personnel to recover taxes owed to the State) raises revenue $1.7 million. Together these changes lower the corporate income tax by $2.9 million to $133.3 million.

Sales Tax. The sales tax is forecast to grow by 8.2% in Fiscal Year 2012, an increase of $78.7 million to $1,043.8 million. This is a substantial improvement over the forecast 1% increase in Fiscal Year 2011. There were four legislation changes made in 2011 that impact sales tax revenue in Fiscal Year 2012. House Bill 194 (provides a sales tax rebate for certain media projects) lowers revenue by $66,000. House Bill 213 (exempts certain tips from the sales tax) reduces revenue by $200,000. House Bill 214 (exempts cars of out-of-state students from the use tax) lowers revenue $25,000. House Bill 306 (allowed the Tax Commission to hire additional personnel to recover taxes owed to the State) raises revenue $4.5 million. These changes increase the sales tax by a total of $4.2 million to $1,048.0 million.

Product Taxes. General Fund revenues from product taxes are forecasted to grow by $0.6 million (1.5%) in Fiscal Year 2012. Senate Bill 1206 raised the amount from the cigarette tax to pay for school bond levies in Fiscal Year 2012 by $200,000, from $11.4 million to $11.6 million.

Miscellaneous Revenues. Miscellaneous revenues are projected to decline by $4.9 million (4.9%) in Fiscal Year 2012. This decrease is dominated by a reduction of $6.0 million in miscellaneous transfers. There was no legislation enacted in the 2011 legislative session that impacted miscellaneous revenue in Fiscal Year 2012.

Transfers. A net amount $38.005 million is transferred into the General Fund in Fiscal Year 2012, with $21.959 million from Millennium Fund, $8 million from the Liquor Control Fund, $7 million from the Permanent Building Fund, and $1.046 million from other dedicated funds.

Expenditures. The General Fund original appropriation authorized for Fiscal Year 2012 is $2,528.961 million. The Fiscal Year 2012 original appropriation is $145.125 million (6.1%) higher than the Fiscal Year 2011 original appropriation set in the 2010 legislative session. The largest increases were $128.508 million in the Department of Health and Welfare due to the change in the FMAP rate, and $9.517 million in the Department of Correction for population, contract inflation increases.

Fiscal Year 2011

The total amount of General Funds forecasted to be available in Fiscal Year 2011 is $2,429.649 million. This consists of $37,500 in beginning balance, plus $1.490 million in a Health and Welfare Reappropriation from Fiscal Year 2010, plus $2,359.190 million in projected revenues (executive forecast), less $10.564 million in revenue forecast adjustment (law changes), plus $79.487 million in fund transfers into the General Fund.

One bill accounts for all but $505,500 of the fund transfers. Senate Bill 1445 transfers $30.135 million from the Budget Stabilization Fund and $48.847 million from the Public Education Stabilization Fund into the General Fund. The remaining transfer of $505,500 is from 2011 Legislative session transfers from dedicated funds of $1.506 million to the General Fund less a transfer out of $1 million to the Disaster Emergency Fund.

General Fund expenditures in Fiscal Year 2011 are projected to total $2,390.246 million. This consists of $2,383.836 million in original appropriations, plus $1.499 million in prior year reappropriations, plus $4.652 million in supplementals, plus $3.358 million in deficiency warrants, less $3.099 million in prior year reversions and rescissions. The projected ending balance is $39.403 million.

The current Fiscal Year 2011 General Fund revenue forecast of $2,359.2 million is $94.7 million (4.2%) higher than the actual revenues received in Fiscal Year 2010. The following discussion of the major categories of General Fund revenue is based on the executive revenue forecast, because the legislative forecast is strictly a total, and does not specify the forecasted amounts of the particular revenue categories.

Individual Income Tax. The individual income tax, at $1,127.0 million forecast for Fiscal Year 2011, is the largest component of General Fund revenue. It is expected to increase 6.1%, or $65.1 million, from Fiscal Year 2010. This increase will be reduced by $6.3 million due to tax law changes in House Bill 102.

Corporate Income Tax. The corporate income tax forecast for Fiscal Year 2011 is $123.1 million (26.9%) higher than the actual revenues received in Fiscal Year 2010. This increase will be reduced by $4.1 million due to tax law changes in House Bill 102.

Sales Tax. The sales tax forecast for Fiscal Year 2011 is $965.1 million (1.0%) higher than the actual revenues received in Fiscal Year 2010. This increase will be reduced by $164 thousand due to House Bill 194 and House Bill 213.

Product Taxes. The Fiscal Year 2011 product tax is $42.7 million (3.7%) higher than the actual revenues in Fiscal Year 2010.

Miscellaneous Revenues. The Fiscal Year 2011 miscellaneous revenue is $101.3 million (6.6%) lower than the actual revenues in Fiscal Year 2010.

Fiscal Year 2010

General Fund revenue in Fiscal Year 2010 was $2,264.457 million. An additional $13,400 beginning balance was available as a carryover from the prior year. Transfers into the General Fund totaled $77.987 million. The largest transfers in were $54.9 million from the Budget Stabilization Fund, and $20 million from the Economic Recovery Reserve Fund. There was an additional $768,300 from Miscellaneous Adjustments. Total General Fund revenue available in Fiscal Year 2010 was $2,343.225 million.

Actual General Fund revenue declined 8.2% in Fiscal Year 2010. This was $84.7 million, or 3.6% lower than the revised executive forecast made in January 2010. Actual revenue growth in Fiscal Year 2010 was distorted by several law changes that impacted the individual and corporate income taxes. The individual income tax revenue was reduced an estimated $10.9 million by changes made to conform state laws to the Internal Revenue Code ("IRC"). Conformity also lowered the corporate income tax collections by an estimated $3.10 million. Absent these changes, the General Fund would have declined 7.6% from the previous year.

Individual Income Tax. Individual income tax revenue declined by 9.1% ($106.0 million) in Fiscal Year 2010. This is $63.1 million more than the $42.9 million (3.7%) decline expected in the January 2010 executive forecast. As indicated above, law changes distorted the decline experienced in the individual income tax in Fiscal Year 2010. Absent those law changes, the estimated rate of decline in Fiscal Year 2010 would have been 8.1%.

Corporate Income Tax. Corporate income tax revenue declined by 31.2% ($44.0 million) in Fiscal Year 2010. This is $33.6 million more than the $10.3 million (7.3%) decline expected in the January 2010 executive forecast. This follows a decline of 25.5% in Fiscal Year 2009, a decline of 0.5% in Fiscal Year 2008, and a decline of 2.0% in Fiscal Year 2007. The last year corporate income tax grew was Fiscal Year 2006, when it grew by 39.1%. This revenue category is quite volatile, and periods of three consecutive years of decline are not uncommon, having previously occurred in 82-84, 90-92, and 97-99. There have been no previous stretches of four consecutive years of decline in the past four decades. The rate of decline in Fiscal Year 2010 was exaggerated by the law change mentioned above. Absent the impact of IRC conformity, the corporate income tax would have declined by an estimated 29.0% in Fiscal Year 2010.

Sales Tax. Sales tax revenue declined by $66.3 million (6.5%) in Fiscal Year 2010. This is $5.8 million or 0.06% higher than forecasted by the January 2010 executive forecast. This decline followed a 10.4% decline in Fiscal Year 2009. There were no changes that impacted Fiscal Year 2010 sales tax revenues.

Product Tax. The product tax revenue category grew by $11.4 million (38.5%) in Fiscal Year 2010. This is $0.2 million more than the $11.2 million (37.7%) increase expected in the January 2010 executive forecast. The Fiscal Year 2010 increase was boosted by an increase to the General Fund from the cigarette tax to cover the School Bond Levy Equalization appropriation.

Miscellaneous Revenues. Miscellaneous revenues grew by $3.8 million in Fiscal Year 2010, a 3.6% increase. This is $6.0 million more than the $2.3 million (2.2%) decrease expected in the January 2010 executive forecast. This result reflects revenues from unclaimed property that were $6.73 million more than was expected.

General Fund Expenditures. General Fund spending in Fiscal Year 2010 was $2,343.187 million. This consisted of $2,506.580 million in original appropriations, plus $6.546 million in prior year reappropriations, plus $9.694 million in supplementals, less $187.579 million in holdbacks, plus $7.945 million in miscellaneous adjustments. A balance of $37,500 was carried forward to Fiscal Year 2011.

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 2012 BUDGET
(CASH BASIS)

(000s omitted)		Budget	Percent
Unobligated Cash Balance, June 1	**$**	**37,882**	
Add Beginning Encumbrances		8,000	
Beginning Cash Balance	$	45,882	
Revenues			
Individual Income Tax	$	1,227,816	48.23%
Corporate Income Tax		133,262	5.23%
Sales Tax		1,048,037	41.16%
Cigarette Tax		11,600	0.46%
Tobacco Tax		8,287	0.33%
Beer and Wine Tax		5,420	0.21%
Kilowatt Tax		2,200	0.09%
Mine License Tax		1,250	0.05%
Liquor Surcharge		15,392	0.60%
Estate Tax		2,500	0.10%
Insurance Premium Tax		52,207	2.05%
Total Taxes	$	2,507,971	98.51%
State Treasurer		697	0.03%
Court Fines		5,461	0.21%
Miscellaneous		32,033	1.26%
Total Revenues	**$**	**2,546,162**	**100.00%**
Transfers and Non- Revenue Receipts		38,005	
Total Revenues and Transfers	**$**	**2,584,167**	
Expenditures			
Public Schools	$	1,223,580	48.24%
Higher Education		274,055	10.80%
Health and Welfare		564,843	22.26%
All Others		474,531	18.70%
Total appropriated Expenditures	**$**	**2,537,009**	**100.00%**
Nonoperating Disbursements	$	0	
Net Interest Revenues/Expenses on TAN		0	
Ending Cash Balance	$	93,040	
Less Encumbrances/Reappropriations		0	
Unobligated Cash Balance, June 30	**$**	**93,040**	

Source: Division of Financial Management

TABLE 15
STATE OF IDAHO
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
FISCAL YEARS 2007-2011
(Cash Basis)

(000s omitted)	2011*	% of Total	2010	% of Total	2009	% of Total	2008	% of Total	2007	% of Total
UNOBLIGATED CASH BALANCE JULY 1	$ 38		$ 13		$ 223,925		$ 247,274		$ 298,659	
Add Beginning Encumbrances/Reappropriations	11,400		25,422		49,828		24,555		18,206	
Beginning Cash Balance	11,438		25,435		273,753		271,829		316,865	
REVENUES										
Individual Income Tax	$ 1,120,699	47.72%	$ 1,061,880	45.76%	$ 1,167,890	46.21%	$ 1,429,894	48.87%	$ 1,400,159	49.71%
Corporate Income Tax	118,982	5.07%	97,020	4.18%	141,030	5.58%	189,127	6.46%	190,222	6.75%
Sales Tax	964,940	41.09%	955,910	41.19%	1,022,200	40.44%	1,141,440	39.01%	1,077,456	38.25%
Cigarette Tax	14,400	0.61%	16,900	0.73%	7,770	0.31%	6,540	0.22%	1,000	0.04%
Tobacco Tax	8,300	0.35%	7,820	0.34%	7,360	0.29%	7,200	0.25%	6,548	0.23%
Beer and Wine Tax	5,250	0.22%	5,070	0.22%	5,320	0.21%	4,730	0.16%	4,617	0.16%
Kilowatt Tax	2,200	0.09%	2,140	0.09%	2,020	0.08%	1,600	0.05%	2,259	0.08%
Mine License Tax	1,000	0.04%	1,800	0.08%	940	0.04%	2,520	0.09%	2,345	0.08%
Liquor Surcharge	14,760	0.63%	11,390	0.49%	9,290	0.37%	8,380	0.29%	10,242	0.36%
Insurance Premium Tax	51,650	2.20%	53,630	2.31%	55,480	2.19%	56,340	1.93%	59,781	2.12%
Total Taxes	$ 2,302,181	98.02%	$ 2,213,560	95.39%	$ 2,419,300	95.72%	$ 2,847,771	97.33%	$ 2,754,629	97.78%
State Treasurer	(890)	-0.04%	(1,310)	-0.06%	760	0.03%	11,370	0.39%	17,175	0.61%
Court Fines	5,360	0.23%	5,380	0.23%	5,350	0.21%	5,140	0.18%	5,037	0.18%
Estate Tax	0	0.00%	(170)	-0.01%	240	0.01%	30	0.00%	123	0.00%
Miscellaneous	41,972	1.79%	103,001	4.44%	101,970	4.03%	61,564	2.09%	39,954	1.42%
TOTAL REVENUES	**$ 2,348,623**	**99.99%**	**$ 2,320,461**	**99.99%**	**$ 2,527,620**	**100.00%**	**$ 2,925,875**	**100.00%**	**$ 2,816,918**	**100.00%**
EXPENDITURES										
Public Schools	$ 1,214,280	50.70%	$ 1,148,615	45.99%	$ 1,341,390	48.33%	$ 1,367,364	46.77%	$ 1,291,587	44.80%
Higher Education	273,998	11.44%	290,144	11.62%	342,702	12.35%	331,089	11.32%	310,058	10.75%
Health and Welfare	437,157	18.25%	428,775	17.17%	496,283	17.88%	534,290	18.27%	487,683	16.92%
All Others	469,711	19.61%	629,987	25.22%	595,357	21.45%	690,877	23.64%	793,784	27.53%
TOTAL APPROPRIATED EXPENDITURES	**$ 2,395,146**	**100.00%**	**$ 2,497,521**	**100.00%**	**$ 2,775,732**	**100.01%**	**$ 2,923,620**	**100.00%**	**$ 2,883,112**	**100.00%**
Nonoperating Rec./Disb. (Net)	$ 90,939		$ 175,528		$ 17,744		$ 17,569		$ 25,583	
Interest Expense on TAN	(9,972)		(12,465)		(17,950)		(17,900)		(4,425)	
Ending Cash Balance	$ 45,882		$ 11,438		$ 25,435		$ 273,753		$ 271,829	
Less Encumbrances/Reappropriations	(8,000)		(11,400)		(25,422)		(49,828)		(24,555)	
UNOBLIGATED CASH BALANCE JUNE 30	**$ 37,882**		**$ 38**		**$ 13**		**$ 223,925**		**$ 247,274**	

* 2011 based on actual figures through April and projections for May and 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 7.8%) 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	Building Fund	Total
2001	$ 1,023,970,174	$ 6,073,061	$ 1,030,043,235
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

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, 2006	5.0
October 1, 2006	6.0

The distribution formula as of June 30, 2010, 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 ($15,700,000 in Fiscal Year 2010);

(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 ($1,571,606 in Fiscal Year 2010);

(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 ($)	Calendar Year	Amount ($)
2001	14,211,532	2006	21,569,588
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

* 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 7.6%, effective January 1, 2001 (8.0% before 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	State Building Fund	Total
2001	141,527,236	349,042	141,876,278
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

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). 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. However the relevant estate provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 expired at the end of calendar year 2010. Upon their termination, they are scheduled to revert to their pre-2001 levels.

Alcoholic Beverages (Sections 23-217 and 23-404, Idaho Code). Revenue is derived from a 73% product markup and a 2% surcharge, plus a 6% sales tax on the retail price of 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) 42% of profits (through Fiscal Year 2010, increasing by 2% annually to 50% in Fiscal Year 2014) are 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 2010, the General Fund's share of profits totaled $13,069,400.)

(iii) 58% of profits (through Fiscal Year 2010, decreasing by 2% annually to 50% in Fiscal Year 2014) are 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, 25% of any excess above $55 million is paid to the Idaho Health Insurance Access Card Fund, and another 25% is appropriated to the Children's Health Insurance Program-Plan B.

RETIREMENT SYSTEMS

Public Employees' Retirement System of Idaho

Overview. The Public Employees Retirement System of Idaho ("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, 2010, PERSI had 67,020 active members, 24,119 inactive members (of whom 10,187 are entitled to vested benefits), and 33,625 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, 2009, and June 30, 2010, is shown below:

TABLE 20
PARTICIPATING EMPLOYER UNITS

	2009	2010
Cities	146	147
School Districts	151	153
Highway and Water Districts	124	125
State Subdivisions	97	97
Counties	41	41
Other	165	167
Total	724	730

Source: Public Employee Retirement System of Idaho, 2010 Comprehensive Annual Financial Report

The number of benefit recipients and members in PERSI as of June 30, 2009, and June 30, 2010, is shown below:

TABLE 21
BENEFIT RECIPIENTS AND MEMBERS

	2009	2010
Active Members	67,813	67,020
Terminated and Vested Members	10,067	10,187
Retirees and Beneficiaries	32,197	33,625

Source: Public Employee Retirement System of Idaho, 2010 Comprehensive Annual Financial Report

FRF has 22 participating employer units, all consisting of fire departments also participating in PERSI. As of June 30, 2010, there were four active members and 570 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 730 PERSI employer units are eligible to have participating employees in the PERSI Choice Plans. As of June 30, 2010, there were 44,467 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 $2,680,006,000 and $460,000, respectively for the year ended June 30, 2010.

From 1993 to 2010, the total contribution rate has been between 15.78% and 18.75% (average 17.16%). Year by year detail, including employer and member rates, is shown in the following table.

TABLE 22
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

Source: Public Employee Retirement System of Idaho, 2010 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 23
CONTRIBUTION RATE INCREASES

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
2011 Contribution Rates	6.23%	7.69%	10.39%	10.73%
Planned Contribution Rates				
Effective July 1, 2011	6.79%	8.36%	11.32%	11.66%
Effective July 1, 2012	7.34%	9.03%	12.24%	12.53%
Effective July 1, 2013	8.19%	10.04%	13.65%	13.99%

The Retirement Board postponed the effective date of the rate increases by one year at the December 7, 2010, meeting. The July 1, 2011, contribution rate is postponed to July 1, 2012, and each subsequent rate increase is postponed by one year.

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, 2012. 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, 2010, actuarial valuation reported a UAAL of $2,555.8 million for the PERSI Base Plan, resulting in a funded ratio of 78.9% and an amortization period of 17.5 years, based on contribution rates established as of the valuation date.

Summary of Actuarial Assumptions and Methods Effective July 1, 2010. 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, 2010, actuarial valuation, the UAAL was decreased by $392.9 million due to a large asset gain recognized as of July 1, 2010. Specifically, PERSI's assets earned a gross return before expenses of 12.53% , which is 4.78% above the actuarial assumption of 7.75%. All other actuarial experience gains and losses decreased the actuarial accrued liability by $211.1 million. Thus, the total experience gain for the year was $604.0 million.

Also, the actuarial accrued liability was increased by $130.5 million because actual contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL. Scheduling the three contribution rate increases shown above in Table 23 decreased the actuarial accrued liability by $38.9 million. The assumption changes adopted based on the 2010 Experience Study decreased the actuarial accrued liability by $82.7 million. The March 1, 2010, Retro-COLA increased the actuarial accrued liability by $124.3 million. Further detail is provided on Table 24.

All of these items resulted in a total actuarial gain of $470.8 million and a change in funding status from a 74.1% funding ratio on July 1, 2009, to 78.9% on June 30, 2010. The funding ratio is the ratio of the actuarial value of the assets to 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 24
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
2001	$ 6,492.8	$ 6,751.3	$ 72.2	$ 186.3	97.2%	$ 1,975.3	9.4%
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%

(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, 2010 Comprehensive Annual Financial Report

As of March 31, 2011, the return on investments was 18.9% for the fiscal year to date from July 1, 2010. PERSI modeling would indicate a UAAL of $1,345 million and a funded ratio of about 89%. The model is conservatively constructed to avoid misleading results and is not used for decision-making purposes. The information above is based on PERSI models only and has not been subject to financial audits or reviewed by the actuary.

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

TABLE 25
ANALYSIS OF ACTUARIAL GAINS OR LOSSES
(dollars in millions)

	Gain (Loss) for Period		
	2007-2008	**2008-2009**	**2009-2010**
Investment Income	$ (1,274.6)	$ (2,442.9)	$ 392.9
Pay Increases	(15.0)	102.4	260.3
Membership Growth	(19.1)	(21.4)	(11.8)
Return to Employment	(2.4)	(17.0)	(9.5)
Death After Retirement	0.6	0.3	0.7
Cost of Living Adjustment	NA	124.3	NA
Other(1)	(46.5)	(32.3)	(28.6)
Total Gain (Loss) During the Period from Actuarial Experience	$ (1,357.0)	$ (2,286.6)	$ 604.0
Contribution Income	97.7	9.6	(130.5)
Non-Recurring Items Causing Gain (Loss)			
Changes in Actuarial Assumptions(2)	(17.6)	(1.3)	82.7
Changes in Actuarial Methods	-	-	-
Changes in Plan Provisions(3)	-	(2.0)	38.9
Composite Gain (Loss) During the Period	$ (1,276.9)	$ (2,280.3)	$ 595.1

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

(2) For 2007-2008, reflects changes made to the demographic assumptions as described in the July 30, 2008, Active Member Experience Study. 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.

Source: Public Employee Retirement System of Idaho, 2010 Comprehensive Annual Financial Report

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

TABLE 26
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
2005	10.43%	10.453%	100%
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% (3)	109%

(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 Funding Reserve amount. The ARC determined as of the valuation date is applicable for employer fiscal years 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 9.523% for the PERSI fiscal year ending June 30, 2010, is based on three months at 8.09%, as computed in the 2007 valuation, and nine months at 10.00%, as computed in the 2008 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 27 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 27
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"), Chapter 53, Title 33, 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.

Legislation passed in 2010 clarified how the State Treasurer would obtain funds from the Guaranty Act to prevent default of a guaranteed school bond and how any payments made by the State Treasurer would be repaid to the State by the school district. It also provided several options to the State Treasurer for making a scheduled bond debt service payment should a district default. The legislation removed the requirement that sales tax monies be placed in a school bond guarantee fund and allows the State Treasurer to request a transfer of sales tax monies for only the debt service payment or to repay money borrowed from another source. The legislation allows the State Treasurer to establish notification procedures in the event of a funding deficiency.

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 five bond issues guaranteed under the Guaranty Act have also been guaranteed under the Credit Enhancement Program. The five issues not guaranteed under the Credit Enhancement Program total $52,050,000. A total of $954,919,000 of school bonds has been guaranteed under the Guaranty Act; of that total, $610,790,000 remains outstanding as of April 25, 2011. There are three pending school bond guarantees: one for American Falls Joint School District in the amount of $7,385,000, one for Nampa School District in the amount of $22,620,000, and one for Cassia County Joint School District in the amount of $8,600,000.

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 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 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. 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.

Subsequent legislation authorized the purchase by the Authority of "notes from municipalities to be utilized by a municipality in purchasing, leasing or lease-purchasing tangible personal property when the note was otherwise legally issued and authorized by a municipality and the purchase of the note from a municipality does not violate the State Constitution." The stated purpose of this legislation is to facilitate municipal lease-purchase financing by consolidating lease notes and thereby obtaining lower interest rates. As of April 25, 2011, the Idaho Bond Bank had not facilitated any lease-purchase financings in Fiscal Year 2011.

Legislation passed in 2005 provides that the bonds of Idaho municipalities may be purchased from such municipalities or from other sources, clarifies that the reserve fund secures those bonds designated by the Authority, provides that the procedures for intercept of funds coming to such municipalities from the State, in the event of a failure of a municipality to pay such bonds, would apply to funds that the municipality can legally commit to such bonds and would be limited in certain other cases, and lastly, clarifies the references to the sales tax account and the process for payment of the Authority's bonds from the State sales tax, if funds are not available from the municipalities or from other sources. The intended result of this legislation is lower interest costs for local government units throughout the State. There will be no fiscal impact to the State as a result of these changes.

The 2008 Legislature amended and repealed existing law relating to the Authority to clarify that sales tax, liquor tax or other revenues that are distributed to a municipality in the State are subject to intercept by the State Treasurer if the municipality fails to make loan payments to the Authority in order that the Authority's bonds may be paid, and such State intercept operates by force of law and not by consent of the municipality.

Legislation passed in 2011 clarified how the State Treasurer would obtain funds pursuant to the Bond Bank Act to prevent default of an Idaho Bond Bank Authority bond and how any payments made by the Treasurer would be repaid to the State by the borrower. It also provided several options to the Treasurer for making a scheduled bond debt service payment should a borrower default. The legislation removed the requirement that sales tax monies be placed in a Bond Bank Authority fund and allows the Treasurer to request a transfer of sales tax monies for only the debt service payment or to repay money borrowed from another source. The legislation allows the Treasurer to establish notification procedures in the unlikely event of a funding deficiency.

The Authority has issued $249,130,000 of Idaho Bond Bank Authority Revenue Bonds, of which $234,395,000 remains outstanding as of April 25, 2011. 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 Bond Levy Program may not be utilized to refinance existing debt (except as provided in the 2004 amendments discussed below).

The 2004 amendments prohibit subsidizing projects that have already been subsidized by State grants, but provide that a district that has issued qualifying bonds prior to June 30, 2004, "shall not be deemed to be refinancing existing debt when the qualifying bonds are utilized to finance the acquisition of public school facilities previously leased or financed through means other than general obligation bonds approved by a two-thirds (2/3) vote at an election called for that purpose…". The 2004 amendments also provide that a school district that is eligible for or has participated in the Safe School Facilities Loan and Grant Program is also eligible for participation in the Bond Levy Program so long as the district has met certain conditions specified in the statute.

Further amendments in 2006, 2007 and 2008 (i) exempt school districts with a value index equal to or greater than 1.5 from receiving the minimum of 10% of the interest cost portion, and eliminate the interest-only provision for qualifying school districts; (ii) allow a school district to retain eligibility when refinancing a bond passed on or after September 15, 2002; and (iii) clarify eligibility for those school districts that participated in the Safe School Facilities Loan and Grant Program.

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

TABLE 28
BOND LEVY PROGRAM APPROPRIATIONS

Fiscal Year	Amount
2007	$ 6,300,000
2008	11,200,000
2009	16,500,000
2010	17,900,000
2011	17,900,000
2012	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 bond or other indebtedness. At the time of the IHFA's inception, the Legislature enacted a continuing appropriation of the State sales tax account as additional collateral for designated bond issues or portions thereof. The Legislature has eliminated the continuing appropriations for all IHFA bonds issued on or after January 1, 1996.

No claims have ever been made by the IHFA for State sales tax funds and none are anticipated. 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. All IHFA debt supported by State sales tax was retired on January 1, 2008.

As of December 31, 2010, 72.39% of the total bond debt had been used to purchase single-family mortgages, 2.14% had provided for the construction and permanent financing of multifamily developments, and 25.47% represented grant anticipation revenue ("GARVEE") bonds issued for transportation projects undertaken by the Idaho Department of Transportation. See "Transportation Project Financing" below.

As of December 31, 2010, the IHFA's outstanding bond indebtedness was $2,252.7 million. Fund balances, including reserves, were $215.5 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 act 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, 2011, the IHFA had issued $623.875 million in GARVEE bonds, of which $542.960 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 Benefit 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.

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 or any political subdivision thereof to levy any form of taxation or to make any appropriations for the payment thereof and any such levy or appropriation is prohibited.

As of December 31, 2010, the total outstanding indebtedness of the Health Authority was $829,808,885.

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, 2010, the Building Authority's outstanding bond and note indebtedness was $236,457,385. In Fiscal Year 2012, the total amount of rent due and payable under the facilities leases by the State to the Building Authority is $18,117,173.

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 25, 2011, was $120,950,013. The balance in the Idaho Millennium Fund on April 25, 2011, was $74,277,264. There were three bills passed by the Legislature and signed by the Governor that transfer money from the Millennium Fund in July 2011 (Fiscal Year 2012). House Bill 341 provides for a transfer up to a maximum of $42,317,700 from the Millennium Fund to the Cooperative Welfare Fund on or after July 1, 2011, for the payments made for the Medical Assistance Services Program in the Department of Health and Welfare prior to June 30, 2011; Senate Bill 1201 provides for a transfer of $21,959,000 to the General Fund; and House Bill 329 provides for a transfer of $ 3,000,000 to the Catastrophic Health Care Fund

The State Treasurer's Office has hired a financial advisor, Capitol Investment Advisors, to advise it in the investment of the Millennium Permanent Endowment Fund. As the fund grows, the State Treasurer's office will pursue active management of the fund.

Idaho State Lottery

The Idaho State Lottery was established in 1989. Total sales for Fiscal Year 2010 were $147,920,000. Net proceeds for that year totaled $37.73 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 2010 were approximately $138,162.

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, 2010, the Insurance Fund had a surplus (fund balance) of $201.7 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, 2010, the Trust Fund had fund balances of $27 million. The unencumbered fund balance was $24.7 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, in a timely manner, to the MSRB via EMMA, notice of the occurrence of any of the following events with respect to the Notes:

(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.

The State will also provide notice in a timely manner to the MSRB if the State has materially failed to comply with its disclosure undertakings. 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 TANs.

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 do not constitute an event of default with respect to the Notes or result in 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 $508,287,500, plus accrued interest, if any, and will re-offer the Notes at a price of $508,625,000, plus accrued interest, if any. The underwriting spread on the Notes is $0.675 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.

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 G. Crane, State Treasurer

Dated: June 20, 2011

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 2011. It estimates Idaho nonfarm employment shrank 1.2% in 2010 and forecasts a 1.3% increase in 2011 and a 2.7% rise in 2012. The next IEF is scheduled to be released in July 2011.

The General Fund Revenue Book ("GFRB") is an annual publication prepared by the DFM which 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 2011. The General Fund revenue forecast projects a 4.2% increase in General Fund revenues for Fiscal Year 2011. Fiscal Year 2012 General Fund revenues are projected to increase by 6.9% from the Fiscal Year 2011 projection.

Both the IEF and the GFRB are available on the internet at: *http://dfm.idaho.gov/Publications/Econ_Publications.html*. The DFM 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 on the State.

TABLE 29
IDAHO ECONOMIC INDICATORS

	Actual		Projected		
	2009	**2010**	**2011**	**2012**	**2013**
Idaho Economic Indicators					
Personal Income ($ millions)	49,245	50,565	52,409	54,878	57,892
Percent Change	-2.5%	2.7%	3.6%	4.7%	5.5%
Total Nonfarm Employment	609,976	602,615	610,388	626,699	644,517
Percent Change	-6.0%	-1.2%	1.3%	2.7%	2.8%
Goods-Producing Employment	92,400	87,769	87,798	90,685	95,196
Percent Change	-17.7%	-5.0%	0.0%	3.3%	5.0%
Nongoods-Producing Employment	517,576	514,846	522,590	536,014	549,320
Percent Change	-3.6%	-0.5%	1.5%	2.6%	2.5%
Population (thousands)	1,547	1,566	1,589	1,618	1,648
Percent Change	1.5%	1.2%	1.5%	1.9%	1.8%
Housing Starts-Single Unit	4,974	4,682	5,948	9,863	12,932
Housing Starts-Multiple Unit	694	564	654	1,069	1,249
Selected US Production Indices (2007=1.000)					
Wood Products	0.658	0.695	0.714	0.822	0.921
Computer and Electronic Products	0.975	1.083	1.271	1.445	1.559
Semiconductors and Other Components	1.027	1.215	1.451	1.783	2.148
Food	0.981	1.023	1.044	1.069	1.089
Paper	0.854	0.890	0.931	0.957	0.976
Agricultural Chemicals	0.941	0.940	1.006	1.028	1.021
Metal Ore Mining	0.898	0.982	1.017	1.056	1.080
Selected US Producer Prices (1982=1.000)					
All Items	1.729	1.848	2.000	2.028	2.070
Lumber and Wood Products	1.828	1.927	1.972	2.071	2.185
Machinery and Equipment	1.313	1.311	1.333	1.349	1.358
Farm	1.346	1.511	1.808	1.687	1.648
Pulp, Paper and Allied Products	2.256	2.369	2.495	2.584	2.633
Chemicals	2.294	2.467	2.729	2.796	2.839

Source: *IHS Global Insight and Idaho Division of Financial Management, April 2011*

TABLE 30
STATE OF IDAHO
POPULATION TRENDS

Year	Population
2000*	1,299,551
2001	1,321,170
2002	1,342,149
2003	1,364,109
2004	1,391,718
2005	1,425,862
2006	1,464,413
2007	1,499,245
2008	1,527,506
2009	1,545,801
2010*	1,567,582

* Census data

Source: *U.S. Census Bureau*

TABLE 31
STATE OF IDAHO
LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL(1)

	2010	2009	2008	2007	2006
Civilian Labor Force	757,939	750,703	757,924	766,356	760,863
Unemployment	70,618	57,658	57,816	33,805	19,233
Percent of Labor Force Unemployed	9.3%	7.7%	7.6%	4.4%	2.5%
Total Employment	687,321	693,045	700,108	732,551	741,630
Nonfarm Payroll Jobs-NAICS(2)	602,100	609,900	648,800	655,600	639,600
Goods Producing	87,500	92,300	112,100	123,200	122,300
Natural Resources and Mining	3,400	3,200	4,200	4,400	4,200
Construction	31,100	34,300	44,900	52,500	52,000
Manufacturing	53,000	54,800	63,000	66,300	66,100
Durable Goods	29,800	31,100	38,400	42,500	42,800
Non-Durable Goods	23,200	23,600	24,600	23,800	23,300
Service Providing	514,600	517,500	536,700	532,400	516,100
Trade, Transportation and Utilities	121,000	122,900	131,500	132,300	127,500
Trade	100,400	102,300	110,400	111,400	107,400
Transportation, Warehousing and Utilities	20,500	20,700	21,000	20,800	20,100
Information	9,600	10,000	11,000	10,900	10,600
Financial Activities	28,800	29,600	31,700	32,500	31,700
Proefessional and Business Services	73,600	74,700	81,300	83,100	81,300
Management of Companies and Entrepreneurs	5,800	6,000	7,300	7,900	7,700
Administrative, Support, Waste Management	36,400	37,200	40,600	41,600	41,000
Educational and Health Services	83,800	81,000	77,700	73,600	70,200
Leisure and Hospitality	57,900	58,700	63,200	63,300	59,800
Other Services	21,200	21,200	21,200	19,400	19,000
Total Government	118,700	119,500	119,200	117,500	116,100
Federal Government	13,700	13,500	13,200	13,100	12,900
State and Local Government	105,100	106,000	106,000	104,400	103,300
State Government	28,700	30,000	29,800	29,400	29,100
Local Government	76,400	76,000	76,200	75,000	74,200

(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 32
STATE OF IDAHO
NONFARM PAYROLL JOBS—BY PLACE OF WORK(1)

	March 2011	Feb 2011 (1)	March 2010	Percent Change From Last Month	Percent Change From Last Year
Nonfarm Payroll Jobs-NAICS(2)	595,700	590,600	591,900	0.9%	0.6%
Goods Producing	82,500	81,500	83,400	1.2%	-1.1%
Natural Resources	3,000	3,100	2,800	-3.2%	7.1%
Construction	27,300	26,200	28,600	4.2%	-4.5%
Manufacturing	52,200	52,200	52,000	0.0%	0.4%
Durable Goods	29,400	29,500	29,200	-0.3%	0.7%
Nondurable Goods	22,800	22,700	22,800	0.4%	0.0%
Service Providing	513,200	509,100	508,500	0.8%	0.9%
Trade, Transportation, And Utilities	119,200	118,300	118,500	0.8%	0.6%
Trade	98,500	97,600	98,500	0.9%	0.0%
Transportation, Warehousing, And Utilities	20,700	20,700	20,000	0.0%	3.5%
Information	9,500	9,500	9,700	0.0%	-2.1%
Financial Activities	28,700	28,600	28,700	0.3%	0.0%
Professional and Business Services	74,800	73,600	71,500	1.6%	4.6%
Management of Companies and Enterprises	5,800	5,800	5,900	0.0%	-1.7%
Administrative, Support, Waste Management	36,700	35,500	34,400	3.4%	6.7%
Education and Health Services	86,100	85,600	83,500	0.6%	3.1%
Leisure and Hospitality	56,300	55,500	54,900	1.4%	2.6%
Other Services	21,400	21,300	21,000	0.5%	1.9%
Total Government	117,200	116,700	120,700	0.4%	-2.9%
Federal Government	11,700	11,600	13,000	0.9%	-10.0%
State and Local Government	105,500	105,100	107,700	0.4%	-2.0%
State Government	28,700	28,600	29,600	0.3%	-3.0%
Local Government	76,800	76,500	78,100	0.4%	-1.7%

(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
AGRICULTURAL EMPLOYMENT ESTIMATES

	Mar 2011	Feb 2011	Mar 2010	Percent Change From Last Month	Percent Change From Last Year
Total Agricultural Employment	43,391	41,015	43,454	2.1%	0.0%
Operators and Unpaid Family	11,934	11,934	11,934	0.0%	0.0%
Hired Workers	31,457	29,081	31,520	3.0%	0.0%

Source: Idaho Department of Labor

TABLE 34
STATE OF IDAHO
LARGEST PRIVATE EMPLOYERS

Employer	Type of Business	Number of Employees
St. Luke's Health Systems	Health Services	7,000-8,000
Wal-Mart Associates Inc.	Retail	6,000-7,000
Micron Technology	Manufacturing	5,000-6,000
Albertsons	Retail	4,000-5,000
Battell Energy Alliance LLC (1)	Energy	3,000-4,000
Brigham Young University Idaho	Higher Education	3,000-4,000
J.R. Simplot Company	Food Processor	3,000-4,000
St. Alphonsus Regional Medical Center	Health Care	2,000-3,000
Hewlett-Packard	Manufacturing	2,000-3,000
Fred Meyer-Kroger Cooperative Group	Retail	1,500-2,000

Source: Idaho Department of Labor, May 2011

TABLE 35
STATE OF IDAHO
COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2001	$28,911	$37,565
2002	29,544	38,341
2003	30,286	39,537
2004	31,533	41,283
2005	32,508	42,640
2006	34,382	44,593
2007	35,392	46,673
2008	35,702	47,955
2009	35,927	47,977
2010	36,620	49,336
2011	37,775	50,845

Source: Idaho Economic Forecast, April 2011

APPENDIX B

PLAN OF FINANCING

STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2011
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 Municipal Securities Rule Making Board 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 2011-2012 fiscal year of the State, commencing on July 1, 2011, and ending on June 30, 2012.

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.

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 2011, 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 2011, 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 20, 2011, 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 20, 2011, 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 March 15, 2011, approval of the Board of Examiners for the issuance of not to exceed $1,764,150,000 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 29, 2012, 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 2011, 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 $8,625,000, less an underwriter's discount of $337,500, less fees and expenses of the financial advisor to the State in the estimated amount of $116,934, 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 29, 2012, 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 29, 2012. 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 29, 2012, 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 29, 2012, (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, to 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. 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 20th day of June, 2011.

____
Ron G. Crane
State Treasurer

FILED in the Office of the Governor of the State of Idaho this 21st day of June, 2011.

By__________________________________
Office of the Governor

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APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL

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July 1, 2011

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 2011, 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 2011 (the "Notes"), which are dated July 1, 2011, mature on June 29, 2012, 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 20, 2011. We refer you to the Plan of Financing executed on June 20, 2011, 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 2011, 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 has Standard & Poor's highest rating: AAA. 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* and *www.dtc.org*.

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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