

Single Audit Report

For the Fiscal Year Ended June 30, 2019



State of Idaho

Legislative Services Office – Audits Division



Legislative Services Office

Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

March 31, 2020

Honorable Brad Little, Governor
Honorable Senator Steve Bair, JFAC Co-Chair
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

We are pleased to submit the statewide *Single Audit Report* of the State of Idaho covering the fiscal year ended June 30, 2019. This report complies with the audit requirements placed on the State of Idaho as a condition for receiving \$3,177,059,349 in federal assistance (colleges and universities, Idaho Housing and Finance Association, and Idaho Health Insurance Exchange are reported separately).

Idaho does a good job administering its federal funds in compliance with applicable laws and regulations. Questioned costs for fiscal year 2019 totaled \$2,435,403 known and \$744,349 likely, although some issues are reported for which questioned costs could not be determined.

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

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

Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was issued pursuant to the Office of Management and Budget (OMB) *Circular A-133* to facilitate the implementation of the Single Audit Act as amended in 1996. *Uniform Guidance* places the responsibility for identifying major programs to audit on the auditor. A risk-based approach, which considers current and prior audit experience, federal oversight, and inherent risk, is used to identify major programs. All audit issues are in the section entitled "Auditor's Results." Internal control weaknesses and compliance issues related to federal awards are included in the subsection entitled "Federal Findings and Questioned Costs." Internal control weaknesses and compliance issues related to the basic financial statements are included in the subsection entitled "Basic Financial Statements Findings."

Kristin Ford, Manager
Research & Legislation

Paul Headlee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

This document contains the following reports and schedules:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*
- Schedules of Expenditures of Federal Awards
- Auditor's Results
- Management's Basic Financial Statements Findings Corrective Action Plan
- Management's Federal Findings Corrective Action Plan
- Management's Follow-up for Prior Findings (basic financial statements and federal findings)

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

Sincerely,

A handwritten signature in black ink that reads "April Renfro". The signature is written in a cursive style with a large initial "A".

April Renfro, CPA, Manager
Legislative Audits Division

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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



Legislative Services Office Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 20, 2019

Honorable Brad Little, Governor
Honorable Senator Steve Bair, JFAC Co-Chair
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise State of Idaho's basic financial statements, and have issued our report thereon dated December 20, 2019. Our report includes a reference to other auditors who audited the financial statements of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and their respective component units, Idaho Fish and Wildlife Foundation, Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Idaho Endowment Fund Investment Board, Idaho Lottery, Public Employee Retirement System of Idaho, Idaho Public Employees' Deferred Compensation Plan, IDEal Idaho College Savings Program, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, Idaho State Treasurer – Assets Under Management, Idaho State Building Authority, Idaho Bond Bank Authority, and the Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association) as described in our report on the State of Idaho's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Boise State University Foundation, Idaho State University Foundation, Idaho Fish and Wildlife Foundation, Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), and the Idaho Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control.

Kristin Ford, Manager
Research & Legislation

Paul Headlee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Basic Financial Statement Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Basic Financial Statement Findings to be material weaknesses: 2019-101.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Basic Financial Statement Findings to be significant deficiencies: 2019-102, 2019-103, 2019-104, and 2019-105.

Compliance and Other Matters

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

State of Idaho's Response to Findings

The State of Idaho's response to the findings identified in our audit are described in the accompanying Basic Financial Statement Findings and Management's Corrective Action Plan. The State of Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Idaho's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



April Renfro, Manager
Legislative Audits Division



Legislative Services Office Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

March 31, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY *UNIFORM GUIDANCE*

Honorable Brad Little, Governor
Honorable Senator Steve Bair, JFAC Co-Chair
Honorable Representative Rick D. Youngblood, JFAC Co-Chair
Honorable Brandon D Woolf, State Controller

Report on Compliance for Each Major Federal Program

We have audited the State of Idaho's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the State of Idaho's major federal programs for the year ended June 30, 2019. The State of Idaho's major federal programs are identified in the Summary of Auditor's Results.

The State of Idaho's basic financial statements include the operations of Boise State University Idaho State University, Lewis-Clark State College, University of Idaho, and Idaho Housing and Finance Association, which received \$3,286,560,539 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2019. Our compliance audit, described below, did not include the operations of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and Idaho Housing and Finance Association because these entities engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Uniform Guidance*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Kristin Ford, Manager
Research & Legislation

Paul Headlee, Manager
Budget & Policy Analysis

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Legislative Audits

Glenn Harris, Manager
Information Technology

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Idaho's compliance.

Basis for Qualified Opinion on the Crime Victim Assistance Program

As described in the accompanying schedule of Federal Findings and Questioned Costs, the State of Idaho did not comply with requirements regarding CFDA 16.575 Crime Victim Program as described in finding numbers 2019-204 for Matching, Level of Effort, Earmarking and 2019-206 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the State of Idaho to comply with the requirements applicable to that program.

Qualified Opinion on the Crime Victim Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Crime Victim Assistance Program for the year ended June 30, 2019.

Basis for Qualified Opinion on the Lower Snake River Compensation Plan Program

As described in the accompanying schedule of Federal Findings and Questioned Costs, the State of Idaho did not comply with requirements regarding CFDA 15.661 Lower Snake River Compensation Plan Program as described in finding number 2019-202 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the State of Idaho to comply with the requirements applicable to that program.

Qualified Opinion on the Lower Snake River Compensation Plan Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Lower Snake River Compensation Plan Program for the year ended June 30, 2019.

Unmodified Opinion on Each of the other Major Federal Programs

In our opinion, the State of Idaho complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule Federal Findings and Questioned Costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance that are required to be reported in accordance with the *Uniform Guidance* and which are described in the accompanying schedule Federal Findings and Questioned Costs as items 2019-201, 2019-205, 2019-207, 2019-208, 2019-209, 2019-210, 2019-211, 2019-213, 2019-214, 2019-215, and 2019-216. Our opinion on each major federal program is not modified with respect to these matters.

The State of Idaho's responses to the noncompliance findings identified in our audit are described in the accompanying Federal Findings and Questioned Costs and Management's Federal Findings Corrective Action Plan. The State of Idaho's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

Management of the State of Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of

compliance, we considered the State of Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Idaho's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Federal Findings and Questioned Costs as items 2019-204, 2019-205, 2019-206, 2019-211, and 2019-212 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Federal Findings and Questioned Costs as items 2019-201, 2019-202, 2019-203, 2019-207, 2019-208, 2019-210, 2019-213, 2019-214, 2019-215, 2019-216, 2019-217, and 2019-218 to be significant deficiencies.

The State of Idaho's responses to and the internal control over compliance findings identified in our audit are described in the accompanying Federal Findings and Questioned Costs and Management's Federal Findings Corrective Action Plan. The State of Idaho's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

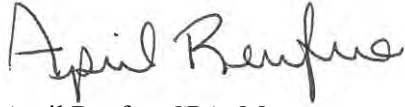
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State of Idaho's basic financial statements. We issued our report thereon dated December 20, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Uniform Guidance* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,

A handwritten signature in cursive script that reads "April Renfro". The signature is written in black ink and is positioned above the typed name.

April Renfro, CPA, Manager
Legislative Audits Division

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS**



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

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
DEPARTMENT OF AGRICULTURE					
SNAP CLUSTER					
10.551	Supplemental Nutrition Assistance Program (SNAP)	Health and Welfare, Department of	\$193,572,209	NC	
10.561	State Administrative Matching Grants - Supplemental Nutrition Assist. Program	Health and Welfare, Department of	12,025,774		\$989,781
	TOTAL SNAP CLUSTER		\$205,597,983		\$989,781
CHILD NUTRITION CLUSTER					
10.553	School Breakfast Program (SBP)	Superintendent of Public Instruction	\$17,648,339		\$17,499,425
10.555	National School Lunch Program (NSLP)	Superintendent of Public Instruction	7,923,913	NC	7,885,355
10.555	National School Lunch Program (NSLP)	Superintendent of Public Instruction	51,736,178		51,435,295
10.556	Special Milk Program for Children (SMP)	Superintendent of Public Instruction	49,567		49,567
10.559	Summer Food Service Program for Children (SFSPC)	Superintendent of Public Instruction	4,203,588		4,095,777
	TOTAL CHILD NUTRITION CLUSTER		\$81,561,585		\$80,965,419
FOOD DISTRIBUTION CLUSTER					
10.565	Commodity Supplemental Food Program	Aging, Commission on	\$156,724		\$137,967
10.568	Emergency Food Assistance Program (Administrative Costs)	Health and Welfare, Department of	363,072		351,560
10.569	Emergency Food Assistance Program (Food Commodities)	Health and Welfare, Department of	3,435,212	NC	
	TOTAL FOOD DISTRIBUTION CLUSTER		\$3,955,008		\$489,527
NON-CLUSTERED PROGRAMS					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Agriculture, Department of	\$1,242,573		\$514,083
10.028	Wildlife Services	Fish and Game, Department of	624		
10.069	Conservation Reserve Program	Fish and Game, Department of	47,466		
10.162	Inspection Grading and Standardization	Agriculture, Department of	47,822		
10.163	Market Protection and Promotion	Agriculture, Department of	30,400		
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	842,586		331,234
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	Health and Welfare, Department of	1,404		1,404
10.534	CACFP Meal Service Training	Superintendent of Public Instruction	3,224		
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Health and Welfare, Department of	21,413,261		6,919,585
10.558	Child and Adult Care Food Program (CACFP)	Superintendent of Public Instruction	8,564,217		8,411,165
10.560	State Administrative Expenses for Child Nutrition	Superintendent of Public Instruction	1,235,322		
10.578	WIC Grants To States (WGS)	Health and Welfare, Department of	2,858,818		
10.579	Child Nutrition Discretionary Grants Limited Availability	Superintendent of Public Instruction	409,974		131,898
10.582	Fresh Fruit and Vegetable Program	Superintendent of Public Instruction	2,018,108		1,949,171
10.589	Child Nutrition Direct Certification Performance Awards	Superintendent of Public Instruction	1,236		
10.664	Cooperative Forestry Assistance	Lands, Department of	3,587,668		1,826,333
10.676	Forest Legacy Program	Lands, Department of	76,389		18,511
10.678	Forest Stewardship Program	Lands, Department of	7,296		
10.680	Forest Health Protection	Agriculture, Department of	11,276		10,532
10.680	Forest Health Protection	Lands, Department of	16,660		
10.683	National Fish and Wildlife Foundation	Soil & Water Conservation Commission	85,174	PT	
	National Fish and Wildlife Foundation; Grantor Number 58076				
10.902	Soil & Water Conservation	Soil & Water Conservation Commission	116,653		
10.902	Soil & Water Conservation	Lands, Department of	11,416		
10.912	Environmental Quality Incentives Program	Transportation Department, Idaho	455,046		
10.932	Regional Conservation Partnership Program	Lands, Department of	1,274		
10.950	Agricultural Statistics Reports	Agriculture, Department of	11,557		
10.U02	Forest Service Aquatic Invasive Species Monitoring	Agriculture, Department of	25,823		
10.U04	Miscellaneous Forest Service Grants	Fish and Game, Department of	89,414		
10.U28	Federal-State Inspection of Fresh Fruits, Veg, and Other Products	Agriculture, Department of	15,435		
	TOTAL NON-CLUSTERED PROGRAMS		\$43,228,116		\$20,113,916
	TOTAL DEPARTMENT OF AGRICULTURE		\$334,342,692		\$102,558,643
DEPARTMENT OF COMMERCE					
11.436	Columbia River Fisheries Development Program	Fish and Game, Department of	\$1,227,415		
11.437	Pacific Fisheries Data Program	Fish and Game, Department of	14,846		
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Fish and Game, Department of	279,552		
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Species Conservation, Office of	4,733,131		\$2,069,461
11.441	Regional Fishery Management Councils	Fish and Game, Department of	50,992		
11.549	State and Local Implementation Grant Program	Military, Division of	148,336		
	TOTAL DEPARTMENT OF COMMERCE		\$6,454,272		\$2,069,461
DEPARTMENT OF DEFENSE					
12.113	Agreement Program for the Reimbursement of Technical Services	Environmental Quality, Department of	\$172,926		
12.400	Military Construction, National Guard	Military, Division of	9,505,325		
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	82,292,318		
12.401	National Guard Military Operations and Maintenance Projects	Military, Division of	99,565	NC	
12.404	National Guard ChalleNge Program	Military, Division of	3,501,927		

*Type of assistance other than direct cash: NC = Non-Cash, PT = Pass-Through, R&D = Research and Development
The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
Pass-Through From Non-State Entities					
12.U29	Watercraft Inspection Station Program Pacific States Marine Fisheries Commission; PSMFC. Award # 18-92P (Prime Award # W68SBV80540903) & 19-92P (Prime Award # W68SBV90156312)	Agriculture, Department of	\$851,938	PT	\$493,587
12.U31	Aquatic Invasive Species Monitoring Pacific States Marine Fisheries Commission; PSMFC Award # 18-127P (Prime Award # W685BU81314242)	Agriculture, Department of	45,944	PT	
TOTAL DEPARTMENT OF DEFENSE			<u>\$96,469,943</u>		<u>\$493,587</u>
HOUSING AND URBAN DEVELOPMENT					
14.171	Manufactured Home Dispute Resolution	Building Safety, Division of	\$34,799		
14.228	Community Development Block Grants/State's Program	Commerce, Department of	8,101,113		\$7,815,405
TOTAL HOUSING AND URBAN DEVELOPMENT			<u>\$8,135,912</u>		<u>\$7,815,405</u>
DEPARTMENT OF THE INTERIOR					
FISH AND WILDLIFE CLUSTER					
15.605	Sport Fish Restoration	Fish and Game, Department of	\$6,077,151		
15.611	Wildlife Restoration and Basic Hunter Education	Fish and Game, Department of	16,952,394		\$434,007
TOTAL FISH AND WILDLIFE CLUSTER			<u>\$23,029,545</u>		<u>\$434,007</u>
NON-CLUSTERED PROGRAMS					
15.130	Indian Education Assistance to Schools	Superintendent of Public Instruction	\$40,015		\$40,015
15.224	Cultural and Paleontological Resource Management	Historical Society, Idaho State	5,039		
15.225	Recreation and Visitor Services	Fish and Game, Department of	3,745		
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Lands, Department of	6,111		
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Transportation Department, Idaho	37,984		
15.230	Invasive and Noxious Plant Management	Agriculture, Department of	17,119		
15.230	Invasive and Noxious Plant Management	Fish and Game, Department of	17,677		
15.231	Fish, Wildlife and Plant Conservation Resource Management	Fish and Game, Department of	255,999		
15.231	Fish, Wildlife and Plant Conservation Resource Management	Species Conservation, Office of	30,278		30,278
15.236	Environmental Quality and Protection	Environmental Quality, Department of	878		
15.236	Environmental Quality and Protection	Fish and Game, Department of	8,764		
15.238	Challenge Cost Share	Fish and Game, Department of	11,405		
15.238	Challenge Cost Share	Historical Society, Idaho State	400		
15.517	Fish & Wildlife Coordination Act	Fish and Game, Department of	288,131		
15.517	Fish and Wildlife Coordination Act	Species Conservation, Office of	617,459		617,459
15.524	Recreation Resources Management	Fish and Game, Department of	66,121		
15.524	Recreation Resources Management	Parks and Recreation, Department of	441,305		
15.560	Secure Water Act - Research Agreements	Fish and Game, Department of	93,017		
15.608	Fish and Wildlife Management Assistance	Agriculture, Department of	9,581		
15.615	Cooperative Endangered Species Conservation Fund	Fish and Game, Department of	364,292		4,000
15.615	Cooperative Endangered Species Conservation Fund	Species Conservation, Office of	351,809		332,250
15.616	Clean Vessel Act	Parks and Recreation, Department of	20,166		
15.622	Sportfishing and Boating Safety Act	Fish and Game, Department of	60,713		
15.623	North American Wetlands Conservation Fund	Fish and Game, Department of	1,030		
15.626	Enhanced Hunter Education and Safety	Fish and Game, Department of	101,431		
15.631	Partners for Fish and Wildlife	Fish and Game, Department of	11,886		
15.634	State Wildlife Grants	Fish and Game, Department of	804,909		74,529
15.652	Undesirable/Noxious Plant Species	Agriculture, Department of	45,411		
15.655	Migratory Bird Monitoring, Assessment and Conservation	Fish and Game, Department of	1,180		
15.657	Endangered Species Conservation - Recovery Implementation Funds	Fish and Game, Department of	109,216		
15.657	Endangered Species Conservation - Recovery Implementation Funds	Species Conservation, Office of	124,241		124,241
15.661	Lower Snake River Compensation Plan	Fish and Game, Department of	7,329,303		
15.670	Adaptive Science	Fish and Game, Department of	30,681		30,678
15.904	Historic Preservation Fund Grants-in-Aid	Historical Society, Idaho State	692,753		81,542
15.916	Outdoor Recreation Acquisition, Development, and Planning	Parks and Recreation, Department of	316,491		230,628
15.944	Natural Resource Stewardship	Parks and Recreation, Department of	524,755		
TOTAL NON-CLUSTERED PROGRAMS			<u>\$12,841,295</u>		<u>\$1,565,620</u>
TOTAL DEPARTMENT OF THE INTERIOR			<u>\$35,870,840</u>		<u>\$1,999,627</u>
DEPARTMENT OF JUSTICE					
16.017	Sexual Assault Services Formula Program	Police, Idaho State	\$436,387		\$426,607
16.021	Justice Systems Response to Families	Judicial Department	164,495		
16.540	Juvenile Justice and Delinquency Prevention	Juvenile Corrections, Department of	237,895		
16.543	Missing Children's Assistance	Attorney General, Office of the	187,876		
16.550	State Justice Statistics Program for Statistical Analysis Centers	Police, Idaho State	71,830		
16.575	Crime Victim Assistance	Health and Welfare, Department of	8,576,578		8,458,507
16.576	Crime Victim Compensation	Industrial Commission	1,200,000		
16.582	Crime Victim Assistance/Discretionary Grants	Health and Welfare, Department of	71,492		
16.582	Crime Victim Assistance/Discretionary Grants	Police, Idaho State	14,912		
16.585	Drug Court Discretionary Grant Program	Judicial Department	3,496		
16.588	Violence Against Women Formula Grants	Police, Idaho State	1,222,973		930,597
16.593	Residential Substance Abuse Treatment for State Prisoners	Police, Idaho State	180,754		101,069

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Police, Idaho State	\$1,233,890	\$772,744
16.741	DNA Backlog Reduction Program	Police, Idaho State	164,160	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Police, Idaho State	137,865	
16.750	Support for Adam Walsh Act Implementation Grant Program	Police, Idaho State	193,573	193,573
16.751	Edward Byrne Memorial Competitive Grant Program	Police, Idaho State	6,920	
16.754	Harold Rogers Prescription Drug Monitoring Program	Health and Welfare, Department of	48,619	24,294
16.813	NICS Act Record Improvement Program	Police, Idaho State	8,263	
16.827	Justice Reinvestment Initiative	Correction, Department of	405,862	
16.922	Equitable Sharing Program	Police, Idaho State	51,105	
	TOTAL DEPARTMENT OF JUSTICE		<u>\$14,618,945</u>	<u>\$10,907,391</u>
	DEPARTMENT OF LABOR			
	EMPLOYMENT SERVICE CLUSTER			
17.207	Employment Service/Wagner-Peyser Funded Activities	Labor, Department of	\$7,304,091	
17.801	Disabled Veterans' Outreach Program (DVOP)	Labor, Department of	1,163,847	
	TOTAL EMPLOYMENT SERVICE CLUSTER		<u>\$8,467,938</u>	
	WIOA CLUSTER			
17.258	WIOA Adult Program	Labor, Department of	\$2,500,903	\$201,779
17.259	WIOA Youth Activities	Labor, Department of	2,833,101	84,154
17.278	WIOA Dislocated Workers Formula Grants	Labor, Department of	2,266,021	131,938
	TOTAL WIOA CLUSTER		<u>\$7,600,025</u>	<u>\$417,871</u>
	NON-CLUSTER PROGRAMS			
17.201	Registered Apprenticeship	Labor, Department of	\$380,213	\$122,007
17.225	Unemployment Insurance	Labor, Department of	99,347,109	
17.235	Senior Community Service Employment Program	Aging, Commission on	383,332	359,168
17.245	Trade Adjustment Assistance	Labor, Department of	1,463,463	
17.271	Work Opportunity Tax Credit (WOTC) Program	Labor, Department of	98,864	
17.273	Temporary Labor Certification for Foreign Workers	Labor, Department of	331,438	
17.277	WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Labor, Department of	413,413	21,868
17.285	Apprenticeship USA Grants	Labor, Department of	183,931	82,715
17.287	Job Corps Experimental Projects and Technical Assistance	Labor, Department of	47,654	
17.805	Homeless Veterans Reintegration Project	Labor, Department of	63,161	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$102,712,578</u>	<u>\$585,758</u>
	TOTAL DEPARTMENT OF LABOR		<u>\$118,780,541</u>	<u>\$1,003,629</u>
	DEPARTMENT OF TRANSPORTATION			
	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			
20.205	Highway Planning and Construction	Transportation Department, Idaho	\$334,444,205	\$2,262,065
20.219	Recreational Trails Program	Parks and Recreation, Department of	1,369,649	1,087,255
	TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		<u>\$335,813,854</u>	<u>\$3,349,320</u>
	FEDERAL TRANSIT CLUSTER			
20.500	Federal Transit Capital Investment Grants	Transportation Department, Idaho	\$137,932	\$137,932
20.526	Bus and Bus Facilities Formula Program	Transportation Department, Idaho	2,601,414	2,601,414
	TOTAL FEDERAL TRANSIT CLUSTER		<u>\$2,739,346</u>	<u>\$2,739,346</u>
	TRANSIT SERVICES PROGRAMS CLUSTER			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Transportation Department, Idaho	\$1,064,193	\$1,022,935
20.516	Job Access and Reverse Commute Program	Transportation Department, Idaho	4,821	4,821
20.521	New Freedom Program	Transportation Department, Idaho	5,448	5,448
	TOTAL TRANSIT SERVICES PROGRAMS CLUSTER		<u>\$1,074,462</u>	<u>\$1,033,204</u>
	HIGHWAY SAFETY CLUSTER			
20.600	State and Community Highway Safety	Transportation Department, Idaho	\$2,227,580	\$1,403,435
20.610	State Traffic Safety Information System Improvement Grants	Transportation Department, Idaho	373,549	373,549
20.616	National Priority Safety Programs	Transportation Department, Idaho	2,396,900	1,888,314
	TOTAL HIGHWAY SAFETY CLUSTER		<u>\$4,998,029</u>	<u>\$3,665,298</u>
	NON-CLUSTERED PROGRAMS			
20.106	Airport Improvement Program	Transportation Department, Idaho	\$358,176	
20.218	Motor Carrier Safety Assistance	Police, Idaho State	1,825,835	
20.232	Commercial Driver's License Program Implementation Grant	Transportation Department, Idaho	122,955	
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Transportation Department, Idaho	651,560	
20.509	Formula Grants for Rural Areas	Transportation Department, Idaho	7,236,966	\$6,819,049
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Transportation Department, Idaho	362,434	259,667
20.700	Pipeline Safety Program	Public Utilities Commission	237,748	
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Military, Division of	98,408	53,247
20.720	State Damage Prevention Program Grants	Building Safety, Division of	52,951	
20.721	Pipeline Safety Program One Call Grant	Public Utilities Commission	44,634	
	TOTAL NON-CLUSTERED PROGRAMS		<u>\$10,991,667</u>	<u>\$7,131,963</u>
	TOTAL DEPARTMENT OF TRANSPORTATION		<u>\$355,617,358</u>	<u>\$17,919,131</u>

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BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
21.016	US TREASURY Equitable Share TOTAL US TREASURY	Police, Idaho State	\$48,825 \$48,825		
39.003	GENERAL SERVICES ADMINISTRATION Donation of Federal Surplus Personal Property TOTAL GENERAL SERVICES ADMINISTRATION	Administration, Department of	\$792,092 \$792,092	NC	
45.025	NATIONAL ENDOWMENT FOR THE HUMANITIES Promotion of the Arts - Partnership Agreements	Arts, Commission on the	\$825,852		\$349,530
45.149	Promotion of the Humanities - Division of Preservation and Access	Historical Society, Idaho State	136,157		
45.129	Pass-Through From Non-State Entities Promotion of the Humanities - Federal/State Partnership Idaho Humanities Council; Grantor Number H18001, H189001 TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES	Libraries, Idaho Commission for	22,048 \$984,057	PT	\$349,530
45.310	INSTITUTE OF MUSEUM AND LIBRARY SERVICES Grants to States INSTITUTE OF MUSEUM AND LIBRARY SERVICES	Libraries, Idaho Commission for	\$1,420,414 \$1,420,414		\$79,529 \$79,529
59.061	SMALL BUSINESS ADMINISTRATION State Trade Expansion TOTAL SMALL BUSINESS ADMINISTRATION	Commerce, Department of	\$323,401 \$323,401		\$103,288 \$103,288
64.014	DEPARTMENT OF VETERANS AFFAIRS Veterans State Domiciliary Care	Veterans Services, Division of	\$488,323		
64.015	Veterans State Nursing Home Care	Veterans Services, Division of	16,107,652		
64.101	Burial Expenses Allowances for Veterans TOTAL DEPARTMENT OF VETERANS AFFAIRS	Veterans Services, Division of	383,577 \$16,979,552		
66.458	ENVIRONMENTAL PROTECTION AGENCY CLEAN WATER STATE REVOLVING FUND CLUSTER Capitalization Grants for Clean Water State Revolving Funds TOTAL CLEAN WATER STATE REVOLVING FUND CLUSTER	Environmental Quality, Department of	\$7,883,431 \$7,883,431		
66.468	DRINKING WATER STATE REVOLVING FUND CLUSTER Capitalization Grants for Drinking Water State Revolving Funds TOTAL DRINKING WATER STATE REVOLVING FUND CLUSTER	Environmental Quality, Department of	\$12,871,762 \$12,871,762		\$293,290 \$293,290
66.001	NON-CLUSTERED PROGRAMS Air Pollution Control Program Support	Environmental Quality, Department of	\$1,696,677		
66.032	State Indoor Radon Grants	Health and Welfare, Department of	52,591		
66.034	Surveys, Studies, Research, Investigations, Demonstrations & Special Purpose Activities Relating to the Clean Air Act	Environmental Quality, Department of	375,510		
66.039	National Clean Diesel Emissions Reduction Program	Environmental Quality, Department of	25,077		
66.040	State Clean Diesel Grant Program	Environmental Quality, Department of	228,284		
66.202	Congressionally Mandated Projects	Environmental Quality, Department of	1,339,217		\$179,050
66.204	Multipurpose Grants to States and Tribes	Environmental Quality, Department of	138,345		
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Quality, Department of	2,190,925		
66.432	State Public Water System Supervision	Environmental Quality, Department of	1,055,957		
66.433	State Underground Water Source Protection	Water Resources, Department of	140,313		
66.454	Water Quality Management Planning	Environmental Quality, Department of	98,586		
66.460	Nonpoint Source Implementation Grants	Environmental Quality, Department of	2,162,047		1,659,682
66.461	Regional Wetland Program Development Grants	Fish and Game, Department of	45,817		
66.608	Environmental Info. Exchange Network Grant Prog. and Related Assist.	Environmental Quality, Department of	11,383		
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Agriculture, Department of	353,474		
66.708	Pollution Prevention Grants Program	Environmental Quality, Department of	82,148		11,418
66.801	Hazardous Waste Management State Program Support	Environmental Quality, Department of	543,819		8,176
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Coop Agmts.	Environmental Quality, Department of	6,117,593		3,935,772
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Quality, Department of	305,542		
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Quality, Department of	689,852		
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Quality, Department of	180,518		
66.817	State and Tribal Response Program Grants TOTAL NON-CLUSTERED PROGRAMS TOTAL ENVIRONMENTAL PROTECTION AGENCY	Environmental Quality, Department of	757,119 \$18,590,794 \$39,345,987		\$5,794,098 \$6,087,388
81.041	DEPARTMENT OF ENERGY State Energy Program	Energy Resources, Office of	\$385,884		
81.041	State Energy Program	Fish and Game, Department of	27,815		
81.042	Weatherization Assistance for Low-Income Persons	Health and Welfare, Department of	2,246,344		\$2,189,676
81.065	Nuclear Legacy Cleanup Program	Environmental Quality, Department of	1,313,326		
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Environmental Quality, Department of	1,131,220		

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BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
81.U14	Tributary Water Conservation	Water Resources, Department of	\$265,594		
81.U17	Miscellaneous Bonneville Power Administration Grants	Fish and Game, Department of	11,506,609		
81.U17	Miscellaneous Bonneville Power Administration Grants	Species Conservation, Office of	3,860,033		\$1,013,345
81.U18	Weatherization Conference	Health and Welfare, Department of	608,045		19,117
81.U30	Miscellaneous Pacific States Marine Fisheries Commission Grants	Fish and Game, Department of	824,275		
Pass-Through From Non-State Entities					
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions Western Governors' Association; Grantor Number MOA-30-316-04D, MOA-30-316-04E, MOA-30-316-04F	Environmental Quality, Department of	223,214	PT	
TOTAL DEPARTMENT OF ENERGY			<u>\$22,392,359</u>		<u>\$3,222,138</u>
DEPARTMENT OF EDUCATION					
SPECIAL EDUCATION CLUSTER (IDEA)					
84.027	Special Education Grants to States	Superintendent of Public Instruction	\$58,691,931		\$56,153,463
84.173	Special Education Preschool Grants	Superintendent of Public Instruction	2,126,519		2,125,252
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>\$60,818,450</u>		<u>\$58,278,715</u>
NON-CLUSTERED PROGRAMS					
84.002	Adult Education - Basic Grants to States	Career-Technical Education, Division of	\$2,364,311		\$2,184,296
84.010	Title I Grants to Local Educational Agencies	Superintendent of Public Instruction	56,000,584		55,002,467
84.011	Migrant Education - State Grant Program	Superintendent of Public Instruction	3,321,424		2,977,964
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Superintendent of Public Instruction	603,741		
84.048	Career and Technical Education - Basic Grants to States	Career-Technical Education, Division of	6,876,183		5,872,803
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Blind and Visually Impaired, Commission for the	2,615,663		
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Vocational Rehabilitation, Division of	14,203,122		
84.144	Migrant Education Coordination Program	Superintendent of Public Instruction	57,040		
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	Blind and Visually Impaired, Commission for the	225,000		
84.181	Special Education - Grants for Infants and Families	Health and Welfare, Department of	2,594,842		
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Vocational Rehabilitation, Division of	368,821		
84.196	Education for Homeless Children and Youth	Superintendent of Public Instruction	300,567		210,460
84.287	Twenty-First Century Community Learning Centers	Superintendent of Public Instruction	6,170,815		5,872,221
84.323	Special Education - State Personnel Development	Superintendent of Public Instruction	8,331		2,662
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Education, State Board of	2,692,850		
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Superintendent of Public Instruction	1,346,920		694,751
84.358	Rural Education	Superintendent of Public Instruction	631,701		573,293
84.365	English Language Acquisition State Grants	Superintendent of Public Instruction	2,177,661		1,926,427
84.366	Mathematics and Science Partnerships	Superintendent of Public Instruction	231,151		218,020
84.367	Improving Teacher Quality State Grants	Education, State Board of	255,664		
84.367	Improving Teacher Quality State Grants	Superintendent of Public Instruction	9,219,292		8,496,972
84.369	Grants for State Assessments and Related Activities	Superintendent of Public Instruction	3,742,171		
84.377	School Improvement Grants	Superintendent of Public Instruction	2,011,231		1,919,357
84.424	Student Support and Academic Enrichment Program	Superintendent of Public Instruction	3,351,686		3,248,541
Pass-Through From Non-State Entities					
84.283	Comprehensive Centers University of Oregon; Grantor Number S283D160003	Public Television, Idaho	7,470	PT	
84.367	Improving Teacher Quality State Grants Idaho Humanities Council; Grantor Number LIBSCH	Libraries, Idaho Commission for	7,969	PT	
TOTAL NON-CLUSTERED PROGRAMS			<u>\$121,386,210</u>		<u>\$89,200,234</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$182,204,660</u>		<u>\$147,478,949</u>
ELECTION ASSISTANCE COMMISSION					
90.404	HAVA Election Security Grants	Secretary of State	\$720,871		
TOTAL ELECTION ASSISTANCE COMMISSION			<u>\$720,871</u>		
HEALTH AND HUMAN SERVICES					
AGING CLUSTER					
93.044	Grants for Supportive Services and Senior Centers	Aging, Commission on	\$1,904,722		\$1,568,330
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Aging, Commission on	3,732,816		3,173,146
93.053	Nutrition Services Incentive Program	Aging, Commission on	764,209		764,209
TOTAL AGING CLUSTER			<u>\$6,401,747</u>		<u>\$5,505,685</u>
TANF CLUSTER					
93.558	Temporary Assistance for Needy Families	Health and Welfare, Department of	\$27,605,554		\$1,060,098
TOTAL TANF CLUSTER			<u>\$27,605,554</u>		<u>\$1,060,098</u>
CCDF CLUSTER					
93.575	Child Care and Development Block Grant	Health and Welfare, Department of	\$30,926,734		\$4,191,159
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Welfare, Department of	7,979,430		659,904
TOTAL CCDF CLUSTER			<u>\$38,906,164</u>		<u>\$4,851,063</u>
MEDICAID CLUSTER					
93.775	State Medicaid Fraud Control Units	Attorney General, Office of the	\$732,472		
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Welfare, Department of	2,266,525		

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CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
93.778	Medical Assistance Program	Health and Welfare, Department of	\$1,577,006,269		\$357,506
	TOTAL MEDICAID CLUSTER		\$1,580,005,266		\$357,506
	MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER				
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Welfare, Department of	\$2,752,605		\$2,205,527
	TOTAL MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING CLUSTER		\$2,752,605		\$2,205,527
	NON-CLUSTER PROGRAMS				
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Aging, Commission on	\$21,590		
93.042	Long Term Care Ombudsman Services for Older Individuals	Aging, Commission on	75,551		\$75,551
93.043	Disease Prevention and Health Promotion Services	Aging, Commission on	97,831		91,286
93.048	Special Programs for the Aging - Discretionary Projects	Aging, Commission on	252,823		67,288
93.051	Alzheimer's Disease Demonstration Grants to States	Aging, Commission on	135,184		67,289
93.052	National Family Caregiver Support	Aging, Commission on	661,678		525,682
93.069	Public Health Emergency Preparedness	Health and Welfare, Department of	4,762,315		2,921,898
93.071	Medicare Enrollment Assistance Program	Aging, Commission on	165,186		56,661
93.071	Medicare Enrollment Assistance Program	Insurance, Department of	36,345		
93.072	Lifespan Respite Care Program	Aging, Commission on	130,158		81,315
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Superintendent of Public Instruction	88,485		
93.090	Guardianship Assistance	Health and Welfare, Department of	33,360		
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Welfare, Department of	272,614		93,112
93.103	Food and Drug Administration Research	Agriculture, Department of	4,233	PT	157,479
	Association of Food & Drug Officials; Grantor Number G-1809-01340				
93.103	Food and Drug Administration Research	Agriculture, Department of	556,607		
93.103	Food and Drug Administration Research	Health and Welfare, Department of	64,159		
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Welfare, Department of	103,500		
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Welfare, Department of	166,835		80,959
93.127	Emergency Medical Services for Children	Health and Welfare, Department of	121,414		22,500
93.130	Coop. Agmts. - States/Territories - Coord. & Develop. of Primary Care Offices	Health and Welfare, Department of	171,956		
93.136	Injury Prevent. & Control Research and State and Community Based Programs	Health and Welfare, Department of	1,590,920		360,001
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Health and Welfare, Department of	280,744		
93.165	Grants to States for Loan Repayment Program	Health and Welfare, Department of	338,633		
93.217	Family Planning Services	Health and Welfare, Department of	1,549,395		1,359,696
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Welfare, Department of	47,761		17,362
93.236	Grants to States to Support Oral Health Workforce Activities	Health and Welfare, Department of	183,813		
93.240	State Capacity Building	Health and Welfare, Department of	222,989		
93.241	State Rural Hospital Flexibility Program	Health and Welfare, Department of	592,140		184,540
93.243	Substance Abuse & Mental Health Svcs - Proj. of Regional & Natl. Significance	Drug Policy, Office of	1,596,121		1,357,390
93.243	Substance Abuse & Mental Health Svcs - Proj. of Regional & Natl. Significance	Health and Welfare, Department of	76,589		
93.251	Universal Newborn Hearing Screening	Health and Welfare, Department of	222,591		
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	1,952,529		194,803
93.268	Immunization Cooperative Agreements	Health and Welfare, Department of	23,972,383	NC	
93.270	Viral Hepatitis Prevention and Control	Health and Welfare, Department of	126,389		45,775
93.283	Centers for Disease Control & Prevention - Investigations & Tech. Assist.	Health and Welfare, Department of	234,674		63,131
93.301	Small Rural Hospital Improvement Grant Program	Health and Welfare, Department of	273,289		248,300
93.305	Office of Smoking & Health-National State Based Tobacco Control Programs	Health and Welfare, Department of	883,382		347,804
93.314	Early Hearing Detection and Intervention Info. Syst. (EHDI-IS) Surveillance Prog.	Health and Welfare, Department of	119,941		
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	911,854		120,031
93.324	State Health Insurance Assistance Program	Insurance, Department of	362,123		
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health and Welfare, Department of	1,888,775		1,264,787
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health and Welfare, Department of	236,025		108,162
93.369	ACL Independent Living State Grants	Vocational Rehabilitation, Division of	253,141		143,197
93.413	State Flexibility to Stabilize the Market Grant Program	Insurance, Department of	70,946		
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Welfare, Department of	1,281,082		242,473
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	Health and Welfare, Department of	54,816		
93.521	Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements (PPHF)	Health and Welfare, Department of	32,742		
93.539	PPHF Capacity Build Assist. to Strengthen Public Health Immunization Infrastructure and Perf. financed in part by Prevention and Public Health Funds	Health and Welfare, Department of	21,021		12,997
93.556	Promoting Safe and Stable Families	Health and Welfare, Department of	1,372,752		20,439
93.563	Child Support Enforcement	Health and Welfare, Department of	18,465,873		
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Welfare, Department of	854,369		90,968
93.568	Low-Income Home Energy Assistance	Health and Welfare, Department of	18,279,679		9,593,059
93.569	Community Services Block Grant	Health and Welfare, Department of	3,563,486		3,519,052
93.576	Refugee and Entrant Assistance Discretionary Grants	Health and Welfare, Department of	60,822		18,188
93.586	State Court Improvement Program	Judicial Department	300,965		
93.590	Community-Based Child Abuse Prevention Grants	Health and Welfare, Department of	236,227		
93.597	Grants to States for Access and Visitation Programs	Health and Welfare, Department of	125,057		

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
93.599	Chafee Education and Training Vouchers Program	Health and Welfare, Department of	\$93,728	
93.600	Head Start	Health and Welfare, Department of	117,024	
93.603	Adoption and Legal Guardianship Incentive Payments	Health and Welfare, Department of	279,803	
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	Health and Welfare, Department of	10,182,667	\$1,082,716
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Welfare, Department of	519,460	
93.643	Children's Justice Grants To States	Health and Welfare, Department of	130,053	
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Welfare, Department of	1,479,861	
93.658	Foster Care - Title IV-E	Health and Welfare, Department of	17,666,548	
93.659	Adoption Assistance	Health and Welfare, Department of	8,855,680	
93.667	Social Services Block Grant	Health and Welfare, Department of	7,952,972	60,576
93.669	Child Abuse and Neglect State Grants	Health and Welfare, Department of	259,612	
93.671	Family Violence Prevent & Srvc/Domestic Violence Shelter & Sup. Srvc	Health and Welfare, Department of	943,235	899,473
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Welfare, Department of	525,601	
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs (PPHF)	Aging, Commission on	504	
93.735	State Pub. Health Approach Ensuring Quitline Cap. funded in part by PPHF	Health and Welfare, Department of	71,763	
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System financed in part by Prevention and Public Health Fund	Health and Welfare, Department of	196,447	
93.747	Elder Abuse Prevention Interventions Program	Aging, Commission on	211,794	
93.748	PPHF Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	Drug Policy, Office of	25,056	25,056
93.757	State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)	Health and Welfare, Department of	465,011	202,286
93.758	Preventive Health and Health Services Block Grant funded solely with PPHF	Health and Welfare, Department of	152,774	74,654
93.767	Children's Health Insurance Program	Health and Welfare, Department of	82,820,272	
93.788	Opioid STR	Drug Policy, Office of	137,509	77,850
93.788	Opioid STR	Health and Welfare, Department of	2,372,755	645,972
93.791	Money Follows the Person Rebalancing Demonstration	Health and Welfare, Department of	1,305,115	
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	Health and Welfare, Department of	1,415,724	
93.800	Organized Approaches to Increase Colorectal Cancer Screening	Health and Welfare, Department of	501,640	298,490
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Welfare, Department of	160,608	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health and Welfare, Department of	241,628	237,808
93.889	National Bioterrorism Hospital Preparedness Program	Health and Welfare, Department of	1,193,664	769,445
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health and Welfare, Department of	1,624,361	513,316
93.913	Grants to States for Operation of State Offices of Rural Health	Health and Welfare, Department of	166,545	
93.917	HIV Care Formula Grants	Health and Welfare, Department of	5,417,038	219,698
93.940	HIV Prevention Activities - Health Department Based	Health and Welfare, Department of	975,176	509,955
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health and Welfare, Department of	195,551	131,927
93.958	Block Grants for Community Mental Health Services	Health and Welfare, Department of	3,641,959	18,050
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Drug Policy, Office of	2,015,524	1,320,191
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Welfare, Department of	7,221,459	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Welfare, Department of	379,520	281,008
93.991	Preventive Health and Health Services Block Grant	Health and Welfare, Department of	449,192	218,913
93.994	Maternal and Child Health Services Block Grant to the States	Health and Welfare, Department of	3,127,954	1,449,777
	TOTAL NON-CLUSTER PROGRAMS		\$256,050,649	\$32,590,336
	TOTAL HEALTH AND HUMAN SERVICES		\$1,911,721,985	\$46,570,215
	CORPORATION FOR NATIONAL & COMMUNITY SERVICE			
94.003	State Commissions	Labor, Department of	\$245,668	
94.006	AmeriCorps	Labor, Department of	932,751	\$903,889
94.009	Training and Technical Assistance	Labor, Department of	138,681	508
	TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE		\$1,317,100	\$904,397
	EXECUTIVE OFFICE OF THE PRESIDENT			
95.001	High Intensity Drug Trafficking Areas Program	Drug Policy, Office of	\$21,808	\$21,675
95.001	High Intensity Drug Trafficking Areas Program	Police, Idaho State	268,477	12,694
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT		\$290,285	\$34,369
	SOCIAL SECURITY ADMINISTRATION DISABILITY INSURANCE/SSI CLUSTER			
96.001	Social Security Disability Insurance	Labor, Department of	\$9,920,995	
	TOTAL DISABILITY INSURANCE/SSI CLUSTER		\$9,920,995	
	NON-CLUSTERED PROGRAMS			
96.U23	Vital Statistics Birth Records Grants	Health and Welfare, Department of	\$79,680	
96.U24	Vital Statistics Cooperative Program	Health and Welfare, Department of	143,556	
96.U25	Social Security Birth and Death Reports	Health and Welfare, Department of	48,510	
	TOTAL NON-CLUSTERED PROGRAMS		\$271,746	
	TOTAL SOCIAL SECURITY ADMINISTRATION		\$10,192,741	

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY FEDERAL AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	FEDERAL AGENCY FEDERAL PROGRAM TITLE	STATE AGENCY	DIRECT AWARD EXPENDITURES	TYPE*	AMOUNT PROVIDED TO SUBRECIPIENTS
	DEPARTMENT OF HOMELAND SECURITY				
97.012	Boating Safety Financial Assistance	Parks and Recreation, Department of	\$1,071,657		\$626,101
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Water Resources, Department of	103,489		
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Military, Division of	6,255,942		5,790,813
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Parks and Recreation, Department of	20,850		
97.039	Hazard Mitigation Grant	Military, Division of	574,256		512,442
97.041	National Dam Safety Program	Water Resources, Department of	50,506		
97.042	Emergency Management Performance Grants	Military, Division of	3,451,138		1,425,693
97.045	Cooperating Technical Partners	Military, Division of	90,645		
97.046	Fire Management Assistance Grant	Military, Division of	18,455		18,455
97.047	Pre-Disaster Mitigation	Military, Division of	144,167		76,599
97.067	Homeland Security Grant Program	Military, Division of	3,600,317		2,810,047
	TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>\$15,381,422</u>		<u>\$11,260,150</u>
	RESEARCH AND DEVELOPMENT CLUSTER				
	DEPARTMENT OF AGRICULTURE				
10.170	Specialty Crop Block Grant Program - Farm Bill	Agriculture, Department of	\$1,044,144	R&D	\$919,533
	Research and Development Cluster: Agricultural Marketing Service				
10.304	Homeland Security - Agricultural	Agriculture, Department of	2,571	PT, R&D	
	Research and Development Cluster: National Institute of Food and Agriculture				
	University of California, Davis; Grantor Number Prime Agrmt No. 2016-37620-25851 or				
	Research Agrmt No. 201603794-11				
	TOTAL DEPARTMENT OF AGRICULTURE		<u>\$1,046,715</u>		<u>\$919,533</u>
	DEPARTMENT OF THE INTERIOR				
15.981	Water Use Data and Research	Water Resources, Department of	\$27,858	R&D	
	Research and Development Cluster: United States Geological Survey				
	TOTAL DEPARTMENT OF THE INTERIOR		<u>\$27,858</u>		
	DEPARTMENT OF LABOR				
17.002	Labor Force Statistics	Labor, Department of	\$568,892	R&D	
	Research and Development Cluster: Bureau of Labor Statistics				
17.005	Compensation and Working Conditions	Labor, Department of	5,034	R&D	
	Research and Development Cluster: Bureau of Labor Statistics				
	TOTAL DEPARTMENT OF LABOR		<u>\$573,926</u>		
	DEPARTMENT OF TRANSPORTATION				
20.205	Highway Planning and Construction	Transportation Department, Idaho	\$996,596	R&D	
	Research and Development Cluster: Federal Highway Administration				
20.240	Fuel Tax Evasion - Intergovernmental Enforcement Effort	Tax Commission, Idaho	8,000	R&D	
	Research and Development Cluster: Federal Highway Administration				
	TOTAL DEPARTMENT OF TRANSPORTATION		<u>\$1,004,596</u>		
	TOTAL RESEARCH AND DEVELOPMENT CLUSTER		<u>\$2,653,095</u>		<u>\$919,533</u>
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$3,177,059,349</u>		<u>\$361,776,360</u>

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

**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES TO SUBRECIPIENTS
	ADMINISTRATION, DEPARTMENT OF				
39.003	Donation of Federal Surplus Personal Property	General Services Administration	\$792,092	NC	
	TOTAL ADMINISTRATION, DEPARTMENT OF		<u>\$792,092</u>		
	AGING, COMMISSION ON				
10.565	Commodity Supplemental Food Program	Department of Agriculture	\$156,724		\$137,967
17.235	Senior Community Service Employment Program	Department of Labor	383,332		359,168
93.041	Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Health and Human Services	21,590		
93.042	Long Term Care Ombudsman Services for Older Individuals	Health and Human Services	75,551		75,551
93.043	Disease Prevention and Health Promotion Services	Health and Human Services	97,831		91,286
93.044	Grants for Supportive Services and Senior Centers	Health and Human Services	1,904,722		1,568,330
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	Health and Human Services	3,732,816		3,173,146
93.048	Special Programs for the Aging - Discretionary Projects	Health and Human Services	252,823		67,288
93.051	Alzheimer's Disease Demonstration Grants to States	Health and Human Services	135,184		67,289
93.052	National Family Caregiver Support	Health and Human Services	661,678		525,682
93.053	Nutrition Services Incentive Program	Health and Human Services	764,209		764,209
93.071	Medicare Enrollment Assistance Program	Health and Human Services	165,186		56,661
93.072	Lifespan Respite Care Program	Health and Human Services	130,158		81,315
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs (PPHF)	Health and Human Services	504		
93.747	Elder Abuse Prevention Interventions Program	Health and Human Services	211,794		
	TOTAL AGING, COMMISSION ON		<u>\$8,694,102</u>		<u>\$6,967,892</u>
	AGRICULTURE, DEPARTMENT OF				
10.025	Plant and Animal Disease, Pest Control, and Animal Care	Department of Agriculture	\$1,242,573		\$514,083
10.162	Inspection Grading and Standardization	Department of Agriculture	47,822		
10.163	Market Protection and Promotion	Department of Agriculture	30,400		
10.170	Specialty Crop Block Grant Program - Farm Bill	Department of Agriculture	842,586		331,234
10.170	Specialty Crop Block Grant Program - Farm Bill	Department of Agriculture	1,044,144	R&D	919,533
10.304	Homeland Security - Agricultural	Department of Agriculture	2,571	PT, R&D	
10.680	Forest Health Protection	Department of Agriculture	11,276		10,532
10.950	Agricultural Statistics Reports	Department of Agriculture	11,557		
10.U02	Forest Service Aquatic Invasive Species Monitoring	Department of Agriculture	25,823		
10.U28	Federal-State Inspection of Fresh Fruits, Veg, and Other Products	Department of Agriculture	15,435		
12.U29	Watercraft Inspection Station Program	Department of Defense	851,938	PT	493,587
12.U31	Aquatic Invasive Species Monitoring	Department of Defense	45,944	PT	
15.230	Invasive and Noxious Plant Management	Department of the Interior	17,119		
15.608	Fish and Wildlife Management Assistance	Department of the Interior	9,581		
15.652	Undesirable/Noxious Plant Species	Department of the Interior	45,411		
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	Environmental Protection Agency	353,474		
93.103	Food and Drug Administration Research	Health and Human Services	4,233	PT	157,479
93.103	Food and Drug Administration Research	Health and Human Services	556,607		
	TOTAL AGRICULTURE, DEPARTMENT OF		<u>\$5,158,494</u>		<u>\$2,426,448</u>
	ARTS, COMMISSION ON THE				
45.025	Promotion of the Arts - Partnership Agreements	Natl. Endow. for the Humanities	\$825,852		\$349,530
	TOTAL ARTS, COMMISSION ON THE		<u>\$825,852</u>		<u>\$349,530</u>
	ATTORNEY GENERAL, OFFICE OF THE				
16.543	Missing Children's Assistance	Department of Justice	\$187,876		
93.775	State Medicaid Fraud Control Units	Health and Human Services	732,472		
	TOTAL ATTORNEY GENERAL, OFFICE OF THE		<u>\$920,348</u>		
	BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	\$2,615,663		
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	Department of Education	225,000		
	TOTAL BLIND AND VISUALLY IMPAIRED, COMMISSION FOR THE		<u>\$2,840,663</u>		
	BUILDING SAFETY, DIVISION OF				
14.171	Manufactured Home Dispute Resolution	Housing and Urban Development	\$34,799		
20.720	State Damage Prevention Program Grants	Department of Transportation	52,951		
	TOTAL BUILDING SAFETY, DIVISION OF		<u>\$87,750</u>		

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES TO SUBRECIPIENTS
COMMERCE, DEPARTMENT OF					
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	\$8,101,113		\$7,815,405
59.061	State Trade Expansion	Small Business Administration	323,401		103,288
	TOTAL COMMERCE, DEPARTMENT OF		<u>\$8,424,514</u>		<u>\$7,918,693</u>
CORRECTION, DEPARTMENT OF					
16.827	Justice Reinvestment Initiative	Department of Justice	<u>\$405,862</u>		
	TOTAL CORRECTION, DEPARTMENT OF		<u>\$405,862</u>		
DRUG POLICY, OFFICE OF					
93.243	Substance Abuse & Mental Health Svcs - Proj. of Regional & Natl. Significance	Health and Human Services	\$1,596,121		\$1,357,390
93.748	PPHF Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	Health and Human Services	25,056		25,056
93.788	Opioid STR	Health and Human Services	137,509		77,850
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	2,015,524		1,320,191
95.001	High Intensity Drug Trafficking Areas Program	Executive Office of the President	21,808		21,675
	TOTAL OFFICE OF DRUG POLICY		<u>\$3,796,018</u>		<u>\$2,802,162</u>
EDUCATION, STATE BOARD OF					
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Department of Education	\$2,692,850		
84.367	Improving Teacher Quality State Grants	Department of Education	255,664		
	TOTAL EDUCATION, STATE BOARD OF		<u>\$2,948,514</u>		
ENERGY RESOURCES, OFFICE OF					
81.041	State Energy Program	Department of Energy	<u>\$385,884</u>		
	TOTAL ENERGY RESOURCES, OFFICE OF		<u>\$385,884</u>		
ENVIRONMENTAL QUALITY, DEPARTMENT OF					
12.113	Agreement Program for the Reimbursement of Technical Services	Department of Defense	\$172,926		
15.236	Environmental Quality and Protection	Department of the Interior	878		
66.001	Air Pollution Control Program Support	Environmental Protection Agency	1,696,677		
66.034	Surveys, Studies, Research, Investigations, Demonstrations & Special Purpose Activities Relating to the Clean Air Act	Environmental Protection Agency	375,510		
66.039	National Clean Diesel Emissions Reduction Program	Environmental Protection Agency	25,077		
66.040	State Clean Diesel Grant Program	Environmental Protection Agency	228,284		
66.202	Congressionally Mandated Projects	Environmental Protection Agency	1,339,217		\$179,050
66.204	Multipurpose Grants to States and Tribes	Environmental Protection Agency	138,345		
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	Environmental Protection Agency	2,190,925		
66.432	State Public Water System Supervision	Environmental Protection Agency	1,055,957		
66.454	Water Quality Management Planning	Environmental Protection Agency	98,586		
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	7,883,431		
66.460	Nonpoint Source Implementation Grants	Environmental Protection Agency	2,162,047		1,659,682
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency	12,871,762		293,290
66.608	Environmental Info. Exchange Network Grant Prog. and Related Assist.	Environmental Protection Agency	11,383		
66.708	Pollution Prevention Grants Program	Environmental Protection Agency	82,148		11,418
66.801	Hazardous Waste Management State Program Support	Environmental Protection Agency	543,819		8,176
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Coop Agmts.	Environmental Protection Agency	6,117,593		3,935,772
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	Environmental Protection Agency	305,542		
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	Environmental Protection Agency	689,852		
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	Environmental Protection Agency	180,518		
66.817	State and Tribal Response Program Grants	Environmental Protection Agency	757,119		
81.065	Nuclear Legacy Cleanup Program	Department of Energy	1,313,326		
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	Department of Energy	223,214	PT	
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis	Department of Energy	1,131,220		
	TOTAL ENVIRONMENTAL QUALITY, DEPARTMENT OF		<u>\$41,595,356</u>		<u>\$6,087,388</u>
FISH AND GAME, DEPARTMENT OF					
10.028	Wildlife Services	Department of Agriculture	\$624		
10.U04	Miscellaneous Forest Service Grants	Department of Agriculture	89,414		
10.069	Conservation Reserve Program	Department of Agriculture	47,466		
11.436	Columbia River Fisheries Development Program	Department of Commerce	1,227,415		
11.437	Pacific Fisheries Data Program	Department of Commerce	14,846		

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES TO SUBRECIPIENTS
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	\$279,552		
11.441	Regional Fishery Management Councils	Department of Commerce	50,992		
15.225	Recreation and Visitor Services	Department of the Interior	3,745		
15.230	Invasive and Noxious Plant Management	Department of the Interior	17,677		
15.231	Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	255,999		
15.236	Environmental Quality and Protection	Department of the Interior	8,764		
15.238	Challenge Cost Share	Department of the Interior	11,405		
15.517	Fish & Wildlife Coordination Act	Department of the Interior	288,131		
15.524	Recreation Resources Management	Department of the Interior	66,121		
15.560	SECURE Water Act - Research Agreements	Department of the Interior	93,017		
15.605	Sport Fish Restoration	Department of the Interior	6,077,151		
15.611	Wildlife Restoration and Basic Hunter Education	Department of the Interior	16,952,394		\$434,007
15.615	Cooperative Endangered Species Conservation Fund	Department of the Interior	364,292		4,000
15.622	Sportfishing and Boating Safety Act	Department of the Interior	60,713		
15.623	North American Wetlands Conservation Fund	Department of the Interior	1,030		
15.626	Enhanced Hunter Education and Safety	Department of the Interior	101,431		
15.631	Partners for Fish and Wildlife	Department of the Interior	11,886		
15.634	State Wildlife Grants	Department of the Interior	804,909		74,529
15.655	Migratory Bird Monitoring, Assessment and Conservation	Department of the Interior	1,180		
15.657	Endangered Species Conservation - Recovery Implementation Funds	Department of the Interior	109,216		
15.661	Lower Snake River Compensation Plan	Department of the Interior	7,329,303		
15.670	Adaptive Science	Department of the Interior	30,681		30,678
66.461	Regional Wetland Program Development Grants	Environmental Protection Agency	45,817		
81.041	State Energy Program	Department of Energy	27,815		
81.U17	Miscellaneous Bonneville Power Administration Grants	Department of Energy	11,506,609		
81.U30	Miscellaneous Pacific States Marine Fisheries Commission Grants	Department of Energy	824,275		
TOTAL FISH AND GAME, DEPARTMENT OF			\$46,703,870		\$543,214
HEALTH AND WELFARE, DEPARTMENT OF					
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	Department of Agriculture	\$1,404		\$1,404
10.551	Supplemental Nutrition Assistance Program (SNAP)	Department of Agriculture	193,572,209	NC	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Agriculture	21,413,261		6,919,585
10.561	State Administrative Matching Grants - Supplemental Nutrition Assist. Program	Department of Agriculture	12,025,774		989,781
10.568	Emergency Food Assistance Program (Administrative Costs)	Department of Agriculture	363,072		351,560
10.569	Emergency Food Assistance Program (Food Commodities)	Department of Agriculture	3,435,212	NC	
10.578	WIC Grants To States (WGS)	Department of Agriculture	2,858,818		
16.575	Crime Victim Assistance	Department of Justice	8,576,578		8,458,507
16.582	Crime Victim Assistance/Discretionary Grants	Department of Justice	71,492		
16.754	Harold Rogers Prescription Drug Monitoring Program	Department of Justice	48,619		24,294
66.032	State Indoor Radon Grants	Environmental Protection Agency	52,591		
81.042	Weatherization Assistance for Low-Income Persons	Department of Energy	2,246,344		2,189,676
81.U18	Weatherization Conference	Department of Energy	608,045		19,117
84.181	Special Education - Grants for Infants and Families	Department of Education	2,594,842		
93.069	Public Health Emergency Preparedness	Health and Human Services	4,762,315		2,921,898
93.090	Guardianship Assistance	Health and Human Services	33,360		
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Health and Human Services	272,614		93,112
93.103	Food and Drug Administration Research	Health and Human Services	64,159		
93.110	Maternal and Child Health Federal Consolidated Programs	Health and Human Services	103,500		
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Health and Human Services	166,835		80,959
93.127	Emergency Medical Services for Children	Health and Human Services	121,414		22,500
93.130	Coop. Agmts. - States/Territories - Coord. & Develop. of Primary Care Offices	Health and Human Services	171,956		
93.136	Injury Prevent. & Control Research and State and Community Based Programs	Health and Human Services	1,590,920		360,001
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Health and Human Services	280,744		
93.165	Grants to States for Loan Repayment Program	Health and Human Services	338,633		
93.217	Family Planning Services	Health and Human Services	1,549,395		1,359,696
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	Health and Human Services	47,761		17,362
93.236	Grants to States to Support Oral Health Workforce Activities	Health and Human Services	183,813		
93.240	State Capacity Building	Health and Human Services	222,989		
93.241	State Rural Hospital Flexibility Program	Health and Human Services	592,140		184,540
93.243	Substance Abuse & Mental Health Svcs - Proj. of Reg. & Natl. Significance	Health and Human Services	76,589		
93.251	Universal Newborn Hearing Screening	Health and Human Services	222,591		
93.268	Immunization Cooperative Agreements	Health and Human Services	1,952,529		194,803
93.268	Immunization Cooperative Agreements	Health and Human Services	23,972,383	NC	

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES
					TO
					SUBRECIPIENTS
93.270	Viral Hepatitis Prevention and Control	Health and Human Services	\$126,389		\$45,775
93.283	Centers for Disease Control & Prevention - Investigations & Tech. Assist.	Health and Human Services	234,674		63,131
93.301	Small Rural Hospital Improvement Grant Program	Health and Human Services	273,289		248,300
93.305	Office of Smoking & Health-National State Based Tobacco Control Programs	Health and Human Services	883,382		347,804
93.314	Early Hearing Detection and Intervention Info. Syst. (EHDI-IS) Surveillance Prog.	Health and Human Services	119,941		
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	911,854		120,031
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Health and Human Services	1,888,775		1,264,787
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	Health and Human Services	236,025		108,162
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Health and Human Services	1,281,082		242,473
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	Health and Human Services	54,816		
93.521	Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infections Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements (PPHF)	Health and Human Services	32,742		
93.539	PPHF Capacity Build Assist. to Strengthen Public Health Immunization Infrastructure and Perf. financed in part by Prevention and Public Health Funds	Health and Human Services	21,021		12,997
93.556	Promoting Safe and Stable Families	Health and Human Services	1,372,752		20,439
93.558	Temporary Assistance for Needy Families	Health and Human Services	27,605,554		1,060,098
93.563	Child Support Enforcement	Health and Human Services	18,465,873		
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Health and Human Services	854,369		90,968
93.568	Low-Income Home Energy Assistance	Health and Human Services	18,279,679		9,593,059
93.569	Community Services Block Grant	Health and Human Services	3,563,486		3,519,052
93.575	Child Care and Development Block Grant	Health and Human Services	30,926,734		4,191,159
93.576	Refugee and Entrant Assistance Discretionary Grants	Health and Human Services	60,822		18,188
93.590	Community-Based Child Abuse Prevention Grants	Health and Human Services	236,227		
93.596	Child Care Mandatory & Matching Funds of Child Care & Develop. Fund	Health and Human Services	7,979,430		659,904
93.597	Grants to States for Access and Visitation Programs	Health and Human Services	125,057		
93.599	Chafee Education and Training Vouchers Program	Health and Human Services	93,728		
93.600	Head Start	Health and Human Services	117,024		
93.603	Adoption and Legal Guardianship Incentive Payments	Health and Human Services	279,803		
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	Health and Human Services	10,182,667		1,082,716
93.630	Developmental Disabilities Basic Support and Advocacy Grants	Health and Human Services	519,460		
93.643	Children's Justice Grants To States	Health and Human Services	130,053		
93.645	Stephanie Tubbs Jones Child Welfare Services Program	Health and Human Services	1,479,861		
93.658	Foster Care - Title IV-E	Health and Human Services	17,666,548		
93.659	Adoption Assistance	Health and Human Services	8,855,680		
93.667	Social Services Block Grant	Health and Human Services	7,952,972		60,576
93.669	Child Abuse and Neglect State Grants	Health and Human Services	259,612		
93.671	Family Violence Prevent & Srvc/Domestic Violence Shelter & Sup. Srvc	Health and Human Services	943,235		899,473
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	Health and Human Services	525,601		
93.735	State Pub. Health Approach Ensuring Qutline Cap. Funded in Part by PPHF	Health and Human Services	71,763		
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program	Health and Human Services	196,447		
93.757	Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund				
93.757	State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health Financed in Part by Prevention and Public Health Funding (PPHF)	Health and Human Services	465,011		202,286
93.758	Preventive Health and Health Services Block Grant Funded Solely with PPHF	Health and Human Services	152,774		74,654
93.767	Children's Health Insurance Program	Health and Human Services	82,820,272		
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	2,266,525		
93.778	Medical Assistance Program	Health and Human Services	1,577,006,269		357,506
93.788	Opioid STR	Health and Human Services	2,372,755		645,972
93.791	Money Follows the Person Rebalancing Demonstration	Health and Human Services	1,305,115		
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	Health and Human Services	1,415,724		
93.800	Organized Approaches to Increase Colorectal Cancer Screening	Health and Human Services	501,640		298,490
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Health and Human Services	160,608		
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	Health and Human Services	241,628		237,808
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	Health and Human Services	2,752,605		2,205,527

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES
					TO
					SUBRECIPIENTS
93.889	National Bioterrorism Hospital Preparedness Program	Health and Human Services	\$1,193,664		\$769,445
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	Health and Human Services	1,624,361		513,316
93.913	Grants to States for Operation of State Offices of Rural Health	Health and Human Services	166,545		
93.917	HIV Care Formula Grants	Health and Human Services	5,417,038		219,698
93.940	HIV Prevention Activities - Health Department Based	Health and Human Services	975,176		509,955
93.945	Assistance Programs for Chronic Disease Prevention and Control	Health and Human Services	195,551		131,927
93.958	Block Grants for Community Mental Health Services	Health and Human Services	3,641,959		18,050
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	7,221,459		
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Health and Human Services	379,520		281,008
93.991	Preventive Health and Health Services Block Grant	Health and Human Services	449,192		218,913
93.994	Maternal and Child Health Services Block Grant to the States	Health and Human Services	3,127,954		1,449,777
96.U23	Vital Statistics Birth Records Grants	Social Security Administration	79,680		
96.U24	Vital Statistics Cooperative Program	Social Security Administration	143,556		
96.U25	Social Security Birth and Death Reports	Social Security Administration	48,510		
TOTAL HEALTH AND WELFARE, DEPARTMENT OF			<u>\$2,145,528,419</u>		<u>\$55,972,219</u>
HISTORICAL SOCIETY, IDAHO STATE					
15.224	Cultural and Paleontological Resource Management	Department of the Interior	\$5,039		
15.238	Challenge Cost Share	Department of the Interior	400		
15.904	Historic Preservation Fund Grants-in-Aid	Department of the Interior	692,753		\$81,542
45.149	Promotion of the Humanities - Division of Preservation and Access	Natl. Found. on Arts & Humanities	136,157		
TOTAL HISTORICAL SOCIETY, IDAHO STATE			<u>\$834,349</u>		<u>\$81,542</u>
INDUSTRIAL COMMISSION					
16.576	Crime Victim Compensation	Department of Justice	\$1,200,000		
TOTAL INDUSTRIAL COMMISSION			<u>\$1,200,000</u>		
INSURANCE, DEPARTMENT OF					
93.071	Medicare Enrollment Assistance Program	Health and Human Services	\$36,345		
93.324	State Health Insurance Assistance Program	Health and Human Services	362,123		
93.413	State Flexibility to Stabilize the Market Grant Program	Health and Human Services	70,946		
TOTAL INSURANCE, DEPARTMENT OF			<u>\$469,414</u>		
JUDICIAL DEPARTMENT					
16.021	Justice Systems Response to Families	Department of Justice	\$164,495		
16.585	Drug Court Discretionary Grant Program	Department of Justice	3,496		
93.586	State Court Improvement Program	Health and Human Services	300,965		
TOTAL JUDICIAL DEPARTMENT			<u>\$468,956</u>		
JUVENILE CORRECTIONS, DEPARTMENT OF					
16.540	Juvenile Justice and Delinquency Prevention	Department of Justice	\$237,895		
TOTAL JUVENILE CORRECTIONS, DEPARTMENT OF			<u>\$237,895</u>		
LABOR, DEPARTMENT OF					
17.002	Labor Force Statistics	Department of Labor	\$568,892	R&D	
17.005	Compensation and Working Conditions	Department of Labor	5,034	R&D	
17.201	Registered Apprenticeship	Department of Labor	380,213		\$122,007
17.207	Employment Service/Wagner-Peysner Funded Activities	Department of Labor	7,304,091		
17.225	Unemployment Insurance	Department of Labor	99,347,109		
17.245	Trade Adjustment Assistance	Department of Labor	1,463,463		
17.258	WIOA Adult Program	Department of Labor	2,500,903		201,779
17.259	WIOA Youth Activities	Department of Labor	2,833,101		84,154
17.271	Work Opportunity Tax Credit (WOTC) Program	Department of Labor	98,864		
17.273	Temporary Labor Certification for Foreign Workers	Department of Labor	331,438		
17.277	WIOA National Dislocated Worker Grants/WIA National Emergency Grants	Department of Labor	413,413		21,868
17.278	WIOA Dislocated Workers Formula Grants	Department of Labor	2,266,021		131,938
17.285	Apprenticeship USA Grants	Department of Labor	183,931		82,715
17.287	Job Corps Experimental Projects and Technical Assistance	Department of Labor	47,654		
17.801	Disabled Veterans' Outreach Program (DVOP)	Department of Labor	1,163,847		
17.805	Homeless Veterans Reintegration Project	Department of Labor	63,161		
94.003	State Commissions	Corp. for Natl. & Community Svc.	245,668		

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES TO SUBRECIPIENTS
94.006	AmeriCorps	Corp. for Natl. & Community Svc.	\$932,751		\$903,889
94.009	Training and Technical Assistance	Corp. for Natl. & Community Svc.	138,681		508
96.001	Social Security Disability Insurance	Social Security Administration	9,920,995		
	TOTAL LABOR, DEPARTMENT OF		\$130,209,230		\$1,548,858
	LANDS, DEPARTMENT OF				
10.664	Cooperative Forestry Assistance	Department of Agriculture	\$3,587,668		\$1,826,333
10.676	Forest Legacy Program	Department of Agriculture	76,389		18,511
10.678	Forest Stewardship Program	Department of Agriculture	7,296		
10.680	Forest Health Protection	Department of Agriculture	16,660		
10.902	Soil & Water Conservation	Department of Agriculture	11,416		
10.932	Regional Conservation Partnership Program	Department of Agriculture	1,274		
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Department of the Interior	6,111		
	TOTAL LANDS, DEPARTMENT OF		\$3,706,814		\$1,844,844
	LIBRARIES, IDAHO COMMISSION FOR				
45.129	Promotion of the Humanities - Federal/State Partnership	Natl. Endow. for the Humanities	\$22,048	PT	
45.310	Grants to States	Inst. of Museum and Library Svcs.	1,420,414		\$79,529
84.367	Improving Teacher Quality State Grants	Department of Education	7,969	PT	
	TOTAL LIBRARIES, IDAHO COMMISSION FOR		\$1,450,431		\$79,529
	MILITARY, DIVISION OF				
11.549	State and Local Implementation Grant Program	Department of Commerce	\$148,336		
12.400	Military Construction, National Guard	Department of Defense	9,505,325		
12.401	National Guard Military Operations and Maintenance Projects	Department of Defense	82,292,318		
12.401	National Guard Military Operations and Maintenance Projects	Department of Defense	99,565	NC	
12.404	National Guard ChalleNGe Program	Department of Defense	3,501,927		
20.703	Interagency Hazardous Materials Public Sector Training & Planning Grants	Department of Transportation	98,408		\$53,247
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	6,255,942		5,790,813
97.039	Hazard Mitigation Grant	Department of Homeland Security	574,256		512,442
97.042	Emergency Management Performance Grants	Department of Homeland Security	3,451,138		1,425,693
97.045	Cooperating Technical Partners	Department of Homeland Security	90,645		
97.046	Fire Management Assistance Grant	Department of Homeland Security	18,455		18,455
97.047	Pre-Disaster Mitigation	Department of Homeland Security	144,167		76,599
97.067	Homeland Security Grant Program	Department of Homeland Security	3,600,317		2,810,047
	TOTAL MILITARY, DIVISION OF		\$109,780,799		\$10,687,296
	PARKS AND RECREATION, DEPARTMENT OF				
15.524	Recreation Resources Management	Department of the Interior	\$441,305		
15.616	Clean Vessel Act	Department of the Interior	20,166		
15.916	Outdoor Recreation Acquisition, Development, and Planning	Department of the Interior	316,491		\$230,628
15.944	Natural Resource Stewardship	Department of the Interior	524,755		
20.219	Recreational Trails Program	Department of Transportation	1,369,649		1,087,255
97.012	Boating Safety Financial Assistance	Department of Homeland Security	1,071,657		626,101
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	20,850		
	TOTAL PARKS AND RECREATION, DEPARTMENT OF		\$3,764,873		\$1,943,984
	POLICE, IDAHO STATE				
16.017	Sexual Assault Services Formula Program	Department of Justice	\$436,387		\$426,607
16.550	State Justice Statistics Program for Statistical Analysis Centers	Department of Justice	71,830		
16.582	Crime Victim Assistance/Discretionary Grants	Department of Justice	14,912		
16.588	Violence Against Women Formula Grants	Department of Justice	1,222,973		930,597
16.593	Residential Substance Abuse Treatment for State Prisoners	Department of Justice	180,754		101,069
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	1,233,890		772,744
16.741	DNA Backlog Reduction Program	Department of Justice	164,160		
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	Department of Justice	137,865		
16.750	Support for Adam Walsh Act Implementation Grant Program	Department of Justice	193,573		193,573
16.751	Edward Byrne Memorial Competitive Grant Program	Department of Justice	6,920		
16.813	NICS Act Record Improvement Program	Department of Justice	8,263		
16.922	Equitable Sharing Program	Department of Justice	51,105		
20.218	Motor Carrier Safety Assistance	Department of Transportation	1,825,835		
21.016	Equitable Share	U.S. Treasury	48,825		
95.001	High Intensity Drug Trafficking Areas Program	Executive Office of the President	268,477		12,694
	TOTAL POLICE, IDAHO STATE		\$5,865,769		\$2,437,284

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**STATE OF IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA	STATE AGENCY FEDERAL PROGRAM TITLE	FEDERAL DEPARTMENT	AMOUNT	TYPE*	EXPENDITURES TO SUBRECIPIENTS
	CAREER-TECHNICAL EDUCATION, DIVISION OF				
84.002	Adult Education - Basic Grants to States	Department of Education	\$2,364,311		\$2,184,296
84.048	Career and Technical Education - Basic Grants to States	Department of Education	6,876,183		5,872,803
	TOTAL CAREER-TECHNICAL EDUCATION, DIVISION OF		<u>\$9,240,494</u>		<u>\$8,057,099</u>
	PUBLIC TELEVISION, IDAHO				
84.283	Comprehensive Centers	Department of Education	<u>\$7,470</u>	PT	
	TOTAL PUBLIC TELEVISION, IDAHO		<u>\$7,470</u>		
	PUBLIC UTILITIES COMMISSION				
20.700	Pipeline Safety Program	Department of Transportation	\$237,748		
20.721	Pipeline Safety Program One Call Grant	Department of Transportation	<u>44,634</u>		
	TOTAL PUBLIC UTILITIES COMMISSION		<u>\$282,382</u>		
	SECRETARY OF STATE				
90.404	HAVA Election Security Grants	Election Assistance Commission	<u>\$720,871</u>		
	TOTAL SECRETARY OF STATE		<u>\$720,871</u>		
	SOIL & WATER CONSERVATION COMMISSION				
10.683	National Fish and Wildlife Foundation	Department of Agriculture	\$85,174	PT	
10.902	Soil and Water Conservation	Department of Agriculture	<u>116,653</u>		
	TOTAL SOIL & WATER CONSERVATION COMMISSION		<u>\$201,827</u>		
	SPECIES CONSERVATION, OFFICE OF				
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	Department of Commerce	\$4,733,131		\$2,069,461
15.231	Fish, Wildlife and Plant Conservation Resource Management	Department of the Interior	30,278		30,278
15.517	Fish and Wildlife Coordination Act	Department of the Interior	617,459		617,459
15.615	Cooperative Endangered Species Conservation Fund	Department of the Interior	351,809		332,250
15.657	Endangered Species Conservation - Recovery Implementation Funds	Department of the Interior	124,241		124,241
81.U17	Miscellaneous Bonneville Power Administration Grants	Department of Energy	<u>3,860,033</u>		<u>1,013,345</u>
	TOTAL SPECIES CONSERVATION, OFFICE OF		<u>\$9,716,951</u>		<u>\$4,187,034</u>
	SUPERINTENDENT OF PUBLIC INSTRUCTION				
10.534	CACFP Meal Service Training	Department of Agriculture	\$3,224		
10.553	School Breakfast Program (SBP)	Department of Agriculture	17,648,339		\$17,499,425
10.555	National School Lunch Program (NSLP)	Department of Agriculture	7,923,913	NC	7,885,355
10.555	National School Lunch Program (NSLP)	Department of Agriculture	51,736,178		51,435,295
10.556	Special Milk Program for Children (SMP)	Department of Agriculture	49,567		49,567
10.558	Child and Adult Care Food Program (CACFP)	Department of Agriculture	8,564,217		8,411,165
10.559	Summer Food Service Program for Children (SFSPC)	Department of Agriculture	4,203,588		4,095,777
10.560	State Administrative Expenses for Child Nutrition	Department of Agriculture	1,235,322		
10.579	Child Nutrition Discretionary Grants Limited Availability	Department of Agriculture	409,974		131,898
10.582	Fresh Fruit and Vegetable Program	Department of Agriculture	2,018,108		1,949,171
10.589	Child Nutrition Direct Certification Performance Awards	Department of Agriculture	1,236		
15.130	Indian Education Assistance to Schools	Department of the Interior	40,015		40,015
84.010	Title I Grants to Local Educational Agencies	Department of Education	56,000,584		55,002,467
84.011	Migrant Education - State Grant Program	Department of Education	3,321,424		2,977,964
84.013	Title I State Agency Program for Neglected & Delinquent Children & Youth	Department of Education	603,741		
84.027	Special Education Grants to States	Department of Education	58,691,931		56,153,463
84.144	Migrant Education Coordination Program	Department of Education	57,040		
84.173	Special Education Preschool Grants	Department of Education	2,126,519		2,125,252
84.196	Education for Homeless Children and Youth	Department of Education	300,567		210,460
84.287	Twenty-First Century Community Learning Centers	Department of Education	6,170,815		5,872,221
84.323	Special Education - State Personnel Development	Department of Education	8,331		2,662
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	Department of Education	1,346,920		694,751
84.358	Rural Education	Department of Education	631,701		573,293
84.365	English Language Acquisition State Grants	Department of Education	2,177,661		1,926,427
84.366	Mathematics and Science Partnerships	Department of Education	231,151		218,020
84.367	Improving Teacher Quality State Grants	Department of Education	9,219,292		8,496,972
84.369	Grants for State Assessments and Related Activities	Department of Education	3,742,171		
84.377	School Improvement Grants	Department of Education	2,011,231		1,919,357
84.424	Student Support and Academic Enrichment Program	Department of Education	3,351,686		3,248,541

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93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance TOTAL SUPERINTENDENT OF PUBLIC INSTRUCTION	Health and Human Services	\$88,485		
			<u>\$243,914,931</u>		<u>\$230,919,518</u>
	TAX COMMISSION, IDAHO				
20.240	Fuel Tax Evasion - Intergovernmental Enforcement Effort TOTAL TAX COMMISSION, IDAHO	Department of Transportation	\$8,000	R&D	
			<u>\$8,000</u>		
	TRANSPORTATION DEPARTMENT, IDAHO				
10.912	Environmental Quality Incentives Program	Department of Agriculture	\$455,046		
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	Department of the Interior	37,984		
20.106	Airport Improvement Program	Department of Transportation	358,176		
20.205	Highway Planning and Construction	Department of Transportation	334,444,205		\$2,262,065
20.205	Highway Planning and Construction	Department of Transportation	996,596	R&D	
20.232	Commercial Driver's License Program Implementation Grant	Department of Transportation	122,955		
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	Department of Transportation	651,560		
20.500	Federal Transit Capital Investment Grants	Department of Transportation	137,932		137,932
20.509	Formula Grants for Rural Areas	Department of Transportation	7,236,966		6,819,049
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	Department of Transportation	1,064,193		1,022,935
20.516	Job Access and Reverse Commute Program	Department of Transportation	4,821		4,821
20.521	New Freedom Program	Department of Transportation	5,448		5,448
20.526	Bus and Bus Facilities Formula Program	Department of Transportation	2,601,414		2,601,414
20.600	State and Community Highway Safety	Department of Transportation	2,227,580		1,403,435
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Department of Transportation	362,434		259,667
20.610	State Traffic Safety Information System Improvement Grants	Department of Transportation	373,549		373,549
20.616	National Priority Safety Programs	Department of Transportation	2,396,900		1,888,314
	TOTAL TRANSPORTATION DEPARTMENT, IDAHO		<u>\$353,477,759</u>		<u>\$16,778,629</u>
	VETERANS SERVICES, DIVISION OF				
64.014	Veterans State Domiciliary Care	Department of Veterans Affairs	\$488,323		
64.015	Veterans State Nursing Home Care	Department of Veterans Affairs	16,107,652		
64.101	Burial Expenses Allowances for Veterans	Department of Veterans Affairs	383,577		
	TOTAL VETERANS SERVICES, DIVISION OF		<u>\$16,979,552</u>		
	VOCATIONAL REHABILITATION, DIVISION OF				
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Education	\$14,203,122		
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	Department of Education	368,821		
93.369	ACL Independent Living State Grants	Health and Human Services	253,141		\$143,197
	TOTAL VOCATIONAL REHABILITATION, DIVISION OF		<u>\$14,825,084</u>		<u>\$143,197</u>
	WATER RESOURCES, DEPARTMENT OF				
15.981	Water Use Data and Research	United States Geological Survey	\$27,858	R&D	
66.433	State Underground Water Source Protection	Environmental Protection Agency	140,313		
81.U14	Tributary Water Conservation	Department of Energy	265,594		
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	Department of Homeland Security	103,489		
97.041	National Dam Safety Program	Department of Homeland Security	50,506		
	TOTAL WATER RESOURCES, DEPARTMENT OF		<u>\$587,760</u>		
	TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$3,177,059,349</u>		<u>\$361,776,360</u>

*Type of assistance other than direct cash: NC = Non-Cash, PT = Pass-Through, R&D = Research and Development

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

STATE OF IDAHO
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – PURPOSE OF THE SCHEDULES

The supplementary Schedule of Expenditures of Federal Awards (schedules) are in addition to the State's basic financial statements and are presented for purposes of additional analysis. The schedule by federal agency is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Uniform Guidance is issued by the Office of Management and Budget (OMB) pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The reporting entity includes all State departments and entities included in the State's *Comprehensive Annual Financial Report (CAFR)*. This report includes all federal awards except for the colleges and universities, and the Idaho Housing and Finance Association, which are audited by independent certified public accountants and published under separate cover.

B. Basis of Accounting

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

The following Agencies use the 10% de Minimis indirect cost rate: The Office of Species Conservation, The Office of Drug Policy, The Soil and Water Conservation Commission, and Public Broadcasting.

C. Basis of Presentation

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

Catalog of Federal Domestic Assistance – The *Catalog of Federal Domestic Assistance (CFDA)* is a list of federal programs available. Uniform Guidance requires the schedules to provide total federal awards expended by the State for each individual federal program by CFDA number. Federal programs that have not been assigned a specific CFDA number are assigned a miscellaneous CFDA number – the first two digits (prefix) of a miscellaneous CFDA number identify the federal awarding agency followed by a three-digit extension (e.g. U01, U02, etc.).

Program Clusters – Closely related programs with different CFDA numbers that share common compliance requirements are considered "program clusters." The Schedule of Expenditures of Federal Awards by Federal Agency displays programs by program cluster as mandated by the Uniform Guidance. Programs not included within a designated cluster are presented under the title "NON-CLUSTERED PROGRAMS." Programs identified as research and development are grouped together in the "RESEARCH AND DEVELOPMENT CLUSTER."

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

1. CFDA 10.551, Supplemental Nutrition Assistance Program (SNAP) – reported at the dollar value of electronic benefit transfers authorized and used for food purchases by recipients.

STATE OF IDAHO
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

2. CFDA 10.555, National School Lunch Program – reported at the fair market value of the food commodities distributed.
3. CFDA 10.569, Emergency Food Assistance Program (Food Commodities) – reported at the fair market value of the food commodities distributed.
4. CFDA 12.401, National Guard Military Operations and Maintenance Projects – reported at face value of the goods and services rendered through cooperative agreements.
5. CFDA 39.003, Donation of Federal Surplus Personal Property – reported at the fair market value of donated property as determined by General Services Administration.
6. CFDA 93.268, Immunization Cooperative Agreements – reported at the federally assigned value of the serum distributed.

State Funds Included with Federal Funds – State unemployment insurance funds are included with federal funds in the total expenditures for CFDA 17.225. The State portion was \$78,145,778 and the federal portion was \$21,201,332.

NOTE 3 – LOANS OUTSTANDING

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

- A. The Office of Energy Resources administers loan and grant programs (CFDA 81.041) for the U.S. Department of Energy. The original source of these funds was petroleum price violations. The funds are used to finance various energy conservation projects. The outstanding principal and interest at June 30, 2019, was \$392,855. The Office of Energy Resources determined uncollectible accounts to be \$0.
- B. The Department of Environmental Quality administers loans for the Capitalization Grants for Clean Water State Revolving Funds (CFDA 66.458) and the Capitalization Grants for Drinking Water State Revolving Funds (CFDA 66.468). These revolving funds make loans to qualified agencies for various water treatment projects. The loans are funded by the federal capitalization grants, State match, and revolving funds. The loans are disbursed as borrowers incur costs and are repaid over 20 years starting within one year after project completion. Interest rates vary between 0 percent and 4.5 percent. Management considers all loans to be fully collectible, so there is no allowance for uncollectible accounts.

STATE OF IDAHO
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Loan programs at June 30, 2019:

CAPITALIZATION GRANTS FOR CLEAN WATER - CFDA 66.458

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$ 251,498,062	\$ 54,448,236		\$ 197,049,826
Projects in Progress	184,646,124		\$ 129,452,064	55,194,060
Totals	<u>\$ 436,144,186</u>	<u>\$ 54,448,236</u>	<u>\$ 129,452,064</u>	<u>252,243,886</u>
Less: Amount Due Within 1 Year				<u>9,927,084</u>
Loans Receivable Net of Current Maturities				<u>\$ 242,316,802</u>

CAPITALIZATION GRANTS FOR DRINKING WATER - CFDA 66.468

	<u>Loan Authorized</u>	<u>Principal Repayments</u>	<u>Remaining Commitment</u>	<u>Receivable Balance</u>
Completed Projects	\$ 137,423,523	\$ 42,283,434		\$ 95,140,089
Projects in Progress	53,921,299		\$ 27,991,893	25,929,406
Totals	<u>\$ 191,344,822</u>	<u>\$ 42,283,434</u>	<u>\$ 27,991,893</u>	<u>121,069,495</u>
Less: Amount Due Within 1 Year				<u>5,409,288</u>
Loans Receivable Net of Current Maturities				<u>\$ 115,660,207</u>

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

AUDITOR'S RESULTS



**STATE OF IDAHO
SUMMARY OF AUDITOR'S RESULTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

BASIC FINANCIAL STATEMENTS

1. Type of auditor's report issued: *Unmodified*
2. Internal control over financial reporting:
- Material weaknesses identified? yes no
 - Significant deficiencies identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

4. Internal control over major programs:
- Material weaknesses identified? yes no
 - Significant deficiencies identified? yes none reported

5. Type of auditor's report issued on compliance for major programs:
- | | |
|---------------------------------------------------------------|-------------------|
| Fish and Wildlife Cluster | <i>Unmodified</i> |
| Child Support Enforcement | <i>Unmodified</i> |
| Children's Health Insurance Program | <i>Unmodified</i> |
| Research and Development Cluster | <i>Unmodified</i> |
| Lower Snake River Compensation Plan | <i>Qualified</i> |
| Crime Victim Assistance | <i>Qualified</i> |
| Medicaid Cluster | <i>Unmodified</i> |
| Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program | <i>Unmodified</i> |
| Aging Cluster | <i>Unmodified</i> |

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*? yes no

7. Identification of major programs:
- | <u>Program/Cluster Title</u> | <u>CFDA #</u> |
|---------------------------------------------------------------|--------------------------------------------------------------|
| Fish and Wildlife Cluster | 15.605, 15.611 |
| Child Support Enforcement | 93.563 |
| Children's Health Insurance Program | 93.767 |
| Research and Development Cluster | 10.170, 10.304, 15.981,
17.002, 17.005, 20.205,
20.240 |
| Lower Snake River Compensation Plan | 15.661 |
| Crime Victim Assistance | 16.575 |
| Medicaid Cluster | 93.775, 93.777, 93.778 |
| Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program | 11.438 |
| Aging Cluster | 93.044, 93.045, 93.053 |

8. Dollar threshold used to distinguish between Type A and Type B programs: ***\$9,531,178***

9. Auditee qualified as a low-risk auditee? yes no

**STATE OF IDAHO
 SCHEDULE OF BASIC FINANCIAL STATEMENTS FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

STATE AGENCY **PAGE**

OFFICE OF THE STATE CONTROLLER

2019-101 The Office’s internal review process did not prevent or detect misstatements in the statewide *Comprehensive Annual Financial Report* (CAFR). 28

IDAHO DEPARTMENT OF HEALTH AND WELFARE

2019-102 The Department did not have a current evaluation of the adequacy of internal controls for a service organization responsible for processing \$230 million in pharmacy expenditure claims. 31

2019-103 Capital assets in progress and capitalized intangible asset costs could be overstated and not in compliance with Governmental Accounting Standards Board Statement (GASB) Statement No. 51 requirements. 32

IDAHO STATE TAX COMMISSION

2019-104 Evidence of review for sales tax distributions and reversal reconciliations was not maintained. 34

IDAHO TRANSPORTATION DEPARTMENT

2019-105 The Department did not appropriately monitor the adequacy of internal controls for a service organization responsible for processing approximately \$15.2 million in receipts for International Registration Plan (IRP) fees. 35

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

OFFICE OF THE STATE CONTROLLER (Office)

FINDING 2019-101

The Office's internal review process did not prevent or detect misstatements in the statewide Comprehensive Annual Financial Report (CAFR).

Type of Finding: Material Weakness

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include risk assessment and control activities. Risk assessment is the identification and analysis of various risks entities face because of changing economic, industry, regulatory, and operating conditions. It provides a basis to develop appropriate responses to manage those risks. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated, including verifications, approvals, reconciliations, authorizations, and segregation of duties that support this objective. Information and communication relates to obtaining quality information and effective internal and external communication of that information to achieve management objectives. Monitoring is the evaluation of results of the internal controls system and remediation of deficiencies in a timely manner. Management objectives should include the preparation and fair presentation of the CAFR in conformity with accounting principles generally accepted in the United States of America and compliance with applicable laws and regulations.

Idaho Code, Section 67-1001(2), requires that the Office submit Generally Accepted Accounting Principles (GAAP) financial statements to the Governor and Legislative Services Office on or before the first day of January for the preceding fiscal year. The Office achieves compliance through the preparation and submission of the CAFR.

Idaho Code, Section 67-1007, states that the State Controller may examine any of the books, papers, accounts, bills, vouchers or other documents of property of any or all of the State officers and custodians of State funds.

Condition: Several misstatements and presentation errors within the statewide financial statements were either identified by the auditors and communicated to management during the audit process or identified by the Office after the financial statements were provided for audit. The following items exceeded our materiality thresholds for the applicable opinion units but were corrected prior to issuing the CAFR:

- We noted the following misstatements for Component Units in the Statement of Net Position:
 - The Accounts Receivable Net and Accounts Payable were overstated by \$597.6 million and Other Assets and Long Term Liabilities were understated by \$597.6 million. The misstatements were due to the inclusion of financial information for the Idaho Housing and Finance Authority (IHFA). The financial information was changed in the IHFA independent outside audit after the Office provided the statewide financial statements for audit.

The following items exceeded our trivial thresholds, but did not exceed the materiality thresholds, for the applicable opinion units and were corrected prior to issuing the CAFR:

- Note 2 Deposits, Investments, and Restricted Assets: We noted the following errors in the note:
 - \$12 million of Trust Equity Securities and Mutual Funds were not included in the Primary Government and Fiduciary Funds Fair Value of Investments Schedule.
 - The Component Unit Fair Value Schedule had errors totaling \$37.1 million, and the Component Unit Interest Rate Risk Schedule had errors totaling \$19.9 million.
 - \$89 million was incorrectly classified as Business-Type Activities Debt Service on the Restricted Assets Schedule.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

- Note 8 Pension Plans: We noted the following error in the note:
 - The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was understated by .07 percent.
- Note 9 Postemployment Benefits other than Pensions: We noted the following errors in the note:
 - The Retiree Life Insurance Plan was not disclosed as a multiple-employer defined benefit plan.
 - Additional benefit information included in the Milliman Actuarial Valuation was not disclosed in the note for employees of Colleges and Universities or the Judicial Department. The note should disclose that the benefit amount was reduced to 75% of the normal benefit amount after age 65 and 50% after age 70 for the employees of Colleges and Universities or the Judicial Department.
- Note 13 Bonds, Notes, and other Long-Term Liabilities: We noted the following error in the note:
 - The Idaho Housing and Finance Authority bonds payable were understated by \$8 million.
- Note 14 Equity: We noted the following error in the note:
 - The Restricted by Enabling Legislation Governmental Activities amount was understated by \$67.6 million.
- Note 16 Litigation, Contingencies, Commitments, and Encumbrances: We noted the following errors in the note:
 - The outstanding commitments for services for the Idaho Wildlife Information and Licensing Data System were overstated by \$2.7 million.
 - The Public Employee Retirement System of Idaho (PERSI) unfunded private equity commitments were understated by \$190 million.
- Management's Discussion and Analysis (MD&A): We noted the following errors in the MD&A:
 - The first paragraph under FINANCIAL ANALYSIS OF THE STATE AS A WHOLE indicates that the State's net position increased \$579.0 million and that business-type activities net position increased \$160.4 million. When compared to the Statement of Activities, the total net position increased \$550.4 million and the net position of Business-Type Activities increased \$131.9 million.
 - In the restated 2018 amounts within the "Net Position" table, Total Assets and Deferred Outflows of Resources, minus Total Liabilities and Deferred Inflows of Resources, did not equal Total Net Position. The difference was \$41.6 million.
 - Under the Business-Type Activities heading in the FINANCIAL ANALYSIS OF THE STATE AS A WHOLE section, the narrative was not modified to either calculate the change in the operating expenses of the College and University Fund or to state that the calculated change was for all expenses of the College and University Fund. The difference between the stated operating expenditures in the narrative and in the financial statements was \$7 million.

The following items exceeded our trivial thresholds for the applicable opinion units and were not corrected prior to issuing the CAFR:

- Note 2 Deposits, Investments, and Restricted Assets: We noted the following error in the note:
 - The Endowment Funds Fair Value Measurements schedule does not include a description of the valuation techniques used in the fair value measurement as required by GASB Statement No. 72:81a(3).
- Note 9 Postemployment Benefits other than Pensions: We noted the following error in the note:
 - Governmental Accounting Standards Board (GASB) Statement No. 75 paragraph 52(c) requires disclosure of the dates of experience studies on which significant assumptions are based. The disclosures in Note 9 for the University of Idaho plan do not include a reference to the date of an experience study on which significant assumptions are based.
- Note 6 Capital Assets and Note 14 Equity: We noted the following errors in the notes:
 - The Capital Asset, Governmental Activities-Buildings and Improvements beginning balance includes an overstatement of \$8.3 million and decreases includes the overstatement of (\$8.3 million).
 - The Restatement of the Beginning Net Position of the Internal Service Fund is overstated by \$8.3 million.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

- Note 8 Pension Plans and Note 9 Postemployment Benefits other than Pensions: We noted the following errors in the notes:
 - The disclosures for Notes 8 and 9 do not include brief descriptions of the changes of assumptions and other inputs that have affected the measurement of the total pension or OPEB liability since the prior measurement date as required by GASB Statement Nos. 68 and 75. GASB Statement 68:45c applies to the Judge’s Retirement Fund. GASB Statement 68:80d applies to the PERSI Base Plan. GASB Statement 75:56d applies to the University of Idaho Plan. GASB Statement 75:96d applies to the State Long-Term Insurance Reserve Fund. GASB Statement 75:190d applies to the OPEB plans administered by the Department of Administration.
- Two blended and discrete component units identified by the SCO are excluded from the statewide CAFR. The following entities had amounts that exceeded the trivial threshold for aggregate discretely presented component units.
 - Friends of Public TV Foundation
 - Bureau of Education Services for Deaf & Blind
- Department of Health and Welfare (DHW) CAFR Support Audit:
 - The Capital Assets, Depreciable, Net, on the Statement of Net Position and the Primary Government’s Machinery, Equipment, and Other in Note 6 Capital Assets ending balances were overstated by \$6.9 million because DHW has not provided support for amounts that were capitalized as intangible assets that meet the requirements of GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets.
 - The Capital Assets, Nondepreciable on the Statement of Net Position and the Primary Government’s Capital Assets in Progress in Note 6 Capital Assets ending balances were overstated by \$7.9 million because DHW has not provided support for amounts that were classified as intangible assets in Capital Assets in Progress to ensure that they meet the requirements of GASB Statement No. 51. The unsupported amounts included \$6.9 million from prior years and \$1 million in additions in the current year.

Cause: Internal controls over the compilation process for the CAFR included the review of work by a staff member independent of the staff member completing the work. However, these review procedures did not prevent or detect the misstatements and errors listed above.

Effect: The financial statements and note disclosures submitted for audit contained several misstatements and information that was not clearly presented. The significance of the misstatements and errors are described above.

Recommendation: We recommend that the Office strengthen the review process over the compilation of the CAFR to ensure that the financial statements, note disclosures, and other information contained therein agree to the documentation that supports those amounts, including closing packages and outside audits.

Management’s View: *The State Controller’s Office acknowledges the misstatements and presentation errors identified by the auditors. Most errors were corrected prior to the issuance of the financial statements. The office will evaluate and make improvements to the internal review procedures and the related instructions for the compilation of the CAFR this spring and will create automated trend analysis and comparisons to identify variances and incorrect information.*

Due to errors identified in financial information provided by component units, the office will communicate with the parties to ensure correct information is submitted with the auditor’s signature prior to the first draft of the CAFR being submitted.

Auditor’s Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

**STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2019-102

The Department did not have a current evaluation of the adequacy of internal controls for a service organization responsible for processing \$230 million in pharmacy expenditure claims.

Type of Finding: Significant Deficiency

Criteria: The Committee of Sponsoring Organization of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include control activities, information and communication, and monitoring. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include approvals, authorizations, verifications, reconciliations, and segregation of duties. Information and communication is the identification, capture, and exchange of information. Monitoring is a process that assesses the quality of an internal control system's performance over time.

Additionally, adequate internal controls to help ensure management directives are carried out both within the Department and with external entities providing critical financial business processes should be in place. A Statement for Standards on Attestation Engagement (SSAE) No. 18 report documents an examination of controls at organizations that provide services to user entities when those controls are likely to be relevant to user entities' internal controls over financial reporting and identifies potential weaknesses within those controls.

Condition: The Department has a contract with Magellan Medicaid Administration (Magellan) to process pharmacy claims received for recipients under the Medicaid program. Magellan receives Medicaid recipient eligibility information through an interface process with the Department, and approves amounts for each pharmacy claim paid. This is a critical financial function, as approximately \$230 million of claims are processed annually.

Cause: The Department was unable to provide a current SSAE No. 18 report from Magellan and did not seem to have processes in place to evaluate the effect this might have on the vendor's ability to carry out the Department's directives.

Effect: While the Department did receive a copy of the report on December 12, 2019, after multiple requests and adjustments to our risk assessment and testing, they have not been adequately monitoring the internal controls of a service organization processing approximately \$230 million dollars of expenditures annually.

Recommendation: We recommend that the Department strengthen internal controls to ensure current SSAE No. 18 reports are received and reviewed for all significant service organizations. We further recommend that the Department review and improve, if necessary, contract monitoring terms to ensure that they receive the reports in a timely manner so as to not diminish the usefulness of the information provided.

Management's View: *The Department agrees with the finding as a control weakness. The Department will strengthen internal communications and controls. The Division of Medicaid Contract Managers will review critical deliverables, as outlined in each contract, with their contract monitors to ensure contract monitoring activities are current and delivery of reports for review and acceptance are timely and within requirements.*

DHW Internal Audit will include Contract Managers and the Division Audit Liaison on all correspondence to ensure audit deliverables and timelines are being fulfilled. Internal Audit will also continue to review and evaluate the Standards for Attestation Engagements ("SSAE") reports in a timely manner in accordance with our procedures.

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

These changes will ensure DHW Internal Audit and related external parties, to include Legislative Audit Services, receive requested information, and approve any adjustments to timelines.

The Division of Medicaid will add additional contract language during the next amendment(s) to include, the contractor will submit annual SSAE and System and Organization Controls ("SOC") reports to the Department within 15 days of the issued audited report.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-103

Capital assets in progress and capitalized intangible asset costs could be overstated and not in compliance with Governmental Accounting Standards Board Statement (GASB) Statement No. 51 requirements.

Type of Finding: Significant Deficiency

Criteria: GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, provides guidance on recognizing internally generated computer software and the related subject of cost capitalization.

- GASB Statement No. 51.8 states that outlays incurred related to the development of an internally generated intangible asset should be capitalized only when the project objective is determined, when the service capacity can be determined and is technically feasible, and there is an intention and ability to complete the project.
- GASB Statement No. 51.12 states that capitalization of such outlays should cease no later than the point at which the computer software is substantially complete and operational.
- GASB Statement No. 51.15 states that outlays associated with the modification of internally generated computer software should be considered maintenance and expensed as incurred if the software is already in operation. Outlays should be capitalized if the modification of software results in any of the following:
 - a. An increase in the functionality of the computer software; that is, the computer software is able to perform tasks that it was previously incapable of performing.
 - b. An increase in the efficiency of the computer software; that is, an increase in the level of service provided by the computer software without the ability to perform additional tasks.
 - c. An extension of the estimated useful life of the software.

Additionally, the Department's Bureau of Financial Services internal Financial Policy Manual provides guidance related to information technology (software) projects. The policy provides examples of relevant costs, like training, maintenance, and data conversion, that are needed for information management and indicates that these costs should be expensed as they are incurred regardless of when the cost is generated.

Condition: We reviewed capital assets and the expenditures charged to intangible assets in production and development in progress. The Department uses a capital asset spreadsheet to track expenses related to these projects that may be capitalized, if they meet accounting standards and internal policies. This spreadsheet included the Medicaid Management Information System (MMIS) as an intangible asset that was implemented in 2012. However, it also identified expenditures of \$6,855,423 that were added to the cost of the asset in fiscal year 2019. These charges should have been expensed, rather than capitalized, since the software was substantially complete and operational in 2012.

We also noted that the intangible assets development in progress section of the worksheet includes an Ongoing Medicaid Modernization (OMM) asset with a project start date in 2017 and an "open-ended" completion date. This asset includes a total of \$7,882,223 charged to the project to date, with \$960,846 applicable to fiscal year 2019. The Department has not clearly defined the project objective nor documented an estimated completion date, which does

STATE OF IDAHO
BASIC FINANCIAL STATEMENTS FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

not meet the GASB Statement No. 51 definition of an intangible asset that would allow for costs charged to be capitalized.

Additionally, we noted 5 out of 45 expenditures tested were related to training and cell phone costs. Routine expenses like cell phones and training costs are not considered direct costs of development, so they should be expensed rather than capitalized.

Cause: The Department is not following internal policies and accounting standards that provides guidance for capitalization of costs related to intangible assets and does not appear to have provided adequate training on the requirements of GASB Statement No. 51 to the staff approving these transactions and establishing and tracking intangible asset projects.

Effect: The transaction errors identified related to training and cell phone charges result in a known overstatement of \$258 and a projected overstatement of \$128,955 in capitalized costs for intangible assets. Additionally, the charges to the MMIS project during fiscal year 2019 of \$6,855,423 that were capitalized should have been expensed since they do not appear to meet the requirements in GASB Statement No. 51 for capitalization. Finally, the OMM project also does not appear to meet the requirements of GASB Statement No. 51 and potentially \$7,882,223 should have been expensed over the past three fiscal years, rather than being accumulated in this project for capitalization.

Recommendation: We recommend that the Department evaluate and modify their internal policy to ensure compliance with GASB Statement No. 51 guidelines when capitalizing costs of intangible assets related to development in progress and assets in production to reduce the risk of misstatements of intangible capital assets. We also recommend that the Department provide training to staff tasked with tracking these projects and making determinations about the nature of the expense to ensure accurate classification of the costs. Finally, we recommend that the Department review each of these intangible project and make appropriate adjustments to ensure compliance with GASB Statement No. 51 requirements.

Management's View: *The Department partially agrees with this finding.*

We agree with the noted condition that some of the expenditures charged to intangible assets in development included costs, like training, that were capitalized contrary to Governmental Accounting Standards Board ("GASB") Statement No. 51.10 and 51.14 and the Department's Financial Policy. The Bureau of Financial Services will strengthen its training, procedures, and documentation in order to ensure that costs are recorded in accordance with GASB Statement No. The Department disagrees with the condition that \$7,882,223 charged to the Ongoing Medicaid Modernization ("OMM") project did not meet the capitalization requirements of GASB Statement No. 51. While the title of the project in DHW's system indicates "ongoing", the OMM project includes an incremental approach that is intended to make substantial improvements to the Medicaid eligibility system based on objectives and funding commitments that are established annually for each discrete initiative. The objective of the project is to avoid costly full-scale system replacement through incremental modernization improvements. Individual project deliverables are defined annually based on stakeholder needs, state and federal regulations, and emerging program requirements. The OMM Advanced Planning Documents (APDs), define incremental objectives, with estimated completion and release dates, for each individual discrete component, rather than the project as a whole. We believe the level of documentation performed for each component meets the standards set in GASB Statement No. 51. In the future, the Bureau will proactively communicate procedures to our audit partners on how the information concerning the nature of project costs is accumulated and distinguished for financial reporting. The Department will report adjustments to subsequent year's capital assets closing package, to incorporate accumulated cost and amortization of completed OMM components into the "asset in production" section of the report.

The Department disagrees with the condition that the \$6,855,423 in expenditures included for Medicaid Management Information System (MMIS) should have been expensed, rather than capitalized, since the software was substantially complete and operational in 2012. The charges to the MMIS project are reflective of system

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modifications with determined project objectives, funding commitments, and effort of achieving required levels of service capacity. Examples of some functionalities and efficiencies included in the reported outlays include automation of provider enrollment processes and implementation of system changes to support a new health plan. Based on the results of these activities, the Department deems the capitalization of the modification costs to be appropriate and consistent with GASB Statement No 51.15 which states that outlays associated with modification of software in operation should be capitalized if such modification results in an increase of functionality, efficiency, or extension of the useful life of the software.

Auditor’s Concluding Remarks: We appreciate the Department’s response; however, we would like to clarify that it remains unclear if the annual costs added to the OMM and MMIS projects increase functionality, increase efficiency, or extend the useful life of the software to qualify the costs for capitalization under GASB Statement No. 51.

IDAHO STATE TAX COMMISSION (Commission)

FINDING 2019-104

Evidence of review for sales tax distributions and reversal reconciliations was not maintained.

Type of Finding: Significant Deficiency

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. A component of this framework is control activities, which are the policies and procedures that help ensure the entity’s objectives are met. These activities include segregation of duties, review and authorization of transactions, and maintaining supporting documentation.

Condition: The Commission uses an End of Month Checklist to document the completion of month-end tasks, reconciliations and associated reviews.

During our testing of this internal control over sales tax distributions, we noted four of the ten distributions tested did not have initials on the End of Month Checklist indicating that a review took place.

Additionally, we reviewed the Commission’s monthly reconciliation of reversal transactions that are mostly related to insufficient fund payments from taxpayers. In our review of the reversal reconciliations, we noted that the reviewed column of the End of Month Checklist was marked “N/A” for all 12 months. After further discussion with Commission staff, it was revealed that no review of the reversal reconciliation was taking place.

Cause: The Commission has identified control procedures to document reviews on the End of Month Checklist. However, those procedures were not followed and documentation was not maintained for reviews over sales tax distributions and reversal reconciliations.

Effect: Our substantive procedures did not identify any errors in either sales tax distributions or reversals. However, the review process is a critical control, and without evidence that it is consistently applied, the risk of errors occurring and going undetected increases.

Recommendation: We recommend that the Commission ensure that internal control procedures are in place and consistently applied, and that they improve the documentation of control activities performed to ensure that reviews are completed and proper segregation of duties is maintained.

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Management’s View: *During the CAFR Audit, the Legislative Services Office discovered one finding; that the evidence of review for sales tax distributions and reversal reconciliations were not maintained. Regarding sales tax distributions, four end-of-month checklists did not have initials indicating that a review occurred. Data entry and review was done at the Financial Specialist Senior level. Moving forward, the Financial Specialist Principal or Financial Executive Officer will sign the End of Month checklist before it is filed to verify that a review was conducted by one of the Financial Specialist Seniors. The Financial Specialist Principal will be the primary contact in verifying that a review was conducted. The Financial Executive Officer will be the verifier in the Financial Specialist Principal’s absence.*

Regarding the review of reversal reconciliations, reversals and reconciliations were conducted by one individual. The Commission had personnel staffing shortfalls which contributed to this process. The Commission now has three active Financial Specialist Seniors that execute the day to day revenue accounting operations. Changes to workflow have been implemented and the individual who conducted the reversal process only reconciles the reversals while one of the other two employees enter in the reversal. All three employees are capable of entering and reconciling the reversal. If needed, one of the Financial Specialist Principals or the Financial Executive Officer can conduct the reconciliation.

Auditor’s Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

IDAHO TRANSPORTATION DEPARTMENT (Department)

FINDING 2019-105

The Department did not appropriately monitor the adequacy of internal controls for a service organization responsible for processing approximately \$15.2 million in receipts for International Registration Plan (IRP) fees.

Type of Finding: Significant Deficiency

Criteria: The Committee of Sponsoring Organization of the Treadway Commission (COSO) published the Internal Control Integrated Framework, which provides a basis for organizations to design internal control procedures to ensure reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations. Components of this framework include control activities, information and communication, and monitoring. Control activities are policies and procedures that help ensure management directives are carried out and risks are mitigated. These activities include approvals, authorizations, verifications, reconciliations, and segregation of duties. Information and communication is the identification, capture, and exchange of information. Monitoring is a process that assesses the quality of an internal control system’s performance over time.

Additionally, adequate internal controls to ensure management directives are carried out both within the Department and with external entities providing critical financial business processes should be in place, effective, and monitored. A Statement for Standards on Attestation Engagement (SSAE) No. 18 report documents an examination of controls at organizations that provide services to user entities when those controls are likely to be relevant to user entities’ internal controls over financial reporting, and identifies potential weaknesses within those controls.

Condition: The International Registration Plan is a reciprocity agreement among states of the U.S., the District of Columbia, and provinces of Canada, which recognizes the registration of commercial motor vehicles issued by other jurisdictions. Motor carriers register with and pay to one jurisdiction. The fee is based on the percentage of distance traveled in each jurisdiction according to that jurisdiction’s fee schedule; these fees are then distributed to the relevant jurisdictions.

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The Department has a contract with Celtic Systems, a service organization, to register commercial carriers under this plan, and calculate and collect registration fees. The fees collected are sent to the Department on a daily basis, either via credit card transactions or deposits of checks received. Internal control activities should be in place and effectively functioning throughout this process to ensure that the correct registration fee is charged and remitted to the Department.

The report provided by Celtic Systems has been for their service organization, a sub-service organization for the Department. This report did not provide the appropriate information about the adequacy of the service organization's internal controls.

Cause: Staff at the Department assigned to collect these reports were not aware of the difference in reports and did not emphasize the importance of receiving and reviewing these reports in a timely manner to ensure accurate reporting.

Effect: Procedures completed during the audit to test a sample of these transactions for accuracy did not identify any errors. However, the lack of monitoring of the service organization increases the risk that errors in properly calculating and collecting the amount of IRP fees could occur and go undetected. This fee generates approximately \$15.2 million dollars of receipts annually.

Recommendation: We recommend that the Department improve policies and procedures to ensure current, and appropriate, SSAE No. 18 reports are received, reviewed, and evaluated for all significant service organizations.

Management's View: *The Idaho Transportation Department (ITD) will work with our providers of technology services to ensure that appropriate SSAE No. 18 reports are provided to ITD as part of their contracts by the end of Fiscal Year 2020. ITD will also train our staff on SSAE No. 18 reports and how to review and evaluate those reports to ensure that these systems provided to ITD are meeting the requirements for which they are intended.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

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<u>IDAHO DEPARTMENT OF AGRICULTURE</u>		
2019-201 The Department did not perform subrecipient risk assessments, ensure subrecipient audits were received, or perform subrecipient monitoring procedures as required for the Specialty Crop Block Grant.	Department of Agriculture	39
<u>IDAHO DEPARTMENT OF FISH AND GAME</u>		
2019-202 Purchases were made with Lower Snake River Compensation Plan grant funds for \$746,709 from three vendors without obtaining bids or a documented exemption, which is not in compliance with federal and State procurement rules.	Department of the Interior	41
2019-203 Internal controls over the review of performance reports for the Lower Snake River Compensation Plan and Pacific Coast Salmon Recovery grants are not sufficiently documented.	Department of the Interior, Department of Commerce	43
<u>IDAHO DEPARTMENT OF HEALTH AND WELFARE</u>		
2019-204 The Department did not meet the minimum earmarking requirements for the Crime Victim Assistance grant that was finalized during State fiscal year 2019 grant.	Department of Justice	44
2019-205 Subrecipient eligibility is not adequately documented or reviewed for compliance with federal requirements of the Crime Victim Assistance program.	Department of Justice	45
2019-206 Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.	Department of Justice	46
2019-207 The Crime Victims Assistance grant was charged \$35,902 of expenditures that were for unallowable activities and lacked appropriate supporting documentation.	Department of Justice	48
2019-208 Special reports and performance reports required for the Crime Victim Assistance grant were not reviewed for accuracy, contained errors, and were submitted after the due date.	Department of Justice	49
2019-209 The Bureau of Facility Standards within the Department of Health and Welfare (Department) failed to complete health and safety surveys of long-term care facilities in a timely manner to ensure compliance with the Medicaid program.	Health and Human Services	50
2019-210 Two federal reimbursement requests were submitted for the Crime Victim Assistance program for a total of \$92,294 in excess of immediate cash needs as identified on the supporting documentation.	Department of Justice	52

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STATE AGENCY		FEDERAL AGENCY	PAGE
<u>IDAHO POTATO COMMISSION</u>			
2019-211	The Commission is not performing subrecipient risk assessments, monitoring subrecipient activities, or reviewing subrecipient audits as required for the Specialty Crop Block Grant program.	Department of Agriculture	53
2019-212	The Commission does not have procedures in place to ensure that subrecipients are complying with the cost principles for federal awards for the Specialty Crop Block Grant program.	Department of Agriculture	55
2019-213	The Commission does not have procedures in place to ensure that subrecipients are not suspended or debarred from participation in federal grants prior to entering into a subaward contract.	Department of Agriculture	57
<u>OFFICE OF SPECIES CONSERVATION</u>			
2019-214	The Office of Species Conservation did not comply with State procurement guidelines or appropriation laws by paying subgrantee vendors \$681,043 directly on behalf of another State agency during fiscal years 2018 and 2019.	Department of Commerce	58
2019-215	Required procedures for ensuring the Office does not enter into a covered transaction with a suspended or debarred subrecipient or vendor were not documented sufficiently to demonstrate compliance for a portion of the fiscal year.	Department of Commerce	59
<u>IDAHO TRANSPORTATION DEPARTMENT</u>			
2019-216	Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the Federal Highway Administration (FHWA) Research and Development (R&D) grant.	Department of Transportation	61
<u>IDAHO DEPARTMENT OF WATER RESOURCES</u>			
2019-217	The Schedule of Expenditures of Federal Awards (SEFA) was understated by \$775,322 for the Pacific Coast Salmon Recovery grant.	Department of Commerce	62
2019-218	Internal controls over the review of performance reports for the Pacific Coast Salmon Recovery grant are not sufficiently documented.	Department of Commerce	63

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IDAHO DEPARTMENT OF AGRICULTURE (Department)

FINDING 2019-201

The Department did not perform subrecipient risk assessments, ensure subrecipient audits were received, or perform subrecipient monitoring procedures as required for the Specialty Crop Block Grant.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Specialty Crop Block Grant Program – Farm Bill

CFDA Number: 10.170

Federal Award Number: 15SCGPID0015, 16SCBGPID0034, AM170100XXXXG010, AM180100XXXXG013

Program Year: September 30, 2015 through September 29, 2018; September 30, 2016 through September 29, 2019; September 30, 2017 through September 29, 2020; September 30, 2018 through September 30, 2021

Federal Agency: Department of Agriculture

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) *Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The following relevant definitions are in 2 CFR 200:

- Pass-through entity: A nonfederal entity that provides a subaward to a subrecipient to carry out part of a federal program.
- Subaward: An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity.
- Subrecipient: A nonfederal entity that receives a subaward from the pass-through entity to carry out part of a federal program.

The requirements for pass-through entities are in 2 CFR 200.331, which states that all pass-through entities must, among other requirements, perform the following:

- Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward.
 - Federal award identification
 - Federal Award Identification Number (FAIN)
 - Federal award date of award to the recipient by the federal agency
 - Subaward period of performance start and end dates
 - Amount of federal funds obligated by this action by the pass-through entity to the subrecipient
 - Total amount of federal funds obligation to the subrecipient by the pass-through entity, including the current obligation
 - Total amount of federal award committed to the subrecipient by the pass-through entity
 - Federal award project description
 - Name of federal awarding agency, pass-through entity, and contact information for awarding office of the pass-through entity
 - Catalog of Federal Domestic Assistance (CFDA) number and name
 - Identification of whether the award is research and development
 - Indirect cost rate for the federal award

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- Evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.
- Consider imposed specific subaward conditions upon a subrecipient, if appropriate, as described in 2 CFR 200.207.
- Monitor activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes; in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- Verify that every subrecipient is audited as required by Subpart F – Audit Requirement, and follow-up on the results of those audits.

Condition: The Department receives federal funds from the United States Department of Agriculture (USDA) under the Specialty Crop Block Grant program, and a portion of this grant is allocated for research and development (R&D). All of the Department's R&D funds are passed through to subrecipients, including other State agencies or affiliated organizations that are included in the State of Idaho Single Audit reporting entity. These subrecipients in turn pass through these funds to other subrecipients. These subgrants establish the Department as a pass-through entity and its subrecipients, because they also subgrant the funds as pass-through entities as well and subject them all to the requirements included in 2 CFR 200.331.

The Department is in compliance with some, but not all, of the pass-through entity requirements. Noncompliance was identified for the following reasons:

- The Department did not document their evaluations of each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.
- The Department did not ensure that the subrecipients were audited as required by 2 CFR 200, subpart F.
- The Department has monitoring procedures in place to ensure its subrecipients are using the subaward for authorized purposes. However, the Department's procedures do not include monitoring its subrecipients to ensure they are providing the required information to and monitoring their subrecipients to ensure the subaward is used in compliance with applicable laws and regulations.

Cause: The Department has had the same subrecipients for several years and discussed risk factors, but was unaware of the requirement to formally document subrecipient risk assessments for State fiscal year 2019. In federal fiscal year 2020, the USDA informed the Department of the subrecipient risk assessment requirement, and the Department has since implemented formal risk assessments and procedures to maintain the documentation.

The Department was also unaware of the requirement to ensure subrecipients comply with audit requirements and to review the audit reports and issue management decisions on related findings.

The Department's monitoring procedures include on-site visits, quarterly reviews of financial ledgers, and annual reviews of project performance reports. The Department believed these monitoring procedures were sufficient and was unaware of the requirement to ensure that their subrecipients were also following the requirements for pass-through entities.

Effect: Assessing the risk of subrecipient noncompliance enables a pass-through entity to determine the proper level of monitoring procedures. Without completing the risk assessment process, a pass-through entity may increase the risk that they will not conduct monitoring procedures at a sufficient level to detect noncompliance.

Subrecipient audit reports may identify internal control issues and noncompliance with the requirements of the pass-through federal program. If the Department does not ensure these audits are taking place, review

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them for findings, and issue a management decision based on their evaluation of the finding, they also take on an additional risk of noncompliance with the grant agreement.

Subrecipients may pass through the federal funds to other subrecipients. The original recipient must monitor its subrecipients to ensure they are also complying with the requirements of pass-through entities. Without this monitoring, noncompliance may occur and remain undetected.

Recommendation: We recommend that the Department design and implement appropriate procedures to ensure compliance with pass-through entity requirements, including documenting risk assessment, obtaining and reviewing required audits from subrecipients, and ensuring subrecipients comply with all pass-through entity requirements.

Management's View: *The Idaho State Department of Agriculture (ISDA) accepts this finding and will design and implement internal controls and procedures to comply with 2 CFR 200 and all applicable subparts included in the regulations. ISDA will also create tracking forms that document evaluations of each subrecipient's risk of non-compliance and ensure that the subrecipients were audited by June 30, 2020.*

ISDA will review all required audit reports from pass through entities and subrecipients and document any identified risks on grant related findings. ISDA will also ensure that all pass-through entities also comply with obtaining, reviewing and identifying any risks identified from findings of subrecipients in compliance with 2 CFR 200 and all applicable subparts included in the regulations by June 30, 2020.

ISDA will implement these internal controls and procedures on the current grants and the new grants that will be awarded this summer will have these procedures in place at part of the award and distribution process. A risk assessment checklist has already been developed and implemented and steps to obtain audits and document the review of the obtained audits will be included to the checklist included and tracked for each grant recipient.

Training and implementation of these same steps for all pass-through entities on subrecipient monitoring will also be completed after internal implementation.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

IDAHO DEPARTMENT OF FISH AND GAME (Department)

FINDING 2019-202

Purchases were made with Lower Snake River Compensation Plan grant funds for \$746,709 from three vendors without obtaining bids or a documented exemption, which is not in compliance with federal and State procurement rules.

Type of Finding: Significant Deficiency, Material Noncompliance

CFDA Title: Lower Snake River Compensation Plan

CFDA Number: 15.661

Federal Award Number: F16AC00027, F16AC00028

Program Year: October 1, 2015 to September 30, 2020; October 1, 2015 to September 30, 2020

Federal Agency: Department of the Interior

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: \$746,709

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Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

The Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

According to 2 CFR 200.317, when procuring property and services, states must use the same policies and procedures for procurements from their nonfederal funds.

Idaho Administrative Rules (IDAPA) section 38.05.01.041 states that property exceeding one hundred thousand dollars (\$100,000) shall be purchased by the formal sealed bid procedure. Additionally, IDAPA 38.05.01.42.10 notes that, by written policy, the administrator may exempt purchases from the formal sealed procedure or the requirement for competitive solicitation that property for which bidding is impractical, disadvantageous or unreasonable under the circumstances.

Condition: During fiscal year 2019, the Department used three vendors to purchase fish food. Expenditures for each vendor was in excess of \$100,000 for the year, with \$746,709 in total expenditures incurred. The Department did not obtain bids or retain documentation exempting them from obtaining bids.

Cause: The Department indicated that these purchases were made based on an exemption provided by the Division of Purchasing (DOP); however, the Department could not provide documentation of the exemption. The Department also did not have internal controls in place to ensure documentation for exemptions was retained.

Effect: State purchasing rules exist to maximize value received by State agencies and the public in the acquisition of property through a competitive process. The Department failed to adhere to federal and State purchasing rules, increasing the risk that the State spends more than necessary to acquire the goods.

Recommendation: We recommend that the Department design and implement controls to ensure compliance with federal and State procurement rules.

Management's View: *In reviewing this finding, the Department believed it had an exemption in place from the Division of Purchasing for the fish food it purchased for the Lower Snake River Compensation Plan (LSRCP) grant program in 2019. Unfortunately, we were unable to locate and provide the written documentation to support the exemption.*

In October of 2019, prior to the commencement of the audit, the Department worked with the Division of Purchasing to secure its fish food exemption for Fiscal Year 2020. This new exemption was approved, finalized, and documented in October of 2019.

In summary, the Department concurs with the finding to the extent that we were unable to produce the supporting documentation for the 2019 fish food exemption. The Department has already resolved this issue for 2020 and is in the process of reviewing its purchasing procedures to ensure that documentation is properly retained for any future bidding exemptions that we receive from the Division of Purchasing.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

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FINDING 2019-203

Internal controls over the review of performance reports for the Lower Snake River Compensation Plan and Pacific Coast Salmon Recovery grants are not sufficiently documented.

Type of Finding: Significant Deficiency

Related to Prior Finding: 2018-204

CFDA Title: Lower Snake River Compensation Plan, Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program

CFDA Number: 15.661, 11.438

Federal Award Number: F16AC00027, F16AC00028, NA18NMF4380068 (direct), NA13NMF4380253, NA14NMF4380304, NA15NMF4380233, NA16NMF4380334, NA17NMF4380178, NA18NMF4380270 (sub-grant)

Program Year: October 1, 2015 to September 30, 2020; October 1, 2015 to September 30, 2020; July 1, 2018 to June 30, 2019 (direct); July 1, 2013 to June 30, 2018; July 1, 2014 to June 30, 2019; July 1, 2015 to June 30, 2020; July 1, 2016 to June 30, 2021; July 1, 2017 to June 30, 2022; July 1, 2018 to June 30, 2023 (sub-grant)

Federal Agency: Department of the Interior, Department of Commerce

Sub-Grant Agency: Idaho Office of Species Conservation

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

The Code of Federal Regulations (CFR) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Department is required to submit semi-annual performance reports for each open project and a final performance report for each closed project to the respective grantor. Documentation is not retained for the review process completed by the Department for these reports. The Department uses an online application to submit the Pacific Coast Salmon Recovery (PCSR) performance reports. The online system notifies the reviewer when reports are submitted and ready for review; however, the system does not retain a record of the review. Performance reports for the Lower Snake River Compensation Plan (LSRCP) grant are reviewed by management; however, this review is not documented.

Cause: Department management believed that the online submission system was documenting their review of PCSR reports and was unaware of the requirement to retain documentation of their review of the LSRCP grant.

Effect: Without appropriate internal controls, the Department may submit performance reports with incomplete or inaccurate information required by the grant agreement.

Recommendation: We recommend that the Department design and implement internal controls over the review of performance reports that will ensure accuracy and compliance with federal requirements.

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Management's View: *The Department reviewed its procedures and agrees with the auditors' finding that the performance reports for the Pacific Coast Salmon Recovery Fund (PCSRF) and Lower Snake River Compensation Plan (LSRCP) grant programs were reviewed and approved by management, but that documentation of such review was not consistently generated and retained. In the case of PCSRF, the performance reports were reviewed within a federal online grant reporting system. However, we later discovered that the reporting system did not adequately document that the review had occurred.*

The Department is evaluating its documentation processes, and will implement appropriate procedural changes to ensure that we are capturing and retaining evidence documenting the management review of performance reports for these programs. We anticipate these changes will be implemented during Fiscal Year 2021.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

IDAHO DEPARTMENT OF HEALTH AND WELFARE (Department)

FINDING 2019-204

The Department did not meet the minimum earmarking requirements for the Crime Victim Assistance grant that was finalized during State fiscal year 2019 grant.

Type of Finding: Material Weakness, Material Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

Compliance Requirement: Matching, Level of Effort, Earmarking

Questioned Costs: Known \$1,560,498

Criteria: The Uniform Guidance given in the Code of Federal Regulations (CFR) 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

The grant award's terms and conditions and the Victims of Crime Act (VOCA) Victim Assistance Program Guidelines require the State to allocate a minimum of 10 percent of each year's VOCA grant to each of the following four priority victim categories: (1) sexual assault, (2) domestic violence (also referred to as spousal abuse), (3) child abuse, and (4) underserved victims. Underserved victim groups include children; persons with disabilities; older adults; historically marginalized communities; men of color; individuals with Limited English Proficiency (LEP); formerly incarcerated individuals; and lesbian, gay, bisexual, transgender, queer, or questioning (LGBTQ) individuals.

Condition: We reviewed the Crime Victim Assistance 2015 grant that was awarded October 1, 2014 and concluded September 30, 2018, which allowed us to evaluate if the earmarking percentages were met for the four required groups of victims. We found that the Department did not properly allocate the funds based on the earmarking requirements, failing to meet the 10 percent minimum amount for 3 out of 4 priority victim categories. The Department allocated only \$600,828, or 5.8 percent, to child abuse victims; \$621,525, or 6 percent, to sexual assault victims; and \$301,701, or 2.9 percent, to underserved victims.

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Domestic violence victims was the only priority victim category from which the Department met the federal earmarking requirement.

Cause: There were no policies and procedures in place during the audit period to ensure grant funds were allocated based on the priority victim categories.

Effect: The Department is not in compliance with earmarking requirements of the grant award’s terms and conditions and the VOCA Victim Assistance Program Guidelines. The following schedule identifies the amount expended for priority victim categories compared to the amount that was required.

Victim Category	Expended Amount	Required Amount (10%)	Under Allocated Amount
Child Abuse Victims	\$600,828	\$1,028,184	\$427,356
Sexual Assault Victims	\$621,525	\$1,028,184	\$406,659
Underserved Victims	\$301,701	\$1,028,184	\$726,483
Domestic Violence Victims	\$1,347,958	\$1,028,184	not applicable
Total	\$2,872,012	\$4,112,736	\$1,560,498

Recommendation: We recommend that the Department develop and implement internal control procedures to ensure the correct allocation of funds to priority victim categories in compliance with federal grant requirements.

Management’s View: *The Council on Domestic Violence and Victim Assistance (“Council”) concurs with the finding. The Council developed policy and procedures to ensure VOCA funds are disbursed in accordance with the priority category funding requirement. The policy and procedures are available and will be provided upon request. While the Council did ensure the VOCA priority categories were met for FY2020 grant allocations, the policy and procedure were not approved by the Council until December 6, 2020. The policies and procedures will be implemented for the state fiscal year 2021 grant cycle and will be implemented with each subsequent funding cycle.*

Auditor’s Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-205

Subrecipient eligibility is not adequately documented or reviewed for compliance with federal requirements of the Crime Victim Assistance program.

Type of Finding: Material Weakness, Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

Compliance Requirement: Eligibility

Questioned Costs: None

Criteria: The Uniform Guidance given in the Code of Federal Regulations (CFR) 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

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The terms and conditions of the grant award requires the State and its subrecipients to comply with the conditions of the Victims of Crime Act (VOCA). Any organization funded with VOCA assistance funding must meet eligibility criteria, which includes:

- a. being operated by a public agency or nonprofit organization that provides services to victims of crime;
- b. demonstrating effective victim services with financial support from non-VOCA funding; and
- c. using volunteers to provide crime victim services.

Condition: Crime Victim Assistance grant activities are carried out through subrecipients that submit applications to the Department that include information to support compliance with the subrecipient eligibility requirements. There were 36 subrecipients identified as receiving grant funding. However, there are no documented controls procedures over the evaluation of each subrecipient application before funding was awarded.

We identified one subrecipient application that included a request to waive the volunteer eligibility requirement for award funding. There was no documentation that the waiver was evaluated or approved prior to the subrecipient being awarded funds.

Cause: There are no internal control procedures in place to ensure that the eligibility of subrecipients is correctly determined and documented. A portion of this is due to significant turnover at the Department during the audit period, including the executive director.

Effect: Federal funds could be passed through to subrecipients that do not meet the eligibility requirements applicable to the federal program.

Recommendation: We recommend that the Department implement internal control procedures to ensure an adequate review and determination of subrecipient eligibility is completed and documented in compliance with federal grant requirements.

Management's View: *The Council concurs with the finding. The Council developed policy and procedures to ensure eligibility requirements are reviewed and the process is documented to be compliant with federal requirements. The policy and procedures and the Eligibility Checklist are available and will be provided upon request. The policy will be implemented for the FY2021 grant cycle and implemented with each subsequent funding cycle.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-206

Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.

Type of Finding: Material Weakness, Material Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

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Compliance Requirement: Subrecipient Monitoring
Questioned Costs: None

The Code of Federal Regulations (CFR) 2 CFR 25.200 and 2 CFR 200.331 identify requirements for the Department when functioning as the pass-through entity providing subawards. The Department must evaluate each subrecipient's risk of noncompliance with subaward requirements to determine the extent of subrecipient monitoring completed. In addition, monitoring must also include a review of financial and performance reports required by the pass-through entity; follow up on any deficiencies identified in the subrecipient that are detected through audits, on-site reviews, and other means; and issuing a management decision for audit findings as required by 2 CFR 200.521.

The Department must also verify that every subrecipient is audited, as required by Subpart F – Audit Requirements of 2 CFR 200, when the subrecipient expends \$750,000 or more in federal awards during the fiscal year.

Additionally, the Victims of Crime Act (VOCA) Victim Assistance Program Guidelines require the State to develop and implement a monitoring plan, which must include a risk assessment. The Victim Assistance Program Guidelines also require the State to conduct on-site monitoring at least once every two years.

Condition: We reviewed the Department's monitoring of subrecipients for fiscal year 2019 and noted the following issues:

- On-site monitoring visits were only completed for 14 of 36 subrecipients, or 39 percent, for the fiscal year 2018-2019 two-year period.
- There were no risk assessments completed for the fiscal year 2019 subrecipient monitoring activities.
- While there was evidence of reviews over the subrecipients' performance report process, it was not clear what was reviewed, or that the reports were reviewed for accuracy.
- Monitoring documentation did not provide evidence of an adequate review of each subrecipients' compliance with matching requirements to ensure that 20 percent of the funding comes from nonfederal sources. We also noted that 4 out of 6, or 67 percent, of the subrecipients tested did not meet the required 20 percent match.
- There was no evidence that the subrecipient monitoring included a review of the audit reports if the subrecipient exceeded \$750,000 and required a single audit.
- The Department's review of subrecipients' corrective actions on deficiencies noted in audits was not documented. The Department also could not locate documentation to indicate a management decision on audit findings.

Cause: The Department did not have sufficient written policies and procedures related to subrecipient monitoring activities and the employees were not well educated in the program compliance requirements for this grant. High personnel turnover and the replacement of an executive director in January 2019 also contributed to the lack of structure and procedures that could prevent these errors from occurring.

Effect: Without adequate monitoring of subrecipients, the Department is exposed to an increased risk of expending funds for unallowable or unsupported costs. Poor subrecipient monitoring contributed to the reimbursement of unsupported or unallowable costs to subrecipients totaling \$35,902.

Recommendation: We recommend that the Department implement procedures to ensure compliance with all of the requirements of a pass-through entity. We also recommend that the Department design and implement effective internal control procedures to ensure subrecipient monitoring activities are complete and appropriate.

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Management's View: *The Council concurs with the finding. The Council has enhanced its monitoring procedures and are available upon request. The monitoring procedures are effective as of March 6, 2020. Council Grant Managers will follow the policy and procedure outlined to monitor subrecipients receiving Council funds.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-207

The Crime Victims Assistance grant was charged \$35,902 of expenditures that were for unallowable activities and lacked appropriate supporting documentation.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Questioned Costs: Known \$35,902; Projected \$342,646

Criteria: The Uniform Guidance given in the Code of Federal Regulations (CFR) 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Additionally, 2 CFR 200.53 describes an improper payment as any payment made for an incorrect amount or any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Condition: We tested a sample of 61 transactions and found 12, or 19.7 percent, were for unallowed or unsupported activities. One expenditure of \$952 was intended for another federal program, but was incorrectly coded to the Crime Victim Assistance program. Another expenditure of \$117 was miscalculated and did not agree to supporting documentation. Additionally, there were 10 expenditures totaling \$34,833 that did not agree to the supporting documentation submitted by subrecipients for reimbursement. The unsupported reimbursement requests ranged from \$165 to \$10,715.

Cause: The Department's internal control procedures were properly designed but not performed with a degree of accuracy necessary to prevent, or detect and correct, errors and unsupported portions within the reimbursement requests.

Effect: The Department reimbursed amounts to subrecipients that were not allowable or not adequately supported. The total value of unsupported or unallowable reimbursement identified in our sample is \$35,902, which projects to questioned costs of \$342,646.

Recommendation: We recommend that the Department strengthen internal controls over the processing of reimbursement requests to ensure reimbursements are adequately supported and for allowable activities.

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Management's View: *The Council concurs with the finding. The Council strengthened its monitoring policies to ensure financial reimbursements submitted are accurate, allowable, and supported. A copy of the policy is available and will be provided upon request. The policies were approved by the Council on December 6, 2019; however, Council staff has been adhering to the policies since September 2019.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-208

Special reports and performance reports required for the Crime Victim Assistance grant were not reviewed for accuracy, contained errors, and were submitted after the due date.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

Compliance Requirement: Reporting

Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

The Uniform Guidance given in the Code of Federal Regulations (CFR) 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

The federal Victims of Crime Act (VOCA) grant award from the Office of Victims of Crime (OVC) requires the State to submit a Subgrant Award Report for each subgrantee within 90 days of awarding funds to subgrantees. The award terms and conditions require the State to submit quarterly performance reports on the performance metrics identified by OVC. The terms and conditions also require the State to submit a final performance report within 90 days after the end date of the award.

Condition: The following conditions related to reporting for the Crime Victim Assistance grant:

- Special Reporting
 - The Department had no documented control to ensure accurate and timely submission for special reporting. The same staff member completed and approved the subgrant award reports on the OVC application with no documentation indicating another staff member completed a review or approval.
 - We tested the subgrant award reports and noted 6 out of 6 subgrant award reports, or 100 percent, were submitted past the deadline. All of the reports were due September 30, 2018, and were not submitted until early November 2018.
- Performance Reporting
 - There was no documented review for accuracy of the quarterly or annual performance reports. Quarterly performance reports are submitted to the OVC, which accumulate

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- information for the annual performance report and the final performance report at the end of the grant period.
- We reviewed the 2018 annual performance report and the final report for the 2015 grant. Both the annual and final report deadlines were December 30, 2018; however, the reports were not submitted until February 27, 2019.
 - We reviewed the Department's 4 quarterly performance reports and noted 1 out of 4 reports, or 25 percent, was submitted late. The deadline was November 15, 2018, but the report was not submitted until December 26, 2018.
 - We reviewed 24 subrecipient reports and noted 2, or 8 percent, contained data entry errors that affect federal earmarking requirements:
 - One report had incorrect crime numbers for 5 of the victim categories.
 - Another report incorrectly reported 0 victims of Domestic or Family Violence instead of the 2 victims reported by the subrecipient.

Cause: The Department did not design and implement an effective internal control structure that includes a secondary review and approval of federal reports to help ensure accuracy and compliance with federal regulations. Additionally, the Department experienced significant turnover in program personnel during the audit period, including the executive director position.

Effect: Reports were submitted late and contained inaccurate information that does not represent the true picture of victims and categories of crime victims served by the program. The lack of internal control procedures over reporting resulted in noncompliance that went undetected by the Department. Additionally, inaccurate reporting of victim categories served further distorts the level of earmarking requirements achieved or not achieved by the program.

Recommendation: We recommend that the Department implement, strengthen, and document internal controls to ensure compliance with federal grant reporting requirements.

Management's View: *The Council concurs with the finding. The Council has developed policies and procedures to ensure that data is reviewed for accuracy and submitted timely. The policy and procedures are available and will be provided upon request. The policy was approved December 6, 2019. Due to Council staff shortages, the policy will be effective at the next VOCA quarterly due date (April 15, 2020) however, the Council employees will retroactively review and approve data submitted for FY2020.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-209

The Bureau of Facility Standards within the Department of Health and Welfare (Department) failed to complete health and safety surveys of long-term care facilities in a timely manner to ensure compliance with the Medicaid program.

Type of Finding: Noncompliance

CFDA Title: Medical Assistance Program (Medicaid)

CFDA Number: 93.777, 93.778

Federal Award Number: 1805ID5ADM, 1805ID5MAP, 1805IDIMPL, 1805IDINCT, 1905ID5ADM, 1905ID5MAP, 1905IDIMPL, 1905IDINCT

Program Year: October 1, 2017 to September 30, 2018; October 1, 2018 to September 30, 2019

Federal Agency: Health and Human Services

Compliance Requirement: Special Tests and Provisions #5 Provider Health and Safety Standards

Questioned Costs: None

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Criteria: In the Social Security Act, Sections 1819 and 1919 establish requirements for the State to survey facilities to determine whether the facilities meet the requirements for participation in the Medicaid program. A survey is an evaluation tool used by the State that indicates whether or not Medicaid providers meet the prescribed health and safety standards.

Specifically, 42 *Code of Federal Regulations* (CFR) 488.330 gives the responsibility for certification to the State to perform surveys of long-term care facilities. Additionally, 42 CFR 488.308(a) indicates that the State must conduct a survey of each nursing facility not later than 15 months after the last day of the previous survey.

Condition: The Bureau of Facility Standards, a Bureau under the Division of Licensing and Certification for the Department, is responsible for conducting health and safety surveys for Medicaid providers within the required timeframes set by the *Uniform Guidance* and the Idaho Medicaid State Plan.

We identified 2 out of 19, or 11 percent, of providers reviewed did not have a survey completed within 15 months of the previous survey as required. The Bureau of Facility Standards completed one provider survey 20 months after the previous survey, while completing the other provider survey 18 months after the previous survey.

Cause: While the Bureau of Facility Standards attempts to ensure all facilities are surveyed within a period of time ranging from 12 to 15 months from the previous survey, they did not meet that goal. Completing surveys for each facility is an intensive and cumbersome process that takes considerable personnel resources. The limited resources combined with the necessity to prioritize unexpected follow-up surveys resulted in the two surveys being completed beyond the date anticipated to maintain compliance.

Effect: Delays in the completion of health and safety surveys increases the risk that a Medicaid provider may not be complying with critical health and safety standards, thus putting clients at risk. Additionally, this type of noncompliance could allow a provider to remain eligible and continue to receive payments for Medicaid claims that would otherwise be denied if the provider were rendered ineligible.

Recommendation: We recommend that the Department ensure that provider health and safety surveys are completed in 15-month timeframe required by the *Uniform Guidance* 42 CFR 448.308(a) and the Idaho State Medicaid Plan.

Management's View: *The Department agrees with this finding. As indicated in the legislative auditor's comments about the cause of this finding, the Bureau of Facility Standards within the Department's Licensing and Certification Division attempts to ensure all facilities are surveyed within a period of time ranging from 12 to 15 months from the previous survey. There are times, however, that limited resources combined with the necessity to prioritize unexpected follow-up surveys or complaint investigations can occasionally result in surveys being completed beyond the date anticipated to maintain compliance.*

We have taken several steps to improve performance in this area. The goal of the steps we have taken is to find alternative ways to get report review and other survey-related activities accomplished so we free as much surveyor time as possible to concentrate on conducting the on-site surveys.

- *The Department maintains a contract with Healthcare Management Solutions to provide Survey Minimum Qualifications Tested (SMQT) survey staff to help supplement the bureau's survey teams with contracted surveyors. The Centers for Medicare and Medicaid Services (CMS) requires that all staff conducting federal certification surveys on behalf of CMS are SMQT-qualified. SMQT consists of courses and a test that surveyors must pass in order to survey on behalf of CMS.*
- *We hired a part-time supervisor who is assisting with the review of survey reports and providing additional help to the Long-Term Care (LTC) Supervisors.*

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- *We continue to work with staff and, with the assistance of CMS Seattle survey staff, are exploring methods to improve efficiency on survey with the hope of completing surveys in less time without compromising the quality of the survey.*
- *We hired a part-time, former LTC supervisor, with extensive experience, assisting with Plan of Correction review and the performance of phone/mail follow-ups to free SMQT qualified survey staff to survey.*
- *We hired two part-time RNs to handle the Certified Nurse Aid abuse case work to free SMQT qualified survey staff to survey.*
- *We are cross training two surveyors from another program to assist with complaint investigations and revisit surveys to help us complete regular recertification surveys on time when unexpected complaints or follow-up surveys occur.*

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-210

Two federal reimbursement requests were submitted for the Crime Victim Assistance program for a total of \$92,294 in excess of immediate cash needs as identified on the supporting documentation.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Crime Victim Assistance

CFDA Number: 16.575

Federal Award Number: VAGX-030, VAGX-060, VAGX-056, V2GX-0002, V2GX-0066

Program Year: October 1, 2014 to September 30, 2018; October 1, 2015 to September 30, 2019; October 1, 2016 to September 30, 2020; October 1, 2017 to September 30, 2021; October 1, 2018 to September 30, 2022

Federal Agency: Department of Justice

Compliance Requirement: Cash Management

Questioned Costs: Known \$92,294; Projected \$401,703

Criteria: The Code of Federal Regulations (CFR) 31 CFR 205.11 requires the State to minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for federal assistance program purposes. The State must limit the amount of funds transferred to the minimum required to meet the State's actual and immediate cash needs.

The Uniform Guidance given in 2 CFR 200.303 requires that a nonfederal entity receiving federal awards establish and maintain internal controls that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions in the federal award.

Condition: We identified 2 out of 15, or 13 percent, cash draws reviewed that did not reconcile to the amount of immediate cash needs for the Crime Victim Assistance program. This is a reimbursement grant, and weekly cash requests must be supported by evidence of expended funds. These draws requested payment in excess of the program's needs by a total of \$92,294. The Department detected one error of \$92,194 that occurred on October 18, 2018 in the process of preparing the next program cash draw request. Correction of the error was accomplished with an offset to future draws between November 9, 2018 and December 13, 2018. The \$100 error was not detected by the Department, but was resolved with the proceeding cash draw request.

Cause: The amount of each cash draw is calculated by taking different variables into considerations, such as total program expenditures, program income, State match requirements, cash clearance patterns, and

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prior cash draws requested. While the cash draw calculations are initially reviewed, there is no review completed of the cash draw request data entry. Errors are often detected and corrected with subsequent cash draws, but not all errors may be corrected in a timely manner depending on the timing of the cash draw requests and the error amounts.

Effect: The total known noncompliance and questioned costs are \$92,294, which projects to \$401,703. Without effective internal controls in place, there is an increased risk of unsupported requests for payment resulting in noncompliance with federal requirements.

Recommendation: We recommend that the Department implement or strengthen the cash draw control procedures to ensure that draws are accurate and compliant with federal requirements.

Management's View: *The Department disagrees with this finding. The Department believes the internal controls established and maintained do provide reasonable assurance that the Department complies with federal award requirements. This is demonstrated by the fact that the errors referenced, were detected and corrected. Further, the Department disputes the questioned cost amount as the funds that were pre-drawn in error have already been returned. This is stated in the Condition above.*

Auditor's Concluding Remarks: While the Department did identify and correct these errors when completing subsequent draw down requests, it took a period of 8 weeks to correct the overdrawn amount and controls intended to ensure the request is completed accurately and with adequate supporting documentation failed. Further, projected questioned costs are intended to provide an estimate of the potential impact of the weakness, by applying the sample error rate to the total population resulting in estimated errors of \$401,703 had 100% of the transactions been reviewed.

IDAHO POTATO COMMISSION (Commission)

FINDING 2019-211

The Commission is not performing subrecipient risk assessments, monitoring subrecipient activities, or reviewing subrecipient audits as required for the Specialty Crop Block Grant program.

Type of Finding: Material Weakness, Noncompliance

CFDA Title: Specialty Crop Block Grant Program – Farm Bill

CFDA Number: 10.170

Federal Award Number: 15SCGPID0015, AM170100XXXXG010, AM180100XXXXG013

Program Year: September 30, 2015 through September 29, 2018; September 30, 2017 through September 29, 2020; September 30, 2018 through September 30, 2021

Federal Agency: Department of Agriculture

Compliance Requirement: Subrecipient Monitoring

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) *Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The following relevant definitions are in 2 CFR 200:

- **Pass-through entity:** A nonfederal entity that provides a subaward to a subrecipient to carry out part of a federal program.

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- Subaward: An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity.
- Subrecipient: A nonfederal entity that receives a subaward from the pass-through entity to carry out part of a federal program.

The requirements for pass-through entities are in 2 CFR 200.331, which states that all pass-through entities must, among other requirements, perform the following:

- Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward.
 - Federal award identification
 - Federal Award Identification Number (FAIN)
 - Federal award date of award to the recipient by the federal agency
 - Subaward period of performance start and end dates
 - Amount of federal funds obligated by this action by the pass-through entity to the subrecipient
 - Total amount of federal funds obligation to the subrecipient by the pass-through entity, including the current obligation
 - Total amount of federal award committed to the subrecipient by the pass-through entity
 - Federal award project description
 - Name of federal awarding agency, pass-through entity, and contact information for awarding office of the pass-through entity
 - Catalog of Federal Domestic Assistance (CFDA) number and name
 - Identification of whether the award is research and development
 - Indirect cost rate for the federal award
- Evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.
- Consider imposed specific subaward conditions upon a subrecipient, if appropriate, as described in 2 CFR 200.207.
- Monitor activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes; in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.
- Verify that every subrecipient is audited as required by Subpart F – Audit Requirement, and follow-up on the results of those audits.

Condition: The Idaho State Department of Agriculture (ISDA) receives federal funds from the United States Department of Agriculture (USDA) under the Specialty Crop Block Grant Program. A portion of this grant is identified as research and development (R&D) and a portion of that R&D amount is subgranted to the Commission, who in turn subgrants it to the University of Idaho where the related research is actually performed. This arrangement establishes the Commission as a pass-through entity.

The Commission is in compliance with some, but not all, of the pass-through entity requirements as follows:

- The Commission has only one subrecipient and is familiar with its personnel and operations, but does not have a formal procedure in place to document the risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award, as required.
- The Commission stated that they review subrecipient quarterly and annual reports and regularly checks on the progress of the R&D project, but no documentation was available to support that these activities occurred.
- The Commission does not verify that its subrecipient was audited as required or complete a review of findings and issuance of a management decision.

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Cause: The Commission was not aware of the subrecipient monitoring requirements associated with being a federal grant pass-through entity.

Effect: Assessing the risk of subrecipient noncompliance allows a pass-through entity to determine the proper level of monitoring activities. Without the risk assessment, a pass-through entity may not conduct monitoring procedures at a sufficient level to detect noncompliance.

We also obtained a copy of the University of Idaho fiscal year 2019 audit report and confirmed there were no findings related to this federal program; however, subrecipient audit reports may identify internal control issues and noncompliance with the requirements of the pass-through federal program. If the Commission does not collect and review these reports, the issues would remain unresolved.

Recommendation: We recommend that the Commission design and implement procedures to ensure compliance with pass-through entity requirements, including documenting risk assessment, obtaining required audits from subrecipients, and performing other required monitoring procedures.

Management's View: *In reviewing the finding, Idaho Potato Commission agrees there is not a risk assessment, or monitoring of activities, or review of subrecipient audit reviews.*

Idaho Potato Commission received a risk assessment report and questionnaire from Idaho State Department of Agriculture that we will be implementing at the start of each project prior to rewarding the grant. This will review the institutions size and complexity of the program, prior compliance and experience, their management systems, and single audits. At this time the terms and conditions of each individual grant will be discussed and have a written agreement signed between University of Idaho and Idaho Potato Commission. The Industry Relations Director will go through the forms with the University of Idaho researcher in person to get the answers. These forms and agreements will be placed in each grants file to be reviewed when needed.

We are implementing a procedure regarding the review process of the quarterly and annual reports and checks on the progress of the project. We will originally have it sent to the legal/finance assistant for review and finalized by the Industry Relations Director.

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

FINDING 2019-212

The Commission does not have procedures in place to ensure that subrecipients are complying with the cost principles for federal awards for the Specialty Crop Block Grant program.

Type of Finding: Material Weakness

CFDA Title: Specialty Crop Block Grant Program – Farm Bill

CFDA Number: 10.170

Federal Award Number: 15SCGPID0015, AM170100XXXXG010, AM180100XXXXG013

Program Year: September 30, 2015 through September 29, 2018; September 30, 2017 through September 29, 2020; September 30, 2018 through September 30, 2021

Federal Agency: Department of Agriculture

Compliance Requirement: Allowable Costs/Cost Principles

Questioned Costs: Projected \$7,355

Criteria: The Code of Federal Regulations (CFR) *Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that nonfederal entities

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must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The basic cost principles for federal grants are in 2 CFR 200.400, which states that the application of these cost principles is based on the fundamental premises that: (a) The nonfederal entity is responsible for the efficient and effective administration of the federal award through the application of sound management practices and (b) The nonfederal entity assumes responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the federal award.

Condition: The Commission receives a subgrant from the Idaho State Department of Agriculture for research and development (R&D) activities under the Specialty Crop Block Grant program. The Commission then passes these funds through to a subrecipient, the University of Idaho (University), where the related research is performed.

The University incurs costs related to the grant and sends the Commission requests for reimbursement. The Commission has procedures in place to review the requests to ensure that supporting ledgers agree to the total amount requested, the dates of the costs requested for reimbursement are within the approved period, and the total dollar amount reimbursed is within the approved budget. However, reimbursement requests are not reviewed to ensure that the costs are in compliance with the cost principles for federal awards in 2 CFR 200.

Cause: The Commission was unaware of the requirement, as a federal grant pass-through entity, to ensure that subrecipients are complying with the cost principles for federal awards.

Effect: The Commission processed nine subrecipient reimbursement transactions in State fiscal year 2019. We tested five transactions and identified one in which there was no documentation to support some of the expenditures requested for reimbursement. This error projected to \$7,355 in possible questioned costs.

Without procedures in place to identify compliance with federal cost principles, the Commission increases the risk that it may reimburse a subrecipient for costs that are unallowable for the federal program.

Recommendation: We recommend that the Commission design and implement procedures to detect and prevent reimbursement of unallowable costs.

Management's View: *In reviewing the finding, we agree Idaho Potato Commission needs to strengthen the internal control in reviewing the expenditures to ensure that the costs are in compliance with the cost principles for federal awards in CFR 200.*

To ensure this, the Legal/Finance Assistant will review each receipt along with the cost principles and terms and conditions for each grant. Any questions or concerns regarding any expenditures will be relayed back to University of Idaho for better explanations or corrections. After corrections, the backup and ledger will be further reviewed by the Industry Relations Director who will sign off on the agreement to send University of Idaho payment and finalized documents to Idaho State Department of Agriculture for reimbursement.

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINDING 2019-213

The Commission does not have procedures in place to ensure that subrecipients are not suspended or debarred from participation in federal grants prior to entering into a subaward contract.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Specialty Crop Block Grant Program – Farm Bill

CFDA Number: 10.170

Federal Award Number: 15SCGPID0015, AM170100XXXXG010, AM180100XXXXG013

Program Year: September 30, 2015 through September 29, 2018; September 30, 2017 through September 29, 2020; September 30, 2018 through September 30, 2021

Federal Agency: Department of Agriculture

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) *Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The CFR at 2 CFR 200.213 states that nonfederal entities are subject to the non-procurement debarment and suspension regulations in 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

A covered transaction is defined in 2 CFR 180.200 as a non-procurement or procurement transaction that is subject to the prohibitions of this part. It may be a transaction at (a) the primary tier, between a federal agency and a person, or (b) a lower tier, between a participant in a covered transaction and another person.

The suspension and debarment requirements in 2 CFR 180.300 state that, when entering into a covered transaction with another person at the next lower tier, entities must verify that the person with whom you intend to do business is not excluded or disqualified. This can be accomplished by (a) checking the System for Award Management (SAM) for exclusions, (b) collecting a certification from that person, or (c) adding a clause or condition to the covered transaction with that person.

Condition: The Commission receives a subgrant from the Idaho State Department of Agriculture for research and development (R&D) activities under the Specialty Crop Block Grant program. The Commission then passes these funds through to a subrecipient, the University of Idaho (University), where the related research is performed.

The Commission passed through the federal awards to a subrecipient, which is a covered non-procurement transaction, and the suspension and debarment requirements apply. The Commission did not verify that the University was not suspended or debarred prior to entering into a subaward contract.

Cause: The Commission was unaware of the requirement, as a federal grant pass-through entity, to ensure that subrecipients are not suspended or debarred prior to entering into a subaward contract.

Effect: Our testing found that the Commission's subrecipient was not suspended or debarred, so no federal funds were paid in error; however, without procedures in place to ensure subrecipients are checked before the Commission enters into a subaward contract, federal grant funds could be paid to a suspended or debarred party.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Recommendation: We recommend that the Commission design and implement procedures to ensure that subrecipients are checked for suspension or debarment prior to entering into a subaward contract.

Management's View: *Idaho Potato Commission has reviewed the findings and agrees there is no documentation stating the Commission verified that the University of Idaho was not suspended or debarred prior to entering into a subaward contract.*

Idaho Potato Commission will use the website SAM.gov for a printed document stating they are active and show the expiration date for the file. This will ensure compliance with the suspension and debarment.

Auditor's Concluding Remarks: We thank the Commission for its cooperation and assistance throughout the audit.

OFFICE OF SPECIES CONSERVATION (Office)

FINDING 2019-214

The Office of Species Conservation did not comply with State procurement guidelines or appropriation laws by paying subgrantee vendors \$681,043 directly on behalf of another State agency during fiscal years 2018 and 2019.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program

CFDA Number: 11.438

Federal Award Number: NA14NMF4380304, NA15NMF4380233, NA16NMF4380334, NA17NMF4380178; NA18NMF4380270

Program Year: July 1, 2014 to June 30, 2019; July 1, 2015 to June 30, 2020; July 1, 2016 to June 30, 2021; July 1, 2017 to June 30, 2022; July 1, 2018 to June 30, 2023

Federal Agency: Department of Commerce

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) 2 CFR 200.317 requires a state to follow the same policies and procedures it uses for procurements from its nonfederal funds. Additionally, 2 CFR 200.318 requires the state to maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts.

Idaho Code, Section 67-5711C, requires all construction contracts for public works to be awarded to the lowest responsible and responsive bidder in a competitive sealed bidding procedure.

Additionally, Idaho Code, Section 67-3516(1), states that the Legislature passes an appropriation that provides an agency with spending authority and creates a fixed budget beyond which the agency may not expend.

Also, 2 CFR 200.303 states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Office passed federal funds through to another State agency as a sub-grantee from the Pacific Coast Salmon Recovery grant. The sub-grantee requested that the Office pay certain vendors directly to aid in the timely completion of a project at the end of fiscal year 2018 and into fiscal year 2019. At that time, the Office entered into a contract with the sub-grantee to pay the vendors directly on behalf of

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

the sub-grantee. The Office paid vendors a total of \$504,595 in fiscal year 2018 and \$176,448 in fiscal year 2019 on behalf of the sub-grantee State agency.

The Office paid vendors based on the request of the sub-grantee, and there was no evidence that the Office ensured competitive sealed bidding procedures were followed prior to paying the vendors. Competitive sealed bidding procedures may have been followed by the sub-grantee, but there is no evidence that the Office verified those procedures were completed prior to making payment to the vendors.

The sub-grantee also continued to manage the contract and related project. The Office did not monitor the performance of the work completed prior to paying the vendors.

Cause: The Office made the payments directly to the vendors “solely to get around limitations imposed by the subgranted agency’s appropriation” enacted by the Legislature. This was viewed by agency personnel as an acceptable alternative method “to get the job done” instead of the sub-grantee requesting a supplemental appropriation.

Effect: The Office did not comply with 2 CFR 200.317 to follow State procurement guidelines or 2 CFR 200.318 that requires the State to maintain oversight to ensure that contractors perform according to the contracted terms. Additionally, the Office’s actions assisted the sub-grantee agency in noncompliance with the Idaho Code, Section 67-3516(1), appropriation law.

Recommendation: We recommend that the Office discontinue making payments on behalf of their sub-grantees for which they have not contracted with the vendor nor monitored the contract for compliance with the grant agreement as a way to circumvent appropriation limitations. We further recommend that the Office implement policies to ensure compliance with State procurement requirements.

Management’s View: *In order to ensure that OSC “discontinue[s] making payments on behalf of their subgrantees for which they have not contracted with the vendor nor monitored the contract for compliance”, OSC will establish communications and processes that comply with 2 CFR 200.303, 317, 318, and Idaho Code Sections 67-3516(1), 67-5711 C.*

OSC will ensure adequate training in State procurement practices, Internal Controls, and Uniform Guidance under 2 CRF 200 related to the management of grant pass through funds is provided to all relevant staff.

OSC will continue to evaluate all payment requests to ensure adherence to State procurement policies and Federal Uniform Guidance as noted in the codes listed above. This process is currently being done through an internal control process which requires oversight by the Financial Officer and Administrator, with Legal Counsel guidance as needed, into any requests from other agencies and vendors. OSC will neither process nor pay for any invoices that are outside the scope of its own contracts.

Auditor’s Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

FINDING 2019-215

Required procedures for ensuring the Office does not enter into a covered transaction with a suspended or debarred subrecipient or vendor were not documented sufficiently to demonstrate compliance for a portion of the fiscal year.

Type of Finding: Significant Deficiency, Noncompliance

Related to Prior Finding: 2018-213

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CFDA Title: Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program

CFDA Number: 11.438

Federal Award Number: NA14NMF4380304, NA15NMF4380233, NA16NMF4380334, NA17NMF4380178, NA18NMF4380270

Program Year: July 1, 2014 to June 30, 2019; July 1, 2015 to June 30, 2020; July 1, 2016 to June 30, 2021; July 1, 2017 to June 30, 2022; July 1, 2018 to June 30, 2023

Federal Agency: Department of Commerce

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) (2 CFR 180) prohibits nonfederal entities from entering into covered transactions with parties that are suspended or debarred. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215. Under 2 CFR 180.300, before entering into such a transaction, the entity must do one of the following: 1) check the federal System for Award Management (SAM) exclusions, 2) collect a certification from the party that they are not suspended or debarred, or 3) add a clause or condition to the transaction documents.

Also, 2 CFR 200.303 states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: We reviewed three sub-awards for which there was not sufficient evidence demonstrating the Office had verified subrecipients were not suspended or debarred prior to entering into a covered transaction for the Pacific Coast Salmon Recovery grant. Documentation was provided that indicated the Office checked the SAM website for each of the subrecipients; however, we could not verify from the documentation provided that this review occurred prior to entering into the covered transaction. Sub-awards were made in November 2018, and the Office put new procedures into place in March 2019 for suspension and debarment.

Cause: Prior to the 2018 single audit, the Office was unaware of the requirement to retain documentation to provide evidence that SAM verifications were performed prior to entering into a covered transaction with an entity at a lower tier. The Office provided corrective action plans with the 2018 Single Audit Report that included the new procedures implemented in March 2019; however, subawards for State fiscal year 2019 were made in November 2018 prior to implementation of new procedures.

Effect: We did not identify suspended or debarred vendors receiving federal funds during our testing. However, the lack of procedures and consistent internal controls intended to identify suspended or debarred vendors before federal payments are made increases the risk that the Office may enter into covered transactions with suspended and debarred parties.

Recommendation: A corrective action plan has already been implemented by the Office. We recommend that the Office continue to follow new procedures to ensure sufficient documentation is maintained to comply with suspension and debarment requirements.

Management's View: *In March 2019, OSC implemented a SAM status check through www.sam.gov for each subrecipient. The status and expiration date are recorded in a spreadsheet and timestamped PDFs to document these actions are saved to a DUNS folder. While a SAM status check was done in the past, saving a timestamped PDF is a confirmation of this practice and provides documentation of the timing of the check.*

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FEDERAL FINDINGS AND QUESTIONED COSTS
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Auditor's Concluding Remarks: We thank the Office for its cooperation and assistance throughout the audit.

IDAHO TRANSPORTATION DEPARTMENT (Department)

FINDING 2019-216

Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the Federal Highway Administration (FHWA) Research and Development (R&D) grant.

Type of Finding: Significant Deficiency, Noncompliance

CFDA Title: Highway Planning & Construction

CFDA Number: 20.205

Federal Award Number: N4510.819, N4510.831

Program Year: October 1, 2017 to September 30, 2018; October 1, 2018 to September 30, 2019

Federal Agency: Department of Transportation

Compliance Requirement: Procurement and Suspension and Debarment

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 180.300) requires grantees to verify an entity is not suspended or debarred or otherwise excluded before entering into a covered transaction.

Covered transactions, as defined by 2 CFR 180.220, are those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria.

Also, 2 CFR 200.303 states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Department could not provide evidence that R&D contracts included a certification clause or demonstrate that they verified the vendors were not suspended or debarred prior to entering into covered transactions with the vendors. There were a total of 16 covered transactions, 12 were not verified.

Cause: The staff over the R&D contracts were not aware of the suspension and debarment compliance requirements.

Effect: We did not identify suspended or debarred vendors receiving federal funds during our testing; however, the lack of implemented controls intended to identify suspended or debarred vendors before federal payments are made increases the risk that the Department may enter into covered transactions and make payments to vendors that are suspended or debarred.

Recommendation: We recommend that the Department strengthen internal controls over suspension and debarment by implementing control policies and procedures to verify that vendors are eligible to enter into agreements with the Department and that they are not suspended or debarred prior to entering into covered transactions.

Management's View: *The Idaho Transportation Department (ITD) concurs with the audit finding and recommendation. ITD has updated the Research Program Manual to include both the policy and procedure to ensure that all Research & Development grants are checked against the federal database*

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

"System for Awards Management" (SAM). This information will be retained in the contract file for that entity in ProjectWise.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

IDAHO DEPARTMENT OF WATER RESOURCES (Department)

FINDING 2019-217

The Schedule of Expenditures of Federal Awards (SEFA) was understated by \$775,322 for the Pacific Coast Salmon Recovery grant.

Type of Finding: Significant Deficiency

CFDA Title: Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program

CFDA Number: 11.438

Federal Award Number: NA14NMF4380304, NA15NMF4380233, NA16NMF4380334, NA17NMF4380178, NA18NMF4380270 (subgrant)

Program Year: July 1, 2014 to June 30, 2019; July 1, 2015 to June 30, 2020; July 1, 2016 to June 30, 2021; July 1, 2017 to June 30, 2022; July 1, 2018 to June 30, 2023 (subgrant)

Federal Agency: Department of Commerce

Sub-Grant Agency: Idaho Office of Species Conservation

Requirement: Code of Federal Regulations (CFR) 2 CFR 200.510(b)

Questioned Costs: None

Criteria: The Code of Federal Regulations (CFR) 2 CFR 200.510(b) requires the State to prepare a SEFA for the fiscal year that must include the total federal awards expended.

State agencies are required to report federal expenditures incurred for each federal program during the State fiscal year to the Office of the State Controller (SCO) through the SEFA closing package. The SCO provides instructions on the completion of the closing package. Those instructions indicate that agencies should complete the SEFA closing package if the agency received and expended any direct or subrecipient federal awards during the fiscal year.

Condition: The Department receives federal funding from the Office of Species Conservation for the Pacific Coast Salmon Recovery grant. A total of \$236,783 in expenditures was reported in fiscal year 2019 for the Pacific Coast Salmon Recovery grant. The Department also received an additional \$775,322 in federal funding to purchase water rights; however, the Department did not include this additional amount on the total SEFA amount reported.

Cause: The Department's current process used to compile the SEFA involves a review of only the Federal Grant Fund expenditures; however, the Department recorded the water rights purchase using the Water Resources Board Revolving Development Fund. This fund is used for the purpose of tracking expenditure decisions by the Idaho Water Resources Board. In the process, the Department failed to include the water rights purchase expenditure in the SEFA compilation.

Effect: The Department understated the Pacific Coast Salmon Recovery grant expenditures by \$775,322. This does not have an effect on the statewide SEFA.

Recommendation: We recommend that the Department work to obtain a better understanding of the reporting requirements for federal funds and establish policies and procedures to ensure federal dollars spent by the Department are accurately reported.

**STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Management's View: *Idaho Department of Water Resources (IDWR) received an update memo regarding this finding on March 9, 2020. After receiving the update memo, IDWR reviewed all open federal awards to verify all expenditures are recorded or tracked through spreadsheets and reconciled with the State Controller's Office (SCO) monthly reports. Prior to submitting the Schedule of Expenditures of Federal Awards (SEFA) IDWR's fiscal staff will create a memo requesting all federal award managers verify purchases that were made using federal funds.*

Federal funds transferred to the Idaho Water Resource Board (IWRB) Revolving Development Fund will be tracked on the monthly IWRB balance sheets to ensure compliance with federal fund reporting requirements.

IDWR will include the understatement of \$775,322 in FY 2019 on the FY 2020 SEFA and include a note disclosing the misstatement on the FY 2019 SEFA.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

FINDING 2019-218

Internal controls over the review of performance reports for the Pacific Coast Salmon Recovery grant are not sufficiently documented.

Type of Finding: Significant Deficiency

CFDA Title: Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program

CFDA Number: 11.438

Federal Award Number: NA14NMF4380304, NA15NMF4380233, NA16NMF4380334, NA17NMF4380178, NA18NMF4380270 (subgrant)

Program Year: July 1, 2014 to June 30, 2019; July 1, 2015 to June 30, 2020; July 1, 2016 to June 30, 2021; July 1, 2017 to June 30, 2022; July 1, 2018 to June 30, 2023 (subgrant)

Federal Agency: Department of Commerce

Sub-Grant Agency: Idaho Office of Species Conservation

Compliance Requirement: Reporting

Questioned Costs: None

Criteria: The Internal Control Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) identifies control activities that help ensure management directives are carried out throughout the operation. Verifications, approvals, and authorizations are all control activities that support this objective.

The Code of Federal Regulations (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200.303) states that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition: The Department is required to submit semi-annual performance reports for each open project and a final performance report for each closed project. These reports are completed by the program manager and reviewed by the section manager; however, evidence showing the review of the performance reports was not retained.

Cause: The Department's internal control procedures were not designed to retain evidence of the review performed over performance reports.

STATE OF IDAHO
FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Effect: Without appropriate internal controls, the Department may submit performance reports with incomplete or inaccurate information required by the grant agreement.

Recommendation: We recommend that the Department design and implement internal controls to improve the documentation of the review of performance reports.

Management's View: *IDWR will implement the following processes as agency controls for reporting performance/progress for grant awards from the Pacific Coast Salmon Recovery Fund and for all federal awards:*

- *Award manager creates a draft version of the performance/progress report.*
- *Award manager emails the draft version to the manager's supervisor for review.*
- *Supervisor includes edits and offers comments on the draft version.*
- *Supervisor emails the draft version back to the award manager.*
- *Award manager incorporates edits and comments from supervisor.*
- *Award manager completes the performance report and sends it on to the awarding agency for review. Copy of email is sent to supervisor.*
- *Award manager notifies their supervisor that the awarding agency has reviewed and accepted the performance report.*

This review process will be implemented for all federal awards requiring performance/progress reports submitted to the awarding agency.

Auditor's Concluding Remarks: We thank the Department for its cooperation and assistance throughout the audit.

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**MANAGEMENT'S BASIC FINANCIAL STATEMENTS FINDINGS
CORRECTIVE ACTION PLAN**





February 3, 2020

April Renfro, CPA
Division Manager
Legislative Services Office, Audit Division
700 W Jefferson Street
P.O. Box 83720
Boise, Idaho 83720-0054

Dear Ms. Renfro,

Enclosed with this letter is the State of Idaho's Corrective Action Plan and Summary Schedule of Prior Audit Findings for the fiscal year 2019 Internal Control Report related to the Comprehensive Annual Financial Report.

The State's Corrective Action Plan and Summary Schedule of Prior Audit Findings are a compilation of information provided to us by the applicable state agencies. They are prepared in conjunction with your fiscal year 2019 Comprehensive Annual Financial Report audit.

We appreciate the efforts of the Idaho Legislative Services Office in completing the Comprehensive Annual Financial Report audit for the State for fiscal year 2019. If you have any questions regarding the Corrective Action Plan or Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink that reads "Brandon D Woolf". The signature is written in a cursive, flowing style.

Brandon D Woolf
State Controller



Corrective Action Plan For the fiscal year ended June 30, 2019

Office of the State Controller

Finding Number 2019-101: The Office's internal review process did not prevent or detect misstatements in the statewide CAFR.

Related to Prior Finding: 2018-101

Corrective Action: The State Controller's Office acknowledges the misstatements and presentation errors identified by the auditors. Most errors were corrected prior to the issuance of the financial statements. The office will evaluate and make improvements to the internal review procedures and the related instructions for the compilation of the CAFR this spring and will create automated trend analysis and comparisons to identify variances and incorrect information.

Due to errors identified in financial information provided by component units, the office will communicate with the parties to ensure correct information is submitted with the auditor's signature prior to the first draft of the CAFR being submitted.

Anticipated Corrective Action Date: The State Controller's Office will complete the corrective actions by June 30, 2020.

Responsible for Corrective Action: Tiffini LeJeune
Phone: 208-334-3100
Tlejeune@sco.idaho.gov
700 West State St., Fl. 5
Boise, ID 83720

Idaho Department of Health and Welfare

Finding Number 2019-102: The Department did not have a current evaluation of the adequacy of internal controls for a service organization responsible for processing \$230 million in pharmacy expenditure claims.

Related to Prior Finding: N/A

Corrective Action: The Department agrees with the finding as a control weakness. The Department will strengthen internal communications and controls. The Division of Medicaid Contract Managers will review

critical deliverables, as outlined in each contract, with their contract monitors to ensure contract monitoring activities are current and delivery of reports for review and acceptance are timely and within requirements.

DHW Internal Audit will include Contract Managers and the Division Audit Liaison on all correspondence to ensure audit deliverables and timelines are being fulfilled. Internal Audit will also continue to review and evaluate the Standards for Attestation Engagements (“SSAE”) reports in a timely manner in accordance with our procedures.

These changes will ensure DHW Internal Audit and related external parties, to include Legislative Audit Services, receive requested information, and approve any adjustments to timelines.

The Division of Medicaid will add additional contract language during the next amendment(s) to include, the contractor will submit annual SSAE and System and Organization Controls (“SOC”) reports to the Department within 15 days of the issued audited report.

Anticipated Corrective Action Date: The Division of Medicaid and the Division of Management Services will complete the corrective actions by March 31, 2020.

Responsible for Corrective Action: Ryan Smith
Phone: 208-334-5814
Ryan.Smith@dhw.idaho.gov
450 W State St., Fl. 10
Boise, ID 83702

Finding Number 2019-103: Capital assets in progress and capitalized intangible asset costs could be overstated and not in compliance with Governmental Accounting Standards Board Statement (GASB) Statement No. 51 requirements.

Related to Prior Finding: N/A

Corrective Action: The Department partially agrees with this finding.

We agree with the noted condition that some of the expenditures charged to intangible assets in development included costs, like training, that were capitalized contrary to Governmental Accounting Standards Board (“GASB”) Statement No. 51.10 and 51.14 and the Department’s Financial Policy. The Bureau of Financial Services will strengthen its training, procedures, and documentation in order to ensure that costs are recorded in accordance with GASB Statement No. 51.

The Department disagrees with the condition that \$7,882,223 charged to the Ongoing Medicaid Modernization (“OMM”) project did not meet the capitalization requirements of GASB Statement No. 51. While the title of the project in DHW’s system indicates “ongoing”, the OMM project includes an incremental approach that is intended to make substantial improvements to the Medicaid eligibility system based on objectives and funding commitments that are established annually for each discrete initiative. The objective of the project is to avoid costly full-scale system replacement through incremental modernization improvements. Individual project deliverables are defined annually based on stakeholder

needs, state and federal regulations, and emerging program requirements. The OMM Advanced Planning Documents (APDs), define incremental objectives, with estimated completion and release dates, for each individual discrete component, rather than the project as a whole. We believe the level of documentation performed for each component meets the standards set in GASB Statement No. 51. In the future, the Bureau will proactively communicate procedures to our audit partners on how the information concerning the nature of project costs is accumulated and distinguished for financial reporting. The Department will report adjustments to subsequent year's capital assets closing package, to incorporate accumulated cost and amortization of completed OMM components into the "asset in production" section of the report.

The Department disagrees with the condition that the \$6,855,423 in expenditures included for Medicaid Management Information System (MMIS) should have been expensed, rather than capitalized, since the software was substantially complete and operational in 2012. The charges to the MMIS project are reflective of system modifications with determined project objectives, funding commitments, and effort of achieving required levels of service capacity. Examples of some functionalities and efficiencies included in the reported outlays include automation of provider enrollment processes and implementation of system changes to support a new health plan. Based on the results of these activities, the Department deems the capitalization of the modification costs to be appropriate and consistent with GASB Statement No 51.15 which states that outlays associated with modification of software in operation should be capitalized if such modification results in an increase of functionality, efficiency, or extension of the useful life of the software.

Anticipated Corrective Action Date: The Division of Management Services will complete the corrective actions by June 30, 2020.

Responsible for Corrective Action: Ryan Smith
Phone: 208-334-5814
Ryan.Smith@dhw.idaho.gov
450 W State St., Fl. 10
Boise, ID 83702

Idaho State Tax Commission

Finding Number 2019-104: Evidence of review for sales tax distributions and reversal reconciliations was not maintained.

Related to Prior Finding: N/A

Corrective Action: During the CAFR Audit, the Legislative Services Office discovered one finding; that the evidence of review for sales tax distributions and reversal reconciliations were not maintained. Regarding sales tax distributions, four end-of-month checklists did not have initials indicating that a review occurred. Data entry and review was done at the Financial Specialist Senior level. Moving forward, the Financial Specialist Principal or Financial Executive Officer will sign the End of Month checklist before it is filed to verify that a review was conducted by one of the Financial Specialist Seniors. The Financial Specialist Principal will be the primary contact in verifying that a review was conducted. The Financial Executive Officer will be the verifier in the Financial Specialist Principal's absence.

Regarding the review of reversal reconciliations, reversals and reconciliations were conducted by one individual. The Commission had personnel staffing shortfalls which contributed to this process. The Commission now has three active Financial Specialist Seniors that execute the day to day revenue accounting operations. Changes to workflow have been implemented and the individual who conducted the reversal process only reconciles the reversals while one of the other two employees enter in the reversal. All three employees are capable of entering and reconciling the reversal. If needed, one of the Financial Specialist Principals or the Financial Executive Officer can conduct the reconciliation.

Anticipated Corrective Action Date: The corrective action plan was implemented on January 15, 2020.

Responsible for Corrective Action: Nick Landry
Phone: 208-334-7507
Nick.Landry@tax.idaho.gov
11321 W. Chinden Blvd
Boise, ID 83714

Idaho Transportation Department

Finding Number 2019-105: The Department did not appropriately monitor the adequacy of internal controls for a service organization responsible for processing approximately \$15.2 million in receipts for International Registration Plan (IRP) fees.

Related to Prior Finding: N/A

Corrective Action: The Idaho Transportation Department (ITD) will work with our providers of technology services to ensure that appropriate SSAE No. 18 reports are provided to ITD as part of their contracts by the end of Fiscal Year 2020. ITD will also train our staff on SSAE No. 18 reports and how to review and evaluate those reports to ensure that these systems provided to ITD are meeting the requirements for which they are intended.

Anticipated Corrective Action Date: Corrective action will be completed by the end of Fiscal Year 2020.

Responsible for Corrective Action: Dave Tolman
Phone: 208-334-8525
dave.tolman@itd.idaho.gov
3311 W State Street
Boise, ID 83703

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**MANAGEMENT'S FEDERAL FINDINGS
CORRECTIVE ACTION PLAN**





March 31, 2020

April Renfro, CPA
Division Manager
Legislative Services Office, Audit Division
700 W Jefferson Street
P.O. Box 83720
Boise, Idaho 83720-0054

Dear Ms. Renfro,

Enclosed with this letter is the State of Idaho's Corrective Action Plan for the audit findings for the fiscal year 2019 Single Audit.

The State's Corrective Action Plan is a compilation of the corrective action plan information provided to us by the applicable state agencies. The Corrective Action Plan document is prepared in conjunction with your fiscal year 2019 single audit. We believe it satisfies the requirements in the *Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards §200.511(c)* for a corrective action plan.

We appreciate the efforts of the Idaho Legislative Services Office in completing the Single Audit for the State for fiscal year 2019. If you have any questions regarding the Corrective Action Plan, please do not hesitate to contact Tiffini LeJeune at 208-332-8800.

Sincerely,

A handwritten signature in blue ink that reads "Brandon D Woolf". The signature is written in a cursive, flowing style.

Brandon D Woolf
State Controller



Corrective Action Plan - Single Audit
For the fiscal year ended June 30, 2019

Idaho State Department of Agriculture

Finding Number 2019-201: The Department did not perform subrecipient risk assessments, ensure subrecipient audits were received, or perform subrecipient monitoring procedures as required for the Specialty Crop Block Grant.

Federal Program: CFDA #10.170 - Specialty Crop Block Grant Program

Related to Prior Finding: N/A

Agency's view: The Idaho State Department of Agriculture (ISDA) accepts this finding.

Corrective Action: The Idaho State Department of Agriculture (ISDA) will design and implement internal controls and procedures to comply with 2 CFR 200 and all applicable subparts included in the regulations. ISDA will also create tracking forms that document evaluations of each subrecipient's risk of non-compliance and ensure that the subrecipients were audited by June 30, 2020.

ISDA will review all required audit reports from pass through entities and subrecipients and document any identified risks on grant related findings. ISDA will also ensure that all pass-through entities also comply with obtaining, reviewing and identifying any risks identified from findings of subrecipients in compliance with 2 CFR 200 and all applicable subparts included in the regulations by June 30, 2020.

ISDA will implement these internal controls and procedures on the current grants and the new grants that will be awarded this summer will have these procedures in place at part of the award and distribution process. A risk assessment checklist has already been developed and implemented and steps to obtain audits and document the review of the obtained audits will be included to the checklist included and tracked for each grant recipient.

Training and implementation of these same steps for all pass-through entities on subrecipient monitoring will also be completed after internal implementation.

Anticipated Corrective Action Date: June 30, 2020

Responsible for Corrective Action: Tonya March, Financial Officer
Tonya.march@isda.idaho.gov
208-332-8511

Laura Johnson, Bureau Chief
Laura.johnson@isda.idaho.gov
208-332-8533

Idaho Department of Fish and Game

Finding Number 2019-202: Purchases were made with Lower Snake River Compensation Plan grant funds for \$746,709 from three vendors without obtaining bids or a documented exemption, which is not in compliance with federal and State procurement rules.

Federal Program: CFDA #15.661 - Lower Snake River Compensation Plan

Related to Prior Finding: N/A

Agency's view: In summary, the Department concurs with the finding to the extent that we were unable to produce the supporting documentation for the 2019 fish food exemption.

Corrective Action: In reviewing this finding, the Department believed it had an exemption in place from the Division of Purchasing for the fish food it purchased for the Lower Snake River Compensation Plan (LSRCP) grant program in 2019. Unfortunately, we were unable to locate and provide the written documentation to support the exemption.

In October of 2019, prior to the commencement of the audit, the Department worked with the Division of Purchasing to secure its fish food exemption for Fiscal Year 2020. This new exemption was approved, finalized, and documented in October of 2019.

Anticipated Corrective Action Date: The Department has already resolved this issue for 2020 and is in the process of reviewing its purchasing procedures to ensure that documentation is properly retained for any future bidding exemptions that we receive from the Division of Purchasing.

Responsible for Corrective Action: Michael Pearson; Chief, Bureau of Administration
michael.pearson@idfg.idaho.gov
208-287-2800

Jon Oswald, Financial Specialist Principal
Jonathan.oswald@idfg.idaho.gov
208-287-2820

Finding Number 2019-203: Internal controls over the review of performance reports for the Lower Snake River Compensation Plan and Pacific Coast Salmon Recovery grants are not sufficiently documented.

Federal Programs: CFDA #15.661 - Lower Snake River Compensation Plan; CFDA #11.438 - Pacific Coast Salmon Recovery Pacific Salmon Treaty Program

Related to Prior Finding: 2018-204 (included below)

Agency's view: The Department reviewed its procedures and agrees with the auditors' finding.

Corrective Action: Performance reports for the Pacific Coast Salmon Recovery Fund (PCSRF) and Lower Snake River Compensation Plan (LSRCP) grant programs were reviewed and approved by management, but documentation of such review was not consistently generated and retained. In the case of PCSRF, the performance reports were reviewed within a federal online grant reporting system. However, we later discovered that the reporting system did not adequately document that the review had occurred.

The Department is evaluating its documentation processes, and will implement appropriate procedural changes to ensure that we are capturing and retaining evidence documenting the management review of performance reports for these programs.

Anticipated Corrective Action Date: We anticipate these changes will be implemented during Fiscal Year 2021.

Responsible for Corrective Action: Michael Pearson; Chief, Bureau of Administration
michael.pearson@idfg.idaho.gov
208-287-2800

Jon Oswald, Financial Specialist Principal
Jonathan.oswald@idfg.idaho.gov
208-287-2820

Idaho Department of Health and Welfare

Finding Number 2019-204: The Department did not meet the minimum earmarking requirements for the Crime Victim Assistance grant that was finalized during State fiscal year 2019 grant.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Agency's view: The Council on Domestic Violence and Victim Assistance ("Council") concurs with the finding.

Corrective Action: The Council developed policy and procedures to ensure VOCA funds are disbursed in accordance with the priority category funding requirement. The policy and procedures are available and will be provided upon request. While the Council did ensure the VOCA priority categories were met for FY2020 grant allocations, the policy and procedure were not approved by the Council until December 6, 2019.

Anticipated Corrective Action Date: The policies and procedures will be implemented for the state fiscal year 2021 grant cycle and will be implemented with each subsequent funding cycle.

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2019-205: Subrecipient eligibility is not adequately documented or reviewed for compliance with federal requirements of the Crime Victim Assistance program.

Federal Program: CFDA #16.575 – Crime Victim Assistance

Related to Prior Finding: N/A

Agency's view: The Council concurs with the finding.

Corrective Action: The Council developed policy and procedures to ensure eligibility requirements are reviewed and the process is documented to be compliant with federal requirements. The policy and procedures and the Eligibility Checklist are available and will be provided upon request.

Anticipated Corrective Action Date: The policy will be implemented for the FY2021 grant cycle and implemented with each subsequent funding cycle.

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2019-206: Subrecipient monitoring procedures are not adequate to ensure compliance with federal requirements for the Crime Victim Assistance program.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Agency's view: The Council concurs with the finding.

Corrective Action: The Council has enhanced its monitoring procedures and are available upon request. Council Grant Managers will follow the policy and procedure outlined to monitor subrecipients receiving Council funds.

Anticipated Corrective Action Date: The monitoring procedures are effective as of March 6, 2020

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2019-207: The Crime Victims Assistance grant was charged \$35,902 of expenditures that were for unallowable activities and lacked appropriate supporting documentation.

Federal Programs: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Agency's view: The Council concurs with the finding.

Corrective Action: The Council strengthened its monitoring policies to ensure financial reimbursements submitted are accurate, allowable, and supported. A copy of the policy is available and will be provided upon request.

Anticipated Corrective Action Date: The policies were approved by the Council on December 6, 2019; however, Council staff has been adhering to the policies since September 2019.

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2019-208: Special reports and performance reports required for the Crime Victim Assistance grant were not reviewed for accuracy, contained errors, and were submitted after the due date.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Agency's view: The Council concurs with the finding.

Corrective Action: The Council has developed policies and procedures to ensure that data is reviewed for accuracy and submitted timely. The policy and procedures are available and will be provided upon request.

Anticipated Corrective Action Date: The policy was approved December 6, 2019. Due to Council staff shortages, the policy will be effective at the next VOCA quarterly due date (April 15, 2020) however, the Council employees will retroactively review and approve data submitted for FY2020.

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
208-334-5814

Finding Number 2019-209: The Bureau of Facility Standards within the Department of Health and Welfare (Department) failed to complete health and safety surveys of long-term care facilities in a timely manner to ensure compliance with the Medicaid program.

Federal Programs: CFDA # 93.775, 93.777, 93.778 - Medicaid Cluster

Related to Prior Finding: N/A

Agency's view: The Department agrees with this finding.

Corrective Action: As indicated in the legislative auditor's comments about the cause of this finding, the Bureau of Facility Standards within the Department's Licensing and Certification Division attempts to ensure all facilities are surveyed within a period of time ranging from 12 to 15 months from the previous survey. There are times, however, that limited resources combined with the necessity to prioritize unexpected follow-up surveys or complaint investigations can occasionally result in surveys being completed beyond the date anticipated to maintain compliance.

We have taken several steps to improve performance in this area. The goal of the steps we have taken is to find alternative ways to get report review and other survey-related activities accomplished so we free as much surveyor time as possible to concentrate on conducting the on-site surveys.

- The Department maintains a contract with Healthcare Management Solutions to provide Survey Minimum Qualifications Tested (SMQT) survey staff to help supplement the bureau’s survey teams with contracted surveyors. The Centers for Medicare and Medicaid Services (CMS) requires that all staff conducting federal certification surveys on behalf of CMS are SMQT-qualified. SMQT consists of courses and a test that surveyors must pass in order to survey on behalf of CMS.
- We hired a part-time supervisor who is assisting with the review of survey reports and providing additional help to the Long-Term Care (LTC) Supervisors.
- We continue to work with staff and, with the assistance of CMS Seattle survey staff, are exploring methods to improve efficiency on survey with the hope of completing surveys in less time without compromising the quality of the survey.
- We hired a part-time, former LTC supervisor, with extensive experience, assisting with Plan of Correction review and the performance of phone/mail follow-ups to free SMQT qualified survey staff to survey.
- We hired two part-time RNs to handle the Certified Nurse Aid abuse case work to free SMQT qualified survey staff to survey.
- We are cross training two surveyors from another program to assist with complaint investigations and revisit surveys to help us complete regular recertification surveys on time when unexpected complaints or follow-up surveys occur.

Anticipated Corrective Action Date: June 30, 2020

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
 208-334-5814

Finding Number 2019-210: Two federal reimbursement requests were submitted for the Crime Victim Assistance program for a total of \$92,294 in excess of immediate cash needs as identified on the supporting documentation.

Federal Program: CFDA #16.575 - Crime Victim Assistance

Related to Prior Finding: N/A

Agency’s view: The Department disagrees with this finding.

Corrective Action: The Department believes the internal controls established and maintained do provide reasonable assurance that the Department complies with federal award requirements. This is demonstrated by the fact that the errors referenced, were detected and corrected. Further, the Department disputes the questioned cost amount as the funds that were pre-drawn in error have already been returned.

Responsible for Corrective Action: Ryan Smith, Internal Audit Supervisor
Ryan.Smith@dhw.idaho.gov
 208-334-5814

Idaho Potato Commission

Finding Number 2019-211: The Commission is not performing subrecipient risk assessments, monitoring subrecipient activities, or reviewing subrecipient audits as required for the Specialty Crop Block Grant program.

Federal Program: CFDA #10.170 - Specialty Crop Block Grant Program

Related to Prior Finding: N/A

Agency's view: In reviewing the finding, Idaho Potato Commission agrees there is not a risk assessment, monitoring of activities, or review of subrecipient audit reviews.

Corrective Action: Idaho Potato Commission received a risk assessment report and questionnaire from Idaho State Department of Agriculture that we will be implementing at the start of each project prior to rewarding the grant. This will review the institutions size and complexity of the program, prior compliance and experience, their management systems, and single audits. At this time, the terms and conditions of each individual grant will be discussed and have a written agreement signed between University of Idaho and Idaho Potato Commission. The Industry Relations Director will go through the forms with the University of Idaho researcher in person to get the answers. These forms and agreements will be placed in each grants file to be reviewed when needed.

We are implementing a procedure regarding the review process of the quarterly and annual reports and checks on the progress of the project. We will originally have it sent to the legal/finance assistant for review and finalized by the Industry Relations Director.

Anticipated Corrective Action Date: Action is being implemented now March 11, 2020 for future Awarded Grants.

Responsible for Corrective Action: Travis Blacker, Industry Relations Director
Travis.blacker@potato.idaho.gov
208-360-9560

Finding Number 2019-212: The Commission does not have procedures in place to ensure that subrecipients are complying with the cost principles for federal awards for the Specialty Crop Block Grant program.

Federal Program: CFDA #10.170 - Specialty Crop Block Grant Program

Related to Prior Finding: N/A

Agency's view: In reviewing the finding, we agree Idaho Potato Commission needs to strengthen the internal control in reviewing the expenditures to ensure that the costs are in compliance with the cost principles for federal awards in CFR 200.

Corrective Action: To ensure this, the Legal/Finance Assistant will review each receipt along with the cost principles and terms and conditions for each grant. Any questions or concerns regarding any

expenditures will be relayed back to University of Idaho for better explanations or corrections. After corrections, the backup and ledger will be further reviewed by the Industry Relations Director who will sign off on the agreement to send University of Idaho payment and finalized documents to Idaho State Department of Agriculture for reimbursement.

Anticipated Corrective Action Date: Procedures were put in place on March 11, 2020, so the Idaho Potato Commission will be in compliance for next the quarter's expenditures.

Responsible for Corrective Action: Travis Blacker, Industry Relations Director
Travis.blacker@potato.idaho.gov
208-360-9560

Finding Number 2019-213: The Commission does not have procedures in place to ensure that subrecipients are not suspended or debarred from participation in federal grants prior to entering into a subaward contract.

Federal Program: CFDA #10.170 - Specialty Crop Block Grant Program

Related to Prior Finding: N/A

Agency's view: Idaho Potato Commission has reviewed the findings and agrees there is no documentation stating the Commission verified that the University of Idaho was not suspended or debarred prior to entering into a subaward contract.

Corrective Action: Idaho Potato Commission will use the website SAM.gov for a printed document stating they are active and show the expiration date for the file. This will ensure compliance with the suspension and debarment.

Anticipated Corrective Action Date: This was put in place as of March 11, 2020 to ensure that any upcoming grants are not suspended or debarred prior to awarding a contract.

Responsible for Corrective Action: Travis Blacker, Industry Relations Director
Travis.blacker@potato.idaho.gov
208-360-9560

Office of Species Conservation

Finding Number 2019-214: The Office of Species Conservation did not comply with State procurement guidelines or appropriation laws by paying subgrantee vendors \$681,043 directly on behalf of another State agency during fiscal years 2018 and 2019.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with this finding.

Corrective Action: In order to ensure that OSC "discontinue(s) making payments on behalf of their subgrantees for which they have not contracted with the vendor nor monitored the contract for compliance," OSC will establish communications and processes that comply with 2 CFR 200.303, 317, 318, and Idaho Code Sections 67-3516(1), 67-5711C.

OSC will ensure adequate training in State procurement practices, Internal Controls, and Uniform Guidance under 2 CFR 200 related to the management of grant pass through funds is provided to all relevant staff.

OSC will continue to evaluate all payment requests to ensure adherence to State procurement policies and Federal Uniform Guidance as noted in the codes listed above. This process is currently being done through an internal control process which requires oversight by the Financial Officer and Administrator, with Legal Counsel guidance as needed, into any requests from other agencies and vendors. OSC will neither process nor pay for any invoices that are outside the scope of its own contracts.

Anticipated Corrective Action Date: March 30, 2020

Responsible for Corrective Action: Lisa McIntosh, Financial Officer
Lisa.mcintosh@osc.idaho.gov
208-332-1554

Finding Number 2019-215: Required procedures for ensuring the Office does not enter into a covered transaction with a suspended or debarred subrecipient or vendor were not documented sufficiently to demonstrate compliance for a portion of the fiscal year.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: 2018-213

Agency's view: The agency agrees with this finding.

Corrective Action: LSO writes, "A corrective action plan has already been implemented by the Office. We recommend that the Office continue to follow new procedures to ensure sufficient documentation is maintained to comply with suspension and debarment requirements."

Anticipated Corrective Action Date: In March 2019, OSC implemented a SAM status check through www.sam.gov for each subrecipient. The status and expiration date are recorded in a spreadsheet and timestamped PDFs to document these actions are saved to a DUNS folder. While a SAM status check was done in the past, saving a timestamped PDF is a confirmation of this practice and provides documentation of the timing of the check.

Responsible for Corrective Action: Lisa McIntosh, Financial Officer
Lisa.mcintosh@osc.idaho.gov
208-332-1554

Idaho Transportation Department

Finding Number 2019-216: Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the Federal Highway Administration (FHWA) Research and Development (R&D) grant.

Federal Program: CFDA #20.205 – Highway Planning and Construction Cluster

Related to Prior Finding: N/A

Agency’s view: The Idaho Transportation Department (ITD) concurs with the audit finding and recommendation.

Corrective Action: ITD has updated the Research Program Manual to include both the policy and procedure to ensure that all Research & Development grants are checked against the federal database “System for Awards Management” (SAM). This information will be retained in the contract file for that entity in ProjectWise.

Anticipated Corrective Action Date: April 1, 2020

Responsible for Corrective Action: Ned Parrish
ned.parrish@itd.idaho.gov
208-334-8296

Idaho Office of Water Resources

Finding Number 2019-217: The Schedule of Expenditures of Federal Awards (SEFA) was understated by \$775,322 for the Pacific Coast Salmon Recovery grant.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Agency’s view: The Agency agrees with this finding.

Corrective Action: Idaho Department of Water Resources (IDWR) received an update memo regarding this finding on March 9, 2020. After receiving the update memo, IDWR reviewed all open federal awards to verify all expenditures are recorded or tracked through spreadsheets and reconciled with the State Controller’s Office (SCO) monthly reports. Prior to submitting the Schedule of Expenditures of Federal Awards (SEFA), IDWR’s fiscal staff will create a memo requesting all federal award managers verify purchases that were made using federal funds. Federal funds transferred to the Idaho Water Resource Board (IWRB) Revolving Development Fund will be tracked on the monthly IWRB balance sheets to ensure compliance with federal fund reporting requirements.

Anticipated Corrective Action Date: June 30, 2020

Responsible for Corrective Action: Sascha Marston, Financial Officer
sascha.marston@idwr.idaho.gov
208-287-4819

Finding Number 2019-218: Internal controls over the review of performance reports for the Pacific Coast Salmon Recovery grant are not sufficiently documented.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Agency's view: The agency agrees with this finding.

Corrective Action: IDWR will implement the following processes as agency controls for reporting performance/progress for grant awards from the Pacific Coast Salmon Recovery Fund and for all federal awards:

- Award manager creates a draft version of the performance/progress report.
- Award manager emails the draft version to the manager's supervisor for review.
- Supervisor includes edits and offers comments on the draft version.
- Supervisor emails the draft version back to the award manager.
- Award manager incorporates edits and comments from supervisor.
- Award manager completes the performance report and sends it on to the awarding agency for review. Copy of email is sent to supervisor.
- Award manager notifies their supervisor that the awarding agency has reviewed and accepted the performance report.

This review process will be implemented for all federal awards requiring performance/progress reports submitted to the awarding agency.

Anticipated Corrective Action Date: June 30, 2020

Responsible for Corrective Action: Sascha Marston, Financial Officer
sascha.marston@idwr.idaho.gov
208-287-4819

Uncorrected Prior Findings

Idaho Department of Fish and Game

Finding number 2018-204: Deficiencies in internal control allowed errors to go undetected in the performance reports submitted for the Pacific Coast Salmon Recovery program.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Partial Corrective Action Taken: The Department has reviewed our performance reporting process and procedures for reporting on the Pacific Coast Salmon Recovery program to the Office of Species

Conservation (OSC). We have settled on a final process that is designed to verify that the financial data on the performance report matches the financial data on the associated financial report.

Reason for Recurrence: Since we have not closed this grant since this finding was issued, we have listed this finding as partially corrected.

Responsible for Corrective Action: Michael Pearson; Chief, Bureau of Administration
michael.pearson@idfg.idaho.gov
208-287-2800

Jon Oswald, Financial Specialist Principal
Jonathan.oswald@idfg.idaho.gov
208-287-2820

Idaho Office of Species Conservation

Finding number 2018-211: Deficiencies in internal control allowed errors to go undetected in a final performance report submitted to the federal grantor for the Pacific Coast Salmon Recovery program.

Federal Program: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Partial Corrective Action Taken: For final closeout of grant, the Project Manager sends final project reports, budget spreadsheets, and any other pertinent documentation to Financial Officer and Program Manager for review prior to closing the grant and submitting to NOAA. This process is also being implemented for closing out each project funded with the grant.

For the Federal Financial Report (SF425), the Project Manager sends an IBIS report, DAFR7850 and a 'cash receipts' report as source documentation for review by the Financial Officer prior to submission of the SF425.

Reason for Recurrence: This finding was addressed in May 2019. Due to the timing of when changes were made, this finding was not fully corrected for fiscal year 2019.

Responsible for Corrective Action: Lisa McIntosh, Financial Officer
Lisa.mcintosh@osc.idaho.gov
208-332-1554

Idaho Transportation Department

Finding Number 2017-211: Internal control policies and procedures did not ensure compliance with the suspension and debarment requirements of the Highway Planning and Construction program.

Federal Program: 20.205 - Highway Planning and Construction Cluster

Related to Prior Finding: N/A

Partial Corrective Action Taken: ITD's Contracting Services section is responsible for advertising and awarding the majority of the federal-aid construction contracts for ITD, LHTAC, and ACHD. Prior to award of a federal-aid contract, Contracting Services will verify compliance with suspension and debarment requirements and will document this verification on the Contract Award Checklist. Part of this verification will be to utilize the System for Award Management (SAM) Exclusions as recommended by the audit.

As mentioned previously for Item 1, each federal-aid contract includes the FHWA-1273, Section X. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion. By signing and submitting a proposal, the contractor certifies that they are not presently debarred, suspended, or proposed for debarment and that they will include this same clause in contracts with subcontractors (lower tiered participants).

As an added precaution, at the award of each contract, Contracting Services staff will post the Contract Award Checklist, including the date reviewed in the Contracts and Plans folder in Project Wise.

In some cases, LHTAC, ACHD, Cities, Counties, Highway Districts, or ITD's Business and Supply Management (BSM) section may also award federal-aid construction contracts independently of ITD's Contracting Services section. Through Stewardship & Oversight Agreements, State/Local Agreements, and other applicable ITD procedure manuals, ITD will require that federal-aid contracts include the FHWA-1273 provisions and that the SAM website be checked prior to award of the contract.

Reason for Recurrence: Corrective actions were implemented in May 2018. Due to the timing, there were likely FY18 contracts that did not utilize the new policies and procedures implemented near the end of the fiscal year.

Responsible for Corrective Action: Dave Tolman, Controller
dave.tolman@itd.idaho.gov
Phone: 208-334-8525

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF BASIC FINANCIAL STATEMENTS
PRIOR FINDINGS**



**STATE OF IDAHO
 SCHEDULE OF BASIC FINANCIAL STATEMENTS PRIOR FINDINGS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

STATE AGENCY		PAGE
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2018-101	The Office’s internal review process did not prevent or detect misstatements in the statewide <i>Comprehensive Annual Financial Report</i> (CAFR).	88
<u>IDAHO DEPARTMENT OF HEALTH AND WELFARE</u>		
2018-102	The Department does not have adequate controls in place to ensure the accuracy of drug rebate revenue received from the third-party billing contractor, Magellan Medicaid Administration (Magellan).	89
2018-103	Medicaid eligibility rate codes determined by age were not modified in the Medicaid Management Information System (MMIS).	89
2018-104	An investment account closing package was erroneously submitted for funds not belonging to the Department.	89
2018-105	Misclassification of expenditures resulted in an \$898,025 overstatement of Work in Process (WIP) and a corresponding understatement of Intangible Assets reported on the capital asset closing package.	89
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2018-106	Procedures were not adequately designed to identify accounts payable related to work performed under construction contracts.	89

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SCHEDULE OF FEDERAL PRIOR FINDINGS AND
QUESTIONED COSTS**



**STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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2018-201	Internal control weaknesses exist in the process used by the Commission to track and report federal grant expenditures and request reimbursement from the grantor.	Department of Health and Human Services	91
2018-202	Internal controls over adjustments to expenditures for the Special Programs for the Aging Cluster failed to ensure underlying transactions were charged to the correct grant.	Department of Health and Human Services	91
<u>IDAHO DEPARTMENT OF FISH AND GAME</u>			
2018-203	Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the Pacific Coast Salmon Recovery grant.	Department of Commerce	91
2018-204	Deficiencies in internal control allowed errors to go undetected in the performance reports submitted for the Pacific Coast Salmon Recovery program.	Department of Commerce	91
<u>IDAHO DEPARTMENT OF HEALTH AND WELFARE</u>			
2017-208	Internal controls failed to prevent or identify and correct errors in the Child Care Development Fund (CCDF) ACF-404 Error Rate Report.	Department of Health and Human Services	94
2018-205	The Department does not have adequate controls in place to ensure the accuracy of drug rebate revenue received from the third-party billing contractor, Magellan Medicaid Administration (Magellan).	Department of Health and Human Services	92
2018-206	Medicaid eligibility rate codes determined by age were not modified in the Medicaid Management Information System (MMIS).	Department of Health and Human Services	92
2018-207	Cost allocation statistics are not reviewed prior to being entered into the Financial Information System and Cost Allocation (FISCAL).	Department of Health and Human Services	92
2018-208	Procurement and Suspension and Debarment procedures intended to ensure compliance with federal requirements for the Medicaid program were not consistently implemented.	Department of Health and Human Services	93
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2018-209	Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the grant.	Department of Defense	93

STATE OF IDAHO
SCHEDULE OF FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE AGENCY		FEDERAL AGENCY	PAGE
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2018-210	Subrecipient monitoring procedures are not adequate to ensure compliance with Pacific Coast Salmon Recovery program requirements.	Department of Commerce	93
2018-211	Deficiencies in internal control allowed errors to go undetected in a final performance report submitted to the federal grantor for the Pacific Coast Salmon Recovery program.	Department of Commerce	93
2018-212	Internal controls to ensure compliance with cash management requirements for the Pacific Coast Salmon Recovery program were not present.	Department of Commerce	94
2018-213	Review of federal suspension and debarment status is not adequately documented to demonstrate compliance with federal requirements for the Pacific Coast Salmon Recovery program.	Department of Commerce	94
<u>IDAHO TRANSPORTATION DEPARTMENT</u>			
2017-210	Internal controls over the wage rate compliance requirement in the Highway Planning and Construction program are not adequate to ensure that all certified weekly payrolls are received and that required reviews of those payrolls are consistently performed.	Department of Transportation	95
2017-211	Internal control policies and procedures did not ensure compliance with the suspension and debarment requirements of the Highway Planning and Construction program.	Department of Transportation	95

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**MANAGEMENT'S FOLLOW-UP FOR
BASIC FINANCIAL STATEMENTS PRIOR FINDINGS**





February 3, 2020

April Renfro, CPA
Division Manager
Legislative Services Office, Audit Division
700 W Jefferson Street
P.O. Box 83720
Boise, Idaho 83720-0054

Dear Ms. Renfro,

Enclosed with this letter is the State of Idaho's Corrective Action Plan and Summary Schedule of Prior Audit Findings for the fiscal year 2019 Internal Control Report related to the Comprehensive Annual Financial Report.

The State's Corrective Action Plan and Summary Schedule of Prior Audit Findings are a compilation of information provided to us by the applicable state agencies. They are prepared in conjunction with your fiscal year 2019 Comprehensive Annual Financial Report audit.

We appreciate the efforts of the Idaho Legislative Services Office in completing the Comprehensive Annual Financial Report audit for the State for fiscal year 2019. If you have any questions regarding the Corrective Action Plan or Summary Schedule of Prior Audit Findings, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink that reads "Brandon D Woolf". The signature is written in a cursive style with a large, stylized "B" and "W".

Brandon D Woolf
State Controller



Summary Schedule of Prior Audit Findings
For the fiscal year ended June 30, 2019

Office of the State Controller

Finding Number 2018-101: The Office's internal review process did not prevent or detect misstatements in the statewide CAFR.

Related to Prior Finding: N/A

Current Status: Partially corrected

Reason for recurrence: The Office implemented corrective actions provided on the prior year corrective action plan, however, staffing changes and review process changes still resulted in errors going undetected. As a result, the Office is working to improve the review process as discussed in our current year corrective action plan.

Planned corrective action: The Office will evaluate and make improvements to the internal review procedures and the related instructions for the compilation of the CAFR this spring and will create automated trend analysis and comparisons to identify variances and incorrect information.

Due to errors identified in financial information provided by component units, the office will communicate with the parties to ensure correct information is submitted with the auditor's signature prior to the first draft of the CAFR being submitted.

Partial corrective action taken: Our team attended professional development training during the year. The team continues to attend trainings to stay current on governmental accounting standards and will continue to seek out additional trainings.

Our team has utilized our reporting software to identify possible errors, and we have implemented an upgrade to the software, which allowed us to remove one layer of linking complexity.

Our team met with the Department of Administration to discuss other post-employment benefit information required to be reported in the financial statements and agreed on the information the Department provides to SCO for reporting.

Our team identified common errors reported by agencies in the prior year and documented them as part of our annual agency risk assessment. At the beginning of financial statement preparation and again after closing packages were submitted, our team reviewed the risk assessment and identified agencies that may be higher risk. The common errors were also discussed during our annual training to the agencies.

Our team evaluated and improved internal review procedures for the CAFR compilation by improving the closing package platform to include a new review feature. This allows the SCO reviewer and users to easily see that closing packages have been reviewed by at least one reviewer. The Office continues to have entries of \$5 million or more, as well as unusual or uncommon entries to be reviewed before being processed.

Idaho Department of Health and Welfare

Finding Number 2018-102: The Department does not have adequate controls in place to ensure the accuracy of drug rebate revenue received from the third-party billing contractor, Magellan Medicaid Administration (Magellan).

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-103: Medicaid eligibility rate codes determined by age were not modified in the Medicaid Management Information System (MMIS).

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-104: An investment account closing package was erroneously submitted for funds not belonging to the Department.

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-105: Misclassification of expenditures resulted in an \$898,025 overstatement of Work in Process (WIP) and a corresponding understatement of Intangible Assets reported on the capital asset closing package.

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Transportation Department

Finding Number 2018-106: Procedures were not adequately designed to identify accounts payable related to work performed under construction contracts.

Related to Prior Finding: N/A

Current Status: Corrected

**STATE OF IDAHO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**MANAGEMENT'S FOLLOW-UP FOR
FEDERAL PRIOR FINDINGS AND QUESTIONED COSTS**





March 31, 2020

April Renfro, CPA
Division Manager
Legislative Services Office, Audit Division
700 W Jefferson Street
P.O. Box 83720
Boise, Idaho 83720-0054

Dear Ms. Renfro,

Enclosed with this letter is the State of Idaho's Summary Schedule of Prior Audit Findings related to the fiscal year 2019 Single Audit.

The State's Summary Schedule of Prior Audit Findings is a compilation of the prior audit finding information provided to us by the applicable state agencies. The summary schedule document is prepared in conjunction with your fiscal year 2019 single audit. We believe it satisfies the requirements in the *Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* §200.511(a)-(b) for an audit findings follow-up.

We appreciate the efforts of the Idaho Legislative Services Office in completing the Single Audit for the State for fiscal year 2019. If you have any questions regarding the Summary Schedule of Prior Audit Findings, please do not hesitate to contact Tiffini LeJeune at 208-332-8800.

Sincerely,

A handwritten signature in blue ink that reads "Brandon D Woolf". The signature is written in a cursive style with a blue ink pen.

Brandon D Woolf
State Controller



Summary Schedule of Prior Audit Findings - Single Audit
For the fiscal year ended June 30, 2019

Idaho Commission on Aging

Finding Number 2018-201: Internal control weaknesses exist in the process used by the Commission to track and report federal grant expenditures and request reimbursement from the grantor.

Federal Programs: 93.044, 93.045, and 93.053 - Aging Cluster

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-202: Internal controls over adjustments to expenditures for the Special Programs for the Aging Cluster failed to ensure underlying transactions were charged to the correct grant.

Federal Programs: 93.044, 93.045, and 93.053 - Aging Cluster

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Department of Fish and Game

Finding Number 2018-203: Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the Pacific Coast Salmon Recovery grant.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-204: Deficiencies in internal control allowed errors to go undetected in the performance reports submitted for the Pacific Coast Salmon Recovery program.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Partially Corrected

Partial Corrective Action Taken: The Department has reviewed our performance reporting process and procedures for reporting on the Pacific Coast Salmon Recovery program to the Office of Species Conservation (OSC). We have settled on a final process that is designed to verify that the financial data on the performance report matches the financial data on the associated financial report.

Reason for Recurrence: Since we have not closed this grant since this finding was issued, we have listed this finding as partially corrected.

Idaho Department of Health and Welfare

Finding Number 2018-205: The Department does not have adequate controls in place to ensure the accuracy of drug rebate revenue received from the third-party billing contractor, Magellan Medicaid Administration (Magellan).

Federal Program: CFDA #93.777, 93.778 - Medicaid Cluster

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-206: Medicaid eligibility rate codes determined by age were not modified in the Medicaid Management Information System (MMIS).

Federal Program: CFDA #93.777, 93.778 - Medicaid Cluster

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-207: Cost allocation statistics are not reviewed prior to being entered into the Financial Information System and Cost Allocation (FISCAL).

Federal Programs: 10.551 - Supplemental Nutrition Assistance Program (SNAP); 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); 93.568 - Low-Income Home Energy Assistance (LIHEAP); 93.575 - Child Care and Development Block Grant (CCDF); 93.596 - Child Care Mandatory and Matching Funds (CCDF); 93.777 - State Survey and Certification of Health Care Providers and Suppliers (Medicaid); 93.778 - Medical Assistance Program (Medicaid)

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-208: Procurement and Suspension and Debarment procedures intended to ensure compliance with federal requirements for the Medicaid program were not consistently implemented.

Federal Programs: CFDA #93.778 - Medical Assistance Program (Medicaid)

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Military Division

Finding Number 2018-209: Internal control procedures are not designed or implemented effectively to ensure compliance with the suspension and debarment requirements of the grant.

Federal Programs: CFDA # 12.401 –National Guard Military Operations and Maintenance (O&M) Projects

Related to Prior Finding: N/A

Current Status: Corrected

Office of Species Conservation

Finding Number 2018-210: Subrecipient monitoring procedures are not adequate to ensure compliance with Pacific Coast Salmon Recovery program requirements.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-211: Deficiencies in internal control allowed errors to go undetected in a final performance report submitted to the federal grantor for the Pacific Coast Salmon Recovery program.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Partially Corrected

Partial Corrective Action Taken: For final closeout of grant, the Project Manager sends final project reports, budget spreadsheets, and any other pertinent documentation to Financial Officer and Program

Manager for review prior to closing the grant and submitting to NOAA. This process is also being implemented for closing out each project funded with the grant.

For the Federal Financial Report (SF425), the Project Manager sends an IBIS report, DAFR7850 and a 'cash receipts' report as source documentation for review by the Financial Officer prior to submission of the SF425.

Reason for Recurrence: This finding was addressed in May 2019. Due to the timing of when changes were made, this finding was not fully corrected for fiscal year 2019.

Finding Number 2018-212: Internal controls to ensure compliance with cash management requirements for the Pacific Coast Salmon Recovery program were not present.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Corrected

Finding Number 2018-213: Review of federal suspension and debarment status is not adequately documented to demonstrate compliance with federal requirements for the Pacific Coast Salmon Recovery program.

Federal Programs: CFDA #11.438 - Pacific Coast Salmon Recovery, Pacific Salmon Treaty Program

Related to Prior Finding: N/A

Current Status: Corrected

Uncorrected Prior Findings

Idaho Department of Health and Welfare

Finding Number 2017-208: Internal controls failed to prevent or identify and correct errors in the Child Care Development Fund (CCDF) ACF-404 Error Rate Report

Federal Program: CFDA #93.575, 93.596 - CCDF Cluster

Related to Prior Finding: N/A

Current Status: Corrected

Idaho Transportation Department

Finding Number 2017-210: Internal controls over the wage rate compliance requirement in the Highway Planning and Construction program are not adequate to ensure that all certified weekly payrolls are received and that required reviews of those payrolls are consistently performed.

Federal Program: 20.205 - Highway Planning and Construction Cluster

Related to Prior Finding: N/A

Current Status: Closed

Finding Number 2017-211: Internal control policies and procedures did not ensure compliance with the suspension and debarment requirements of the Highway Planning and Construction program.

Federal Program: 20.205 - Highway Planning and Construction Cluster

Related to Prior Finding: N/A

Current Status: Partially Corrected

Partial Corrective Action Taken: ITD's Contracting Services section is responsible for advertising and awarding the majority of the federal-aid construction contracts for ITD, LHTAC, and ACHD. Prior to award of a federal-aid contract, Contracting Services will verify compliance with suspension and debarment requirements and will document this verification on the Contract Award Checklist. Part of this verification will be to utilize the System for Award Management (SAM) Exclusions as recommended by the audit.

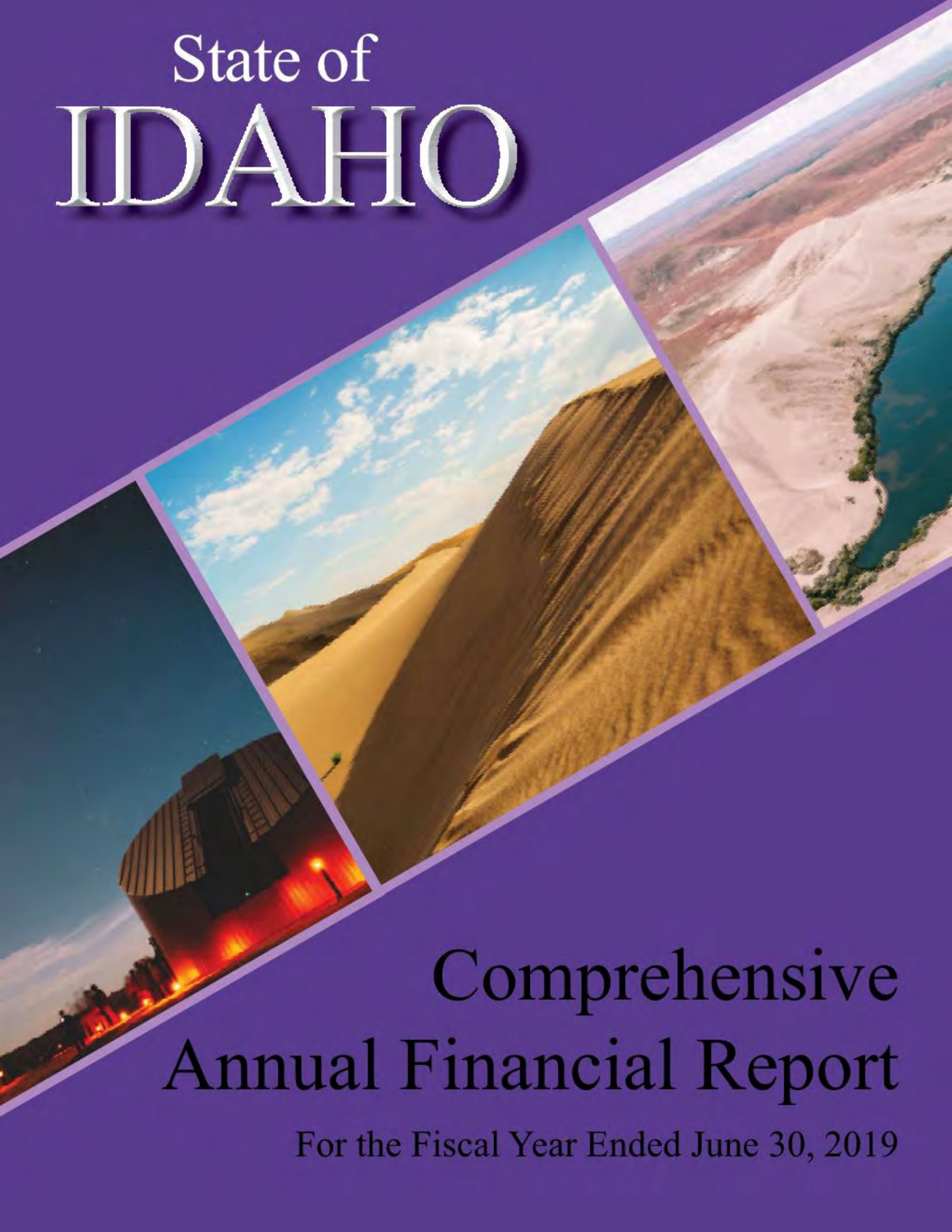
As mentioned previously for Item 1, each federal-aid contract includes the FHWA-1273, Section X. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion. By signing and submitting a proposal, the contractor certifies that they are not presently debarred, suspended, or proposed for debarment and that they will include this same clause in contracts with subcontractors (lower tiered participants).

As an added precaution, at the award of each contract, Contracting Services staff will post the Contract Award Checklist, including the date reviewed in the Contracts and Plans folder in Project Wise.

In some cases LHTAC, ACHD, Cities, Counties, Highway Districts, or ITD's Business and Supply Management (BSM) section may also award federal-aid construction contracts independently of ITD's Contracting Services section. Through Stewardship & Oversight Agreements, State/Local Agreements, and other applicable ITD procedure manuals, ITD will require that federal-aid contracts include the FHWA-1273 provisions and that the SAM website be checked prior to award of the contract. Anticipated Corrective Action Date: ITD's intent is that within 90 days, these will be working as reported.

Reason for Recurrence: Corrective actions were implemented in May 2018. Due to the timing, there were likely FY18 contracts that did not utilize the new policies and procedures implemented near the end of the fiscal year.

State of IDAHO



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Castle Rocks State Park

All photos courtesy of Idaho Tourism



On the Cover:
Bruneau Dunes State Park

All photos courtesy of Idaho Tourism

State of
IDAHO

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2019

Brad Little
Governor

Brandon D Woolf
State Controller

Prepared by the Office of the State Controller
This document and related information are available at www.sco.idaho.gov



Brandon D Woolf, MBA
State Controller

ACKNOWLEDGMENTS:

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Kirsten Pruett, CPA, CGFM
Brandon Purcell, CGFM, CFE
Sandra Tisdale, CFE

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

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



Comprehensive Annual Financial Report

IDAHO

For the Fiscal Year Ended June 30, 2019

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Comprehensive Annual Financial Report

IDAHO

For the Fiscal Year Ended June 30, 2019

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Introductory Section



Old Mission State Park



December 20, 2019

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

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019, in accordance with Idaho Code Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

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

In accordance with Idaho Code Section 67-702, the Legislative Audit Division of the Idaho Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2019. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

In addition, the Legislative Audit Division conducts statewide audits under the Federal Single Audit Act of 1984 and the Code of Federal Regulations Title 2, Grants and Agreements, in order to meet the special needs of federal grantor agencies. Information regarding Idaho's Single Audit is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on page 5 and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Idaho was admitted into the Union as the 43rd state in 1890. The State covers 83,569 square miles and has a population of 1.8 million people.

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

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

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS) to ensure expenditures do not exceed authorized appropriations. The expenditures of any fiscal year may not exceed anticipated revenues, ensuring a balanced budget. The budgetary process is further described in the note to the budgetary schedule on page 124 and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

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

Per Idaho Code, the State is able to maintain reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Overall increases in the reserve funds indicate the State's continued economic stability and growth.

<u>Fund and Idaho Code</u>	<u>FY19 End Balances</u>	<u>Dollar Change</u>
Budget Stabilization (57-814)	\$ 369.7 M	\$ 23.5 M
Economic Recovery (67-3520)	0.2 M	(0.7) M
Public Education Stabilization (33-907)	81.7 M	17.4 M
Higher Education Stabilization (33-3726)	7.7 M	2.4 M
Totals	<u>\$ 459.3 M</u>	<u>\$ 42.6 M</u>

Note 14 contains additional detailed information regarding reserve funds.

Economy

The unemployed population in Idaho has been in the 24,000 to 26,000 range since the beginning of 2018, while the labor force has grown from 840,000 to 880,000. Currently the unemployment rate is 2.9 percent. The bulk of those employed are in nonfarm jobs, which has crossed 760,000 jobs in the state. In the last few years, nonfarm employment has increased 3.1-3.3 percent per year. The forecast for nonfarm jobs is that growth will be 2.9 percent in 2019, followed by 2.7 percent in 2020 and 2.1 percent in both 2021 and 2022.

Growth in healthcare and the private education sector has averaged around 3.0 percent per year since 2010. The forecast has growth at a similar pace going forward. Overall employment in healthcare and private education crossed 110,000 jobs this year, and it is forecast to reach above 123,000 by the end of 2022.

Idaho's employment in construction has grown markedly for several years despite a tight labor market. Average growth in employment has been near 8.0 percent per year for the sector. Growth going forward is still projected near 4.0 percent, well above the overall employment growth expected for the state. Total jobs in construction are over 50,000.

Retail trade employment at the national level continues to contract slightly. Idaho seems to be insulated from this trend, likely buttressed by expanding population and personal income. National brands continue to close, but the companies that have recently announced closings have smaller presences in Idaho. Retail trade is expected to expand by 1.2 percent on average across the forecast, whereas the national trend is for contraction by about two-thirds of a percent per year on average.

Personal income in Idaho crossed the \$80 billion level in 2019. It reached \$60 billion in 2014. In two years, it is expected to cross \$90 billion. Average wages were below \$40,000 per year in 2014. This year they are projected to be above \$45,000. By 2021 they are expected to approach \$49,000. Overall wage and salary payments total \$35.7 billion in the state and are projected to cross \$40 billion in 2021.

The rising housing market is reflected in personal income gains for homeowners across the state. The annual observed growth rate for dividends, interest and rent within Idaho has outpaced that of overall personal income in the state for four years, often by three percentage points, and currently represents just under a quarter of personal income in the state.

Total housing starts within the state are predicted to close 2019 at the 16,000-unit level, just off from the 2018 level. By 2022, single-family housing starts are predicted to be up 4.6 percent per year on average and multi-family housing starts are expected to be up 1.5 percent on average.

Several announcements could have large impacts in the Treasure Valley. HP has announced cutbacks in its printing division, amounting up to 9,000 worldwide. The Boise portion of cutbacks has not yet been finalized. Amazon confirmed the 2020 construction of a distribution center in Nampa, which is projected to sustain 1,000 jobs once it is fully operational. Employment growth rates in transportation and warehousing as well as wholesale trade for the state are projected to exceed the national trends in 2020 and 2021.

The governor announced a \$576 million trade deal for wheat sales to Taiwan. This is a two year deal and it represents growth of 10 percent in shipments.

Long-Term Financial Planning

Idaho General Fund receipts for fiscal year (FY) 2019 were slightly lower than projected. Collections for the fiscal year were expected to be \$3.8 billion which was a 0.5 percent increase from FY 2018. This gradual pace anticipated the first-year impacts of across the board individual and corporate income tax rate reductions and the new Idaho Child Income Tax Credit that were introduced in calendar year (CY) 2018. They were estimated to reduce FY 2019 General Fund revenue by \$226.9 million. Actual FY 2019 General Fund receipts grew just 0.1 percent from the previous year to \$3.8 billion, which is \$15.7 million (0.4

percent) less than expected. The last time collections fell under the forecast was in FY 2010, when they were short \$84.7 million.

In order to improve and maintain the State's system of roads and highways, the Legislature authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds in 2006. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. As of June 30, 2019, \$793.9 million has been borrowed from issued bonds.

Major Initiatives

- The Department of Health and Welfare received an appropriation of \$3.4 billion in FY 2020, an increase of 10.2 percent from the previous year. Medicaid spending represents 82.8 percent of the Department's total appropriation. Federal funding provided 65.0 percent of the Department's total appropriation. General Fund funding for Medicaid increased 17.5 percent.
- The Public Schools' appropriation is \$2.3 billion for FY 2020, a General Fund increase of \$113.1 million and a \$127.2 million overall increase from FY 2019. Some of the highlights of the increased appropriation include:
 - \$49.7 million for teacher compensation
 - \$3.8 million for increase to minimum starting teacher pay
 - \$7.3 million for 3.0 percent base salary increase for administrators and classified staff
 - \$21.8 million for operational support
 - \$13.1 million for K-3 literacy initiative
- A total appropriation of \$276.7 million for the Department of Correction in FY 2020 is a reduction of 0.4 percent from the prior year.
- House Bill 246 provided \$3.4 million for the first phase of the Governor's technology modernization and consolidation initiatives. When netted across all the agencies, the initiative removed 16.00 FTP and \$1.0 million in personnel costs to consolidate information technology positions from eight agencies into the Office of Information Technology Services. The IT Modernization is planned to take five years and may include all executive agencies except constitutional officers; some agencies may retain an embedded IT component.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its CAFR for the fiscal year ended June 30, 2018. This is the 22nd consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

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

Respectfully submitted,



Brandon D Woolf
Idaho State Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

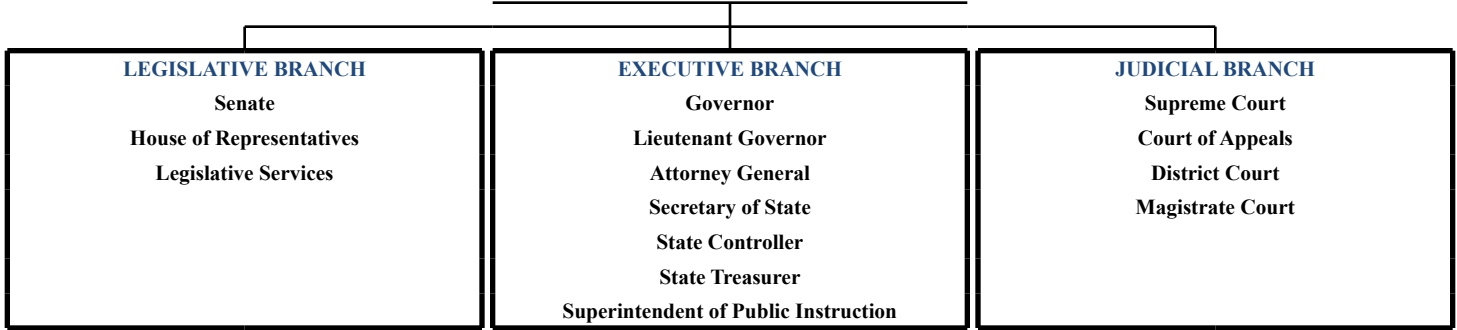
June 30, 2018

Christopher P. Morrill

Executive Director/CEO



Citizens of Idaho



State Entities by Function

General Government	Education	Natural Resources	Economic Development
Board of Tax Appeals	Boise State University	Departments of:	Appellate Public Defender
Commissions:	Career and Technical Education	Environmental Quality	Boards of:
Aging	Idaho State University	Fish and Game	Accountancy
Arts	Lewis-Clark State College	Lands	Dentistry
Blind and Visually Impaired	Public Broadcasting	Parks and Recreation	Engineers and Surveyors
Idaho Code	State Board of Education	Water Resources	Medicine
Tax	University of Idaho	Endowment Fund	Nursing
Uniform Laws	Vocational Rehabilitation	Investment Board	Outfitters and Guides
Department of Administration		Fish and Wildlife Foundation	Pharmacy
Division of:		Lava Hot Springs Foundation	Veterinary Medicine
Financial Management		Office of Energy Resources	Bureau of Occupational Licenses
Human Resources		Wolf Control Board	Commissions:
Liquor			Dairy Products
Military			Hispanic Affairs
Offices of:			Industrial
Drug Policy			Libraries
Information Technology Services			Lottery
Performance Evaluations			Potato
Species Conservation			Public Defender
Public Employee			Public Utilities
Retirement System			Real Estate
State Bar			Soil and Water Conservation
State Building Authority			Wheat
STEM Action Center			Departments of:
			Agriculture
			Commerce
			Finance
			Insurance
			Labor
			Transportation
			Divisions of:
			Building Safety
			Veterans Services
			Historical Society
			Workforce Development Council
	Public Safety	Health and Human Services	
	Brand Inspector	Catastrophic Health Care	
	Commissions:	Department of Health	
	Pardons and Parole	and Welfare	
	Racing		
	Correctional Industries		
	Departments of:		
	Correction		
	Juvenile Corrections		
	Idaho State Police		



Statewide Elected Officials

IDAHO



Brad Little
Governor



Lawrence Denney
Secretary of State



Brandon D Woolf
State Controller



Janice McGeachin
Lieutenant Governor



Julie A. Ellsworth
State Treasurer



Lawrence G. Wasden
Attorney General



Sherri Ybarra
*Superintendent of
Public Instruction*



Scott Bedke
*Speaker,
Idaho House of
Representatives*



Roger S. Burdick
*Chief Justice,
Idaho Supreme Court*



Brent Hill
*President
Pro Tempore,
Idaho State Senate*



Financial Section



Harriman State Park



Legislative Services Office

Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

December 20, 2019

Independent Auditor's Report

Honorable Brad Little, Governor
Honorable Members of the Legislature
Honorable Brandon D Woolf, State Controller

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Idaho State University, Lewis-Clark State College, University of Idaho, and their respective component units, Idaho Fish and Wildlife Foundation, Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Idaho Endowment Fund Investment Board, Idaho Lottery, Public Employee Retirement System of Idaho, Idaho Public Employees' Deferred Compensation Plan, IDEal Idaho College Savings Program, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, Idaho State Treasurer – Assets Under Management, Idaho State Building Authority, Idaho Bond Bank Authority, and the Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), which represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	36.0%	4.4%
Business-Type Activities	65.6%	71.6%
Aggregate Discretely Presented Component Units	98.9%	98.4%
General Fund	61.0%	1.0%
Health and Welfare Fund	18.2%	0.1%
Transportation Fund	74.7%	1.5%
Land Endowments Fund	95.6%	98.6%
College and University Fund	100.0%	100.0%

Kristin Ford, Manager
Research & Legislation

Paul Headlee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Unemployment Compensation Fund	21.8%	7.4%
Loan Fund	33.7%	26.0%
Aggregate Remaining Fund Information	97.2%	84.0%

Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Boise State University Foundation, Idaho State University Foundation, Idaho Fish and Wildlife Foundation, Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), and the Idaho Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, are not covered by our report in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

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

Sincerely,



April Renfro, CPA, Manager
Legislative Services Office, Audits Division

INTRODUCTION

This section of the State's annual financial report presents our discussion and analysis of the State's financial performance during the fiscal year that ended June 30, 2019. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section, and the financial statements beginning on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The *Statement of Net Position* reports all of the State's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as a net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

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

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

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

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

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

Fund Financial Statements

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

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

Two schedules in the governmental fund financial statements (pages 21 and 25) reconcile the amounts reported on the governmental fund financial statements (short-term focus) with governmental activities and balances reported on the appropriate government-wide statements (long-term focus). Comparing the information presented for governmental funds with similar information presented in the government-wide financial statements may provide a

better understanding of the long-term impact of the State's near-term financing decisions.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

The notes to the financial statements are followed by required supplementary information that further supports the information in the financial statements. The Required Supplementary Information section begins on page 125 and includes the following:

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

Other Supplementary Information

Combining financial statements, starting on page 141, are presented to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements agree with the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Net position measures the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position may serve over time as a useful indicator of the State's financial position. The State's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14.4 billion for the most recent fiscal year. The State's

combined net position increased \$550.4 million over the course of this fiscal year's operations. Net position of governmental activities increased \$418.5 million and business-type activities' net position increased \$131.9 million. Net position changes between the current and prior fiscal year are described in the governmental activities and business-type activities sections on page 9.

Net Position						
June 30, 2019 and 2018						
<i>(dollars in thousands)</i>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018*	2019	2018*	2019	2018*
Assets						
Current and Other Assets	\$ 6,486,842	\$ 6,287,694	\$ 2,253,767	\$ 2,166,533	\$ 8,740,609	\$ 8,454,227
Capital Assets	7,339,222	7,003,946	1,295,127	1,247,121	8,634,349	8,251,067
Total Assets	13,826,064	13,291,640	3,548,894	3,413,654	17,374,958	16,705,294
Deferred Outflows of Resources	157,962	158,699	43,551	37,160	201,513	195,859
Total Assets and Deferred Outflows of Resources	13,984,026	13,450,339	3,592,445	3,450,814	17,576,471	16,901,153
Liabilities						
Other Liabilities	716,907	608,717	167,280	143,008	884,187	751,725
Long-Term Liabilities	1,543,316	1,565,028	624,303	654,948	2,167,619	2,219,976
Total Liabilities	2,260,223	2,173,745	791,583	797,956	3,051,806	2,971,701
Deferred Inflows of Resources	92,566	63,825	81,946	65,881	174,512	129,706
Total Liabilities and Deferred Inflows of Resources	2,352,789	2,237,570	873,529	863,837	3,226,318	3,101,407
Net Position						
Net Investment in Capital Assets	6,504,003	6,221,399	838,384	790,198	7,342,387	7,011,597
Restricted	3,849,394	3,761,395	1,675,978	1,544,643	5,525,372	5,306,038
Unrestricted	1,277,840	1,229,975	204,554	252,136	1,482,394	1,482,111
Total Net position	\$ 11,631,237	\$ 11,212,769	\$ 2,718,916	\$ 2,586,977	\$ 14,350,153	\$ 13,799,746

*Amounts in these columns have been restated. More detailed information regarding net position can be found in Note 14.

The largest component of the State's net position, 51.2 percent (\$7.3 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, software, and capital assets in progress), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net position is the next largest component, comprising 38.5 percent (\$5.5 billion). These resources are not available for general use due to restrictions placed on them by external parties such as creditors, grantors, or contributors; or by state law through constitutional provisions or enabling legislation.

The remaining 10.3 percent (\$1.5 billion) of net position represents unrestricted net position, which may be used at the State's discretion but often has limitations on use based on state statutes.

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

Change in Net Position

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

Changes in Net Position							
For the Fiscal Years Ended June 30, 2019 and 2018							
(dollars in thousands)							
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2019	2018*	2019	2018*	2019	2018*	
Revenues							
Program Revenues							
Charges for Services	\$ 867,510	\$ 818,281	\$1,211,774	\$1,154,678	\$ 2,079,284	\$ 1,972,959	5.4
Operating Grants and Contributions	3,250,723	3,180,624	305,727	301,757	3,556,450	3,482,381	2.1
Capital Grants and Contributions	3,144	4,321	29,199	43,551	32,343	47,872	(32.4)
General Revenues							
Sales Tax	1,899,088	1,805,363			1,899,088	1,805,363	5.2
Individual and Corporate Taxes	1,958,640	2,091,958			1,958,640	2,091,958	(6.4)
Other Taxes	591,255	596,719			591,255	596,719	(0.9)
Other	63,253	60,991			63,253	60,991	3.7
Total Revenues	8,633,613	8,558,257	1,546,700	1,499,986	10,180,313	10,058,243	1.2
Expenses							
General Government	644,708	512,086			644,708	512,086	25.9
Public Safety and Correction	466,263	439,116			466,263	439,116	6.2
Health and Human Services	3,048,267	3,079,063			3,048,267	3,079,063	(1.0)
Education	2,325,261	2,229,172			2,325,261	2,229,172	4.3
Economic Development	1,047,957	996,854			1,047,957	996,854	5.1
Natural Resources	314,839	303,441			314,839	303,441	3.8
Interest Expense	87,846	52,271			87,846	52,271	68.1
College and University			1,169,944	1,155,209	1,169,944	1,155,209	1.3
Unemployment Compensation			89,446	86,600	89,446	86,600	3.3
Loan			10,122	6,448	10,122	6,448	57.0
State Lottery			228,352	211,916	228,352	211,916	7.8
State Liquor			184,756	172,786	184,756	172,786	6.9
Correctional Industries			12,145	9,429	12,145	9,429	28.8
Total Expenses	7,935,141	7,612,003	1,694,765	1,642,388	9,629,906	9,254,391	4.1
Increase (Decrease) in Net Position before Transfers	698,472	946,254	(148,065)	(142,402)	550,407	803,852	(31.5)
Transfers	(280,004)	(255,340)	280,004	255,340			
Change in Net Position	418,468	690,914	131,939	112,938	550,407	803,852	(31.5)
Net Position, Beginning of Year, as Restated	11,212,769	10,521,855	2,586,977	2,474,039	13,799,746	12,995,894	6.2
Net Position, End of Year	\$11,631,237	\$11,212,769	\$2,718,916	\$2,586,977	\$14,350,153	\$13,799,746	4.0

*Amounts in these columns have been restated.

The Total Percent Change column shows the percentage change in operation from fiscal year 2018 to 2019 for each line item. Readers should be cautious when using this column to evaluate the overall change in net position. Although a line may show a large percentage change (e.g., 68.1 percent increase for Interest Expense of \$35.6 million), it may not have as significant of an effect on the overall change in net position as a change in a more material line item with a smaller percentage change (e.g., 4.3 percent increase for Education of \$96.1 million).

Governmental Activities

Revenues

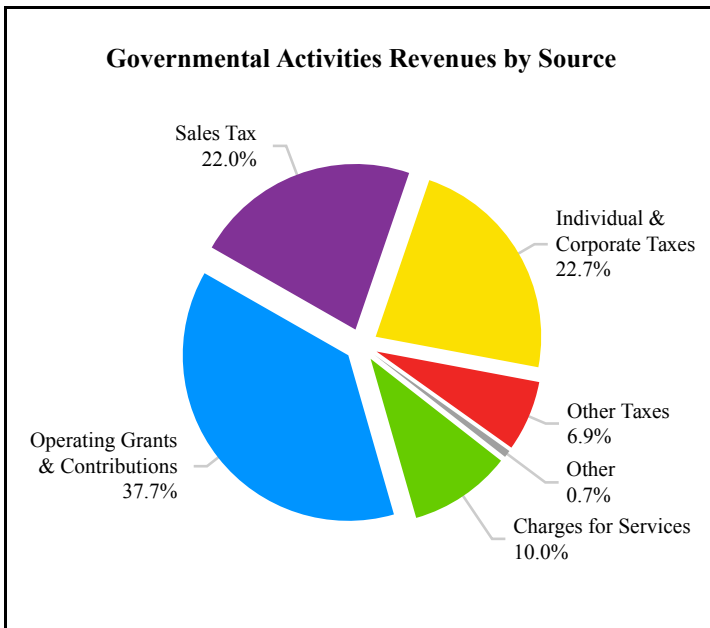
The overall financial position for Governmental Activities significantly improved during the fiscal year, as evidenced by the 3.7 percent (\$418.5 million) increase in net position. Revenues continued to outpace expenses in most categories. Individual and corporate income taxes revenue decreased 6.4 percent (\$133.3 million). Operating grant revenue increased 2.2 percent (\$70.1 million), primarily due to large increases in health and other federal grants and contributions. Increased collection mainly in technical services along with increases in interest income and across the board increases to the fair value of investments caused revenue from charges for services to rise 6 percent (\$49.2 million). Sales Tax revenue improved by 5.2 percent (\$93.7 million), while Other Tax revenue experienced a fall of 0.9 percent (\$5.5 million). Individual and corporate

income tax decrease was due mainly to the first-year impacts of cross the board individual and corporate income tax rate reductions that were introduced in 2018.

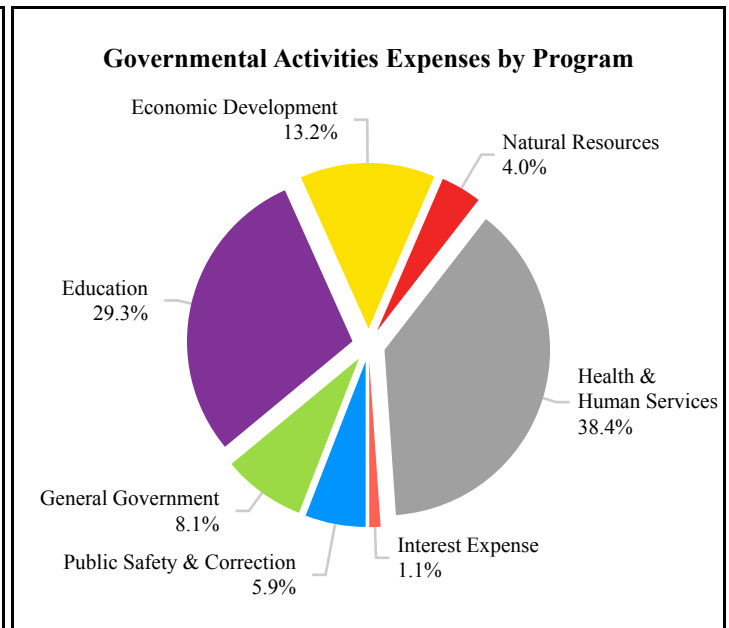
Expenses

Overall expenses for the State increased 4.2 percent (\$323.1 million). Education expenses rose 4.3 percent (\$96.1 million) primarily due to increase in the distribution of public school funds. Expenses for economic development rose 5.1 percent (\$51.1 million) due largely to construction in progress. Finally, health and human services expenses experienced a 1.0 percent (\$30.8 million) decrease from the prior year primarily due to medical assistance vendor payments.

The following charts depict revenues and expenses of the governmental activities for fiscal year ended June 30, 2019:



Total Revenues = \$8.6 billion



Total Expenses = \$7.9 billion

Business-Type Activities

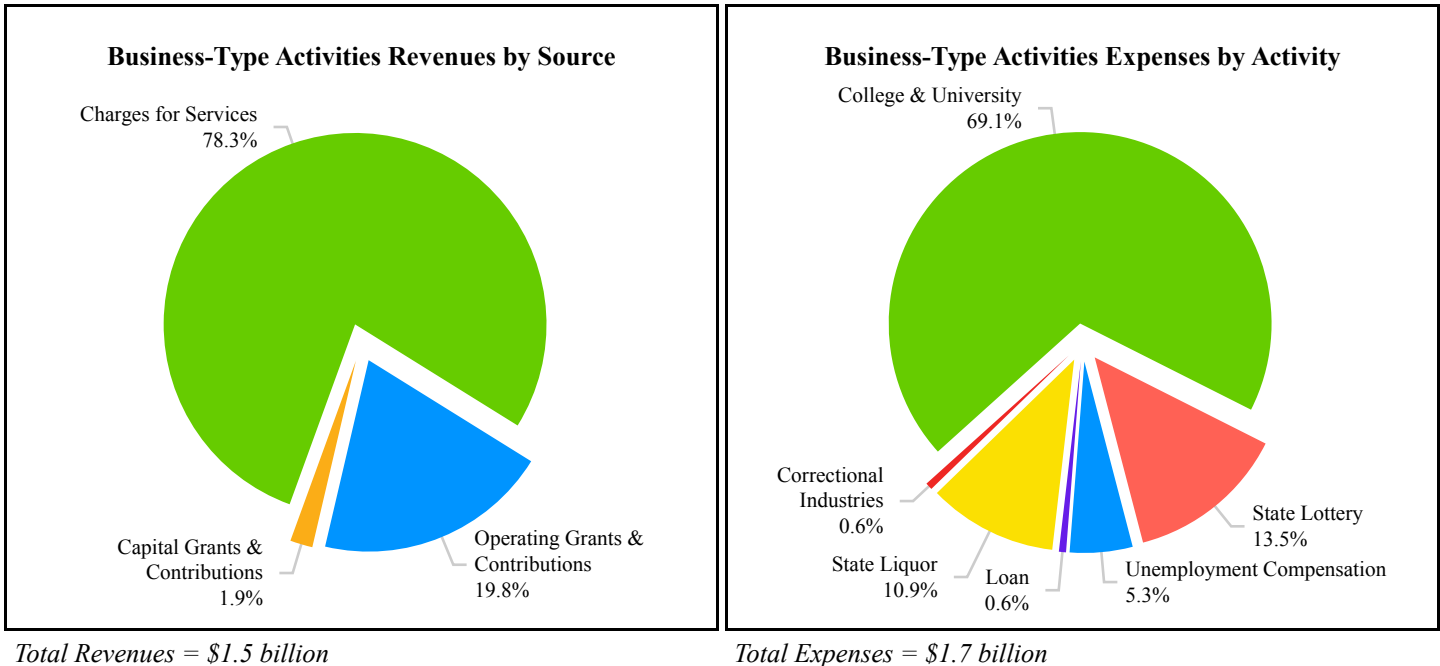
Business-type activities' net position increased by 5.1 percent (\$131.9 million) during the fiscal year. The largest changes were seen in the following funds:

- The College and University fund net position increased by 1.2 percent (\$12.9 million) from the prior year to \$1.1 billion. Expenses grew 1.3 percent (\$14.7 million) due in combination of increase in both

salary and institutional services costs along with the loss of Perkins Federal Capital Contribution funding totaling just over \$17 million.

- Unemployment Compensation fund net position improved 6.8 percent (\$57.8 million) due to Idaho's continued low unemployment rate.

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



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$5.2 billion, an increase of \$157.9 million in comparison with fiscal year 2018. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: \$1.8 billion (34.2 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: \$2.0 billion (37.7 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: \$635.3 million (12.1 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or by a governing body or official: \$81.5 million (1.6 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund: \$753.8 million (14.4 percent)

Changes in the fund balance noted above are described by major fund type as follows:

- The General Fund is the chief operating fund of the State. During the fiscal year the fund balance increased

4.3 percent (\$74.6 million) primarily due to a \$92.4 million increase in sales tax revenue.

- The Health and Welfare fund balance increased 26.8 percent (\$15.2 million) during the fiscal year. The primary driver of the fund balance incline was in combination of increased operating grants and contributions along with decrease in uncollected medical assistance payments for Medicaid and rehabilitation services.
- The Transportation fund balance decreased 9.9 percent (\$36.0 million) during the fiscal year primarily due to decrease in other taxes collected and increased expenditure in capital outlay.
- The Land Endowments fund balance increased 4.8 percent (\$112.2 million) from the prior year primarily due to the ongoing sales of endowment land.
- The Nonmajor Governmental fund balance decreased 1.2 percent (\$8.1 million) during the fiscal year. Decreases are largely due to bonds and notes issued for various projects.

Proprietary Funds

Proprietary funds provide the same type of information found in the Business-Type Activities columns of the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State does not adopt a revenue budget; therefore, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. General Fund revenues for the fiscal year ended slightly lower than anticipated at \$4.4 billion. Most of the General Fund revenue comes from various types of tax collections; these collections increased only 0.1 percent over 2018. The sum of the collections were below the projected 0.5 percent growth stemming from reductions in three major revenue categories; individual income tax, corporate income tax rate, and the new Idaho Child Income Tax Credit. Individual income tax receipts (\$1.7 billion) fell short of the forecast by (6.4) percent (\$112.7) million). In contrast Corporate income tax receipts (\$283.2 million) came in 26.9 percent (\$60 million) above forecast \$223.2 million. Sales tax contributions (\$1.6 billion) exceeded projections by 1.4 percent (\$22.1 million). Product tax revenue (\$64.3 million) for the year also fell short of the anticipated collections (\$64.8 million) by -0.8 percent (\$0.5 million). Miscellaneous sources (\$128.3 million) surpassed the

projected \$113 million by 13.6 percent (\$15.3 million). The cash balance carried over into fiscal year 2019 was \$52.2 million. Overall, General Fund receipts were \$3 million more in fiscal year 2019 than in fiscal year 2018.

The original expenditures budget amount on the Budgetary Comparison Schedule represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable \$281.4 million (6.6 percent). The natural resources function within the General Fund reported a negative variance of \$19.4 million stemming from the aquifer planning and management fund. This deficit is allowed by statute and will be funded with future appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2019 the State had \$8.6 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled \$187.7 million.

Capital Assets as of June 30, 2019 and 2018						
<i>(Net of depreciation, dollars in thousands)</i>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018*	2019	2018	2019	2018*
Land and Land Use Rights	\$ 1,187,998	\$ 1,135,777	\$ 165,136	\$ 143,648	\$ 1,353,134	\$ 1,279,425
Capital Assets in Progress	1,227,580	1,151,248	97,469	41,932	1,325,049	1,193,180
Infrastructure-not Depreciated	3,015,639	2,767,488			3,015,639	2,767,488
Historical Art and Collections	122	122	2,435	2,423	2,557	2,545
Buildings and Improvements	678,829	704,038	922,016	945,279	1,600,845	1,649,317
Improvements Other Than Buildings	98,617	95,181	28,522	29,111	127,139	124,292
Machinery, Equipment, and Other	275,173	278,736	79,549	84,728	354,722	363,464
Infrastructure-Depreciated	855,264	871,356			855,264	871,356
Total	\$ 7,339,222	\$ 7,003,946	\$ 1,295,127	\$ 1,247,121	\$ 8,634,349	\$ 8,251,067

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

This year's major capital asset additions include \$441.8 million spent for infrastructure assets, which includes capital assets in progress (\$179 million), roadways (\$253.9 million), and rights-of-way (\$8.8 million).

The State uses the traditional method of depreciation for its 1,814 bridges, 29 rest areas, 12 ports of entry, and 10 weigh stations. The State adopted the modified approach for reporting roads. Under this alternative method certain maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 12,273

lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using three pavement condition data elements: International Roughness Index (IRI), rutting depth, and Overall Condition Index (OCI). Developed as part of refinements to the Transportation Asset Management System (TAMS), the OCI is unique to Idaho. Roadway surface is categorized as good, fair, or poor. The State's established condition

level is to have no more than 30 percent of pavement in poor condition. The latest condition assessment rating showed that the State had 9.3 percent of its road surfaces in poor condition. During fiscal year 2019 the State spent \$185 million to maintain Idaho's road surfaces. This amount is 43 percent (\$56.1 million) more than the estimated amount of \$129 million required to maintain Idaho's road surfaces. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

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

Idaho Code Title 40 addresses the increasing need for timely improvements to Idaho's highway infrastructure. The Idaho Transportation Board, with the approval of the Legislature, can approve debt financing for transportation infrastructure projects utilizing future federal-aid highway revenues. Opinions have been received from the Office of the Attorney General, based on the Idaho Supreme Court decision in *Ada County v. Wright*, to the effect that this procedure does not create a liability of the State in violation of the Idaho Constitution.

During fiscal year 2019, the Idaho Housing Finance Association issued a new \$114.1 million GARVEE bond (2019 Series A) for highway projects. The notes payable ending balance for highway projects was \$495.0 million.

Moody's Investors Service has assigned the State of Idaho an issuer rating of Aa1 with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the state building revenue bonds issued by the Idaho State Building Authority is rated Aa2, with a stable outlook. More detailed information about the State's long-term debt is presented in Notes 1 and 13 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Idaho's unemployment rate remained at 2.9 percent in August 2019 continuing at or below 3 percent for the 21st consecutive month. The State's labor force grew over the last year from 860,134 in August 2018 to 876,405 in July 2019. The national unemployment rate in August was 3.7 percent. Total state employment in September was 856,588, up from 837,896 in 2018.

Revenue for fiscal year 2020 is projected to rise 5.2 percent (\$194.2 million) resulting from the first year impacts of major changes to federal and state income tax laws.

The overall General Fund budget for fiscal year 2020 is \$3.9 billion (7.1 percent increase). Medicaid received \$687.4 million (17.5 percent increase); and the

Department of Correction received \$249.9 million (3.8 percent increase). Contributions to the State's budget reserves increased by \$45.1 million during fiscal year 2019.

For the fifth year in a row the Legislature increased the General Fund appropriation for education. The Legislature approved the following General Fund appropriation increases related to education:

- Public schools (K-12): 6.3 percent (\$113.1 million)
- Community colleges: 3.5 percent (\$1.6 million)
- Career technical education: 3.1 percent (\$2.1 million)

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, the Legislature, investors, and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Office of the State Controller
700 West State Street, P.O. Box 83720
Boise, Idaho 83720-0011
(208) 334-3150, cafr@sco.idaho.gov

Basic Financial Statements



Farragut State Park

Statement of Net Position

June 30, 2019

(dollars in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 16,294	\$ 738,244	\$ 754,538	\$ 72,370
Pooled Cash and Investments	1,775,249	232,091	2,007,340	1,404
Investments	2,717,521	434,678	3,152,199	566,336
Accounts Receivable, Net	157,034	117,332	274,366	51,730
Taxes Receivable, Net	529,576		529,576	
Internal Balances	24,295	(24,295)		
Due from Other Entities	402,698		402,698	
Inventories and Prepaid Items	71,078	29,448	100,526	663
Due from Primary Government				537,943
Due from Component Unit		11,941	11,941	
Loans, Notes, and Pledges Receivable, Net	3,956	426,570	430,526	905,182
Other Assets	81,605	39,784	121,389	605,480
Restricted Assets:				
Cash and Cash Equivalents	198,362	129,156	327,518	270,764
Investments	509,174	118,818	627,992	336,747
Capital Assets:				
Nondepreciable	5,431,339	265,040	5,696,379	8,059
Depreciable, Net	1,907,883	1,030,087	2,937,970	49,592
Total Assets	13,826,064	3,548,894	17,374,958	3,406,270
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	157,962	43,551	201,513	36,048
Total Assets and Deferred Outflows of Resources	\$ 13,984,026	\$ 3,592,445	\$ 17,576,471	\$ 3,442,318
LIABILITIES				
Accounts Payable	\$ 236,499	\$ 49,451	\$ 285,950	\$ 13,064
Payroll and Related Liabilities	38,885	39,322	78,207	1,396
Medicaid Payable	199,811		199,811	
Due to Other Entities	104,141	9,380	113,521	
Unearned Revenue	62,446	52,381	114,827	9,866
Amounts Held in Trust for Others	21,675	4,213	25,888	167,463
Due to Primary Government				10,081
Due to Component Unit		232	232	
Other Accrued Liabilities	53,450	12,301	65,751	299,401
Long-Term Liabilities:				
Due Within One Year	293,028	46,324	339,352	109,986
Due in More Than One Year	1,250,288	577,979	1,828,267	1,767,960
Total Liabilities	2,260,223	791,583	3,051,806	2,379,217
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	92,566	81,946	174,512	6,098
NET POSITION				
Net Investment in Capital Assets	6,504,003	838,384	7,342,387	29,537
Restricted for:				
Claims and Judgments	32,248		32,248	
Debt Service	267		267	161,299
Transportation	282,961		282,961	
Regulatory	103,542		103,542	
Natural Resources and Recreation	302,702		302,702	
Unemployment Compensation		909,588	909,588	
Permanent Trust - Expendable	713,959	78,509	792,468	172,288
Permanent Trust - Nonexpendable	2,084,250		2,084,250	398,133
Other Purposes	329,465	687,881	1,017,346	226,117
Unrestricted	1,277,840	204,554	1,482,394	69,629
Total Net Position	11,631,237	2,718,916	14,350,153	1,057,003
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,984,026	\$ 3,592,445	\$ 17,576,471	\$ 3,442,318

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



Statement of Activities

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	\$ 644,708	\$ 149,788	\$ 138,750	
Public Safety and Correction	466,263	48,008	13,868	
Health and Human Services	3,048,267	61,594	2,111,061	
Education	2,325,261	14,770	258,611	
Economic Development	1,047,957	348,716	466,861	\$ 3,119
Natural Resources	314,839	244,634	261,572	25
Interest Expense	87,846			
Total Governmental Activities	7,935,141	867,510	3,250,723	3,144
Business-Type Activities				
College and University	1,169,944	515,194	283,316	29,199
Unemployment Compensation	89,446	150,267	2,807	
Loan	10,122	17,921	19,604	
State Lottery	228,352	288,617		
State Liquor	184,756	226,655		
Correctional Industries	12,145	13,120		
Total Business-Type Activities	1,694,765	1,211,774	305,727	29,199
Total Primary Government	\$ 9,629,906	\$ 2,079,284	\$ 3,556,450	\$ 32,343
Component Units				
Idaho Housing and Finance Association	\$ 187,161	\$ 173,527	\$ 48,759	\$ 300
College and University Foundation	77,760	4,267	86,658	
Petroleum Clean Water Trust	2,790	3,058		
Health Reinsurance	19,583	16,470		
Bond Bank Authority	10,476	10,456		
Health Insurance Exchange	18,955	12,386		
Total Component Units	\$ 316,725	\$ 220,164	\$ 135,417	\$ 300

GENERAL REVENUES

- Sales Tax
- Individual and Corporate Taxes
- Fuel Tax
- Other Taxes
- Tobacco Settlement
- Unrestricted Investment Earnings

Transfers

Total General Revenues, Contributions, and Transfers

Change in Net Position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (356,170)		\$ (356,170)	
(404,387)		(404,387)	
(875,612)		(875,612)	
(2,051,880)		(2,051,880)	
(229,261)		(229,261)	
191,392		191,392	
(87,846)		(87,846)	
<u>(3,813,764)</u>		<u>(3,813,764)</u>	
	\$ (342,235)	(342,235)	
	63,628	63,628	
	27,403	27,403	
	60,265	60,265	
	41,899	41,899	
	975	975	
	<u>(148,065)</u>	<u>(148,065)</u>	
<u>(3,813,764)</u>	<u>(148,065)</u>	<u>(3,961,829)</u>	
			\$ 35,425
			13,165
			268
			(3,113)
			(20)
			<u>(6,569)</u>
			<u>39,156</u>
1,899,088		1,899,088	
1,958,640		1,958,640	
341,559		341,559	
249,696		249,696	
21,014		21,014	
42,239		42,239	
<u>(280,004)</u>	<u>280,004</u>		
4,232,232	280,004	4,512,236	
418,468	131,939	550,407	39,156
11,212,769	2,586,977	13,799,746	1,017,847
<u>\$ 11,631,237</u>	<u>\$ 2,718,916</u>	<u>\$ 14,350,153</u>	<u>\$ 1,057,003</u>

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

Balance Sheet

Governmental Funds

June 30, 2019

(dollars in thousands)

	General	Health and Welfare	Transportation
ASSETS			
Cash and Cash Equivalents	\$ 1,194		\$ 6
Pooled Cash and Investments	1,060,983	\$ 22,518	184,894
Investments	124,715		139,047
Accounts Receivable, Net	31,260	35,420	15,201
Taxes Receivable, Net	484,470	154	38,292
Interfund Receivables	22,170		7
Due from Other Entities		282,778	46,942
Inventories and Prepaid Items	18,741	8,108	21,665
Loans, Notes, and Pledges Receivable, Net	665		155
Other Assets	1,395	50	732
Restricted Assets:			
Cash and Cash Equivalents	8,838	7,270	45,166
Investments	345,131	4,765	
Total Assets	<u>\$ 2,099,562</u>	<u>\$ 361,063</u>	<u>\$ 492,107</u>
LIABILITIES			
Accounts Payable	\$ 24,354	\$ 17,897	\$ 74,022
Payroll and Related Liabilities	15,281	7,384	4,288
Medicaid Payable		199,811	
Interfund Payables	1,085	1,578	379
Due to Other Entities	58,625		45,471
Unearned Revenue	12,610		26,347
Amounts Held in Trust for Others	11,281	8,928	
Other Accrued Liabilities	4,075	7,182	5,996
Total Liabilities	<u>127,311</u>	<u>242,780</u>	<u>156,503</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	152,117	159,627	6,461
FUND BALANCES			
Nonspendable:			
Permanent Trusts			
Inventories and Prepaid Items	18,741	8,108	21,665
Noncurrent Receivables	50		
Restricted	432,728		261,289
Committed	484,934	55	46,189
Assigned	80,404		
Unassigned	803,277	(49,507)	
Total Fund Balances	<u>1,820,134</u>	<u>(41,344)</u>	<u>329,143</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,099,562</u>	<u>\$ 361,063</u>	<u>\$ 492,107</u>

Land Endowments	Nonmajor Governmental	Total
	\$ 15,094	\$ 16,294
\$ 111,324	322,749	1,702,468
2,322,739	80,003	2,666,504
47,781	26,902	156,564
	6,660	529,576
	1,063	23,240
	72,978	402,698
	18,305	66,819
	3,136	3,956
7,556	1,495	11,228
	104,840	166,114
	159,278	509,174
<u>\$ 2,489,400</u>	<u>\$ 812,503</u>	<u>\$ 6,254,635</u>
\$ 55,934	\$ 63,096	\$ 235,303
	11,198	38,151
		199,811
	4,895	7,937
	46	104,142
	6,958	45,915
	1,466	21,675
3	4,571	21,827
<u>55,937</u>	<u>92,230</u>	<u>674,761</u>
	26,534	344,739
1,719,504	5,765	1,725,269
	18,305	66,819
		50
713,959	564,491	1,972,467
	104,091	635,269
	1,087	81,491
		753,770
<u>2,433,463</u>	<u>693,739</u>	<u>5,235,135</u>
<u>\$ 2,489,400</u>	<u>\$ 812,503</u>	<u>\$ 6,254,635</u>

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



Reconciliation of the Governmental Funds Balance Sheet

To the Statement of Net Position

June 30, 2019

(dollars in thousands)

Total Fund Balances - Governmental Funds \$ 5,235,135

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

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

Land and Land Use Rights	\$	1,187,998	
Capital Assets in Progress		1,227,580	
Infrastructure		4,187,654	
Historical Art and Collections		72	
Buildings and Improvements		1,151,467	
Improvements Other Than Buildings		183,152	
Machinery, Equipment, and Other		826,416	
Accumulated Depreciation		<u>(1,438,712)</u>	
Total Capital Assets			7,325,627

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds. 77,372

Deferred Outflows of Resources benefit future periods and are not reported in the funds.

The deferred outflows of resources consist of the following:

Debt Defeasance		3,771	
Pension Related Deferrals		64,288	
Pension Contributions Subsequent to Measurement Date		77,814	
OPEB Related Deferrals		2,612	
OPEB Contributions Subsequent to Measurement Date		<u>7,043</u>	
Total Deferred Outflows of Resources			155,528

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. 132,022

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

These liabilities consist of the following:

Compensated Absences Payable		(54,824)	
Bonds, Notes, and Capital Leases Payable		(903,395)	
Accrued Interest on Bonds		(31,548)	
Claims and Judgments		(204,262)	
Other Long-Term Liabilities		<u>(353,972)</u>	
Total Long-Term Liabilities			(1,548,001)

Deferred Inflows of Resources benefit future periods.

The deferred inflows of resources consist of the following:

Unavailable Revenue		342,000	
Pension Related Deferrals		(75,001)	
OPEB Related Deferrals		<u>(13,445)</u>	
Total Deferred Inflows of Resources			253,554

Net Position - Governmental Activities **\$ 11,631,237**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	General	Health and Welfare	Transportation
REVENUES			
Sales Tax	\$ 1,875,892		\$ 16,725
Individual and Corporate Taxes	2,001,914		
Other Taxes	62,670	\$ 27,649	332,647
Licenses, Permits, and Fees	33,615	20,673	194,962
Sale of Goods and Services	27,546	54,055	7,115
Grants and Contributions	23,405	2,116,527	375,231
Investment Income	72,419	398	11,396
Tobacco Settlement	21,014		
Other Income	56,766	47	1,516
Total Revenues	4,175,241	2,219,349	939,592
EXPENDITURES			
Current:			
General Government	148,830		
Public Safety and Correction	362,500	3,719	
Health and Human Services	38,716	2,907,051	
Education	2,058,359		
Economic Development	51,687		204,531
Natural Resources	68,358		
Capital Outlay	77,504	23,198	492,186
Intergovernmental Revenue Sharing	347,501	73,611	210,490
Debt Service:			
Principal Retirement	1,442	138	32,559
Interest and Other Charges	22,335	48	24,278
Total Expenditures	3,177,232	3,007,765	964,044
Revenues Over (Under) Expenditures	998,009	(788,416)	(24,452)
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			
Issuance of Refunding Bonds			
Premium on Bond Issued			
Payment to Refunded Bond Escrow Agent			
Capital Lease Acquisitions	3,837	1,587	
Sale of Capital Assets	677	86	7,646
Transfers In	265,502	808,923	
Transfers Out	(1,193,417)	(7,009)	(19,160)
Total Other Financing Sources (Uses)	(923,401)	803,587	(11,514)
Net Change in Fund Balances	74,608	15,171	(35,966)
Fund Balances - Beginning of Year, as Restated	1,745,526	(56,515)	365,109
Fund Balances - End of Year	\$ 1,820,134	\$ (41,344)	\$ 329,143

Land Endowments	Nonmajor Governmental	Total
	\$ 6,379	\$ 1,898,996
	20	2,001,934
	169,143	592,109
	193,299	442,549
\$ 72,053	42,337	203,106
	572,030	3,087,193
171,041	33,667	288,921
		21,014
(131)	21,695	79,893
242,963	1,038,570	8,615,715
	89,785	238,615
	70,456	436,675
		2,945,767
	248,986	2,307,345
	207,851	464,069
37,893	173,201	279,452
43,389	163,650	799,927
	75,763	707,365
	8,822	42,961
	15,482	62,143
81,282	1,053,996	8,284,319
161,681	(15,426)	331,396
	73,914	73,914
	(30,850)	(30,850)
	4,326	4,326
	(320)	(320)
	18	5,442
29,006	1,318	38,733
	48,505	1,122,930
(78,456)	(89,607)	(1,387,649)
(49,450)	7,304	(173,474)
112,231	(8,122)	157,922
2,321,232	701,861	5,077,213
\$ 2,433,463	\$ 693,739	\$ 5,235,135

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



**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019**

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds	\$	157,922
<p>Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount:</p>		
Capital Outlay	\$	477,141
Depreciation Expense		<u>(119,061)</u>
		358,080
<p>Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.</p>		
		(13,984)
<p>Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(50,169)
<p>The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year the following debt was incurred:</p>		
Bonds and Notes		(43,064)
Premium on Bonds Issued		(4,326)
Capital Leases		<u>(5,442)</u>
		(52,832)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:</p>		
Bond and Note Principal		41,358
Refunding Bond Payment		320
Capital Leases		<u>1,603</u>
		43,281
<p>Reduction in note principal not reported as an expenditure in governmental funds</p>		
		90
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Position. In the current year these amounts consisted of:</p>		
Accrued Interest and Amortization		(28,514)
Compensated Absences		1,631
Claims and Judgments		(9,246)
Other Long-Term Liabilities		<u>24,633</u>
		(11,496)
<p>Internal service funds are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities.</p>		
		(12,424)
Change in Net Position - Governmental Activities	<u>\$</u>	<u>418,468</u>

Statement of Net Position

Proprietary Funds

June 30, 2019

(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 64,922	\$ 670,267		\$ 3,055
Pooled Cash and Investments	143,840	5,194	\$ 48,952	34,105
Investments	104,278			
Accounts Receivable, Net	71,171	42,045	1,375	2,741
Interfund Receivables	3,078	86		183
Inventories and Prepaid Items	10,979			18,469
Due from Component Unit	11,941			
Loans, Notes, and Pledges Receivable, Net	4,603		18,253	
Other Current Assets	1,109	2	4,445	210
Total Current Assets	415,921	717,594	73,025	58,763
Noncurrent Assets				
Restricted Cash and Cash Equivalents	18,775		48,409	61,972
Investments	136,438	193,962		
Restricted Investments			118,818	
Loans, Notes, and Pledges Receivable, Net	24,361		379,353	
Other Noncurrent Assets	32,891			1,127
Capital Assets, Net	1,231,676		51,180	12,271
Total Noncurrent Assets	1,444,141	193,962	597,760	75,370
Total Assets	1,860,062	911,556	670,785	134,133
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	41,198			2,353
Total Assets and Deferred Outflows of Resources	\$ 1,901,260	\$ 911,556	\$ 670,785	\$ 136,486
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 36,040		\$ 219	\$ 13,192
Payroll and Related Liabilities	38,647			675
Interfund Payables	10,135			9,012
Due to Other Entities				9,380
Unearned Revenue	40,701		11,473	207
Amounts Held in Trust for Others	4,213			
Due to Component Unit	232			
Other Accrued Liabilities	6,097	\$ 1,968	6	4,230
Compensated Absences Payable	23,323			820
Bonds, Notes, and Capital Leases Payable	20,487			70
Policy Claim Liabilities				
Other Long-Term Obligations - Current	1,624			
Total Current Liabilities	181,499	1,968	11,698	37,586
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	428,621			120
Policy Claim Liabilities				
Other Long-Term Obligations	143,881			5,357
Total Noncurrent Liabilities	572,502			5,477
Total Liabilities	754,001	1,968	11,698	43,063
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	80,576			1,370
NET POSITION				
Net Investment in Capital Assets	775,125		51,178	12,081
Restricted for:				
Claims and Judgments				
Unemployment Compensation		909,588		
Permanent Trust - Expendable	78,509			
Other Purposes			607,909	79,972
Unrestricted	213,049			
Total Net Position	1,066,683	909,588	659,087	92,053
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,901,260	\$ 911,556	\$ 670,785	\$ 136,486

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

		Governmental Activities	
Total		Internal Service Funds	
\$	738,244		
	232,091	\$	72,781
	104,278		
	117,332		470
	3,347		497
	29,448		4,258
	11,941		
	22,856		
	5,766		280
	<u>1,265,303</u>		<u>78,286</u>
	129,156		32,248
	330,400		51,017
	118,818		
	403,714		
	34,018		1,213
	<u>1,295,127</u>		<u>13,595</u>
	<u>2,311,233</u>		<u>98,073</u>
	<u>3,576,536</u>		<u>176,359</u>
	43,551		2,434
\$	<u>3,620,087</u>	\$	<u>178,793</u>
\$	49,451	\$	1,187
	39,322		734
	19,147		
	9,380		
	52,381		16,531
	4,213		
	232		
	12,301		75
	24,143		932
	20,557		353
			8,754
	<u>1,624</u>		
	<u>232,751</u>		<u>28,566</u>
	428,741		1,041
			10,628
	<u>149,238</u>		<u>5,155</u>
	<u>577,979</u>		<u>16,824</u>
	<u>810,730</u>		<u>45,390</u>
	81,946		1,381
	838,384		12,203
			32,248
	909,588		
	78,509		
	687,881		73,564
	213,049		14,007
	<u>2,727,411</u>		<u>132,022</u>
\$	<u>3,620,087</u>	\$	<u>178,793</u>

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

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		\$ 130,709		
Licenses, Permits, and Fees	\$ 450,162		\$ 2,619	\$ 3
Scholarship Allowances	(89,075)			
Sale of Goods and Services	129,358		1,870	526,719
Grants and Contributions	153,907	2,807	19,604	
Other Income	11,443	(6)	(128)	707
Total Operating Revenues	655,795	133,510	23,965	527,429
OPERATING EXPENSES				
Personnel Costs	744,282			17,788
Services and Supplies	253,017	1	4,151	165,990
Benefits, Awards, and Premiums	61,852	89,460		190,047
Depreciation	65,868		187	1,219
Other Expenses	20,909	(14)	669	9,716
Total Operating Expenses	1,145,928	89,447	5,007	384,760
Operating Income (Loss)	(490,133)	44,063	18,958	142,669
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	129,409			
Investment Income	11,966	19,564	13,561	943
Interest Expense	(15,399)			(7)
Intergovernmental Distributions			(5,115)	(40,480)
Gain (Loss) on Sale of Capital Assets	(408)			15
Other Nonoperating Revenues (Expenses)	(6,869)			(1)
Total Nonoperating Revenues (Expenses)	118,699	19,564	8,446	(39,530)
Income (Loss) Before Contributions and Transfers	(371,434)	63,627	27,404	103,139
Capital Contributions	29,199			
Transfers In	357,387	48	26,558	
Transfers Out	(2,277)	(5,899)	(1,825)	(93,988)
Change in Net Position	12,875	57,776	52,137	9,151
Total Net Position - Beginning of Year, as Restated	1,053,808	851,812	606,950	82,902
Total Net Position - End of Year	\$ 1,066,683	\$ 909,588	\$ 659,087	\$ 92,053

		Governmental Activities	
Total		Internal Service Funds	
\$	130,709		
	452,784		
	(89,075)		
	657,947	\$	349,919
	176,318		224
	12,016		(158)
	<u>1,340,699</u>		<u>349,985</u>
	762,070		16,836
	423,159		33,777
	341,359		298,152
	67,274		1,356
	31,280		5,747
	<u>1,625,142</u>		<u>355,868</u>
	<u>(284,443)</u>		<u>(5,883)</u>
	129,409		
	46,034		8,683
	(15,406)		(115)
	(45,595)		
	(393)		161
	<u>(6,870)</u>		<u>15</u>
	107,179		8,744
	<u>(177,264)</u>		<u>2,861</u>
	29,199		
	383,993		1,828
	<u>(103,989)</u>		<u>(17,113)</u>
	131,939		(12,424)
	<u>2,595,472</u>		<u>144,446</u>
\$	<u>2,727,411</u>	\$	<u>132,022</u>

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Business-Type	
	College and University	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		\$ 132,536
Receipts from Customers	\$ 484,950	
Receipts from Interfund Services		
Receipts from Grants and Contributions	152,756	2,807
Payments to Employees	(740,700)	
Payments to Suppliers	(256,755)	(1)
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(49,775)	(84,084)
Other Receipts	12,242	14
Other Payments	(8,689)	(7)
Net Cash Provided (Used) by Operating Activities	(405,971)	51,265
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	120,500	
Intergovernmental Distributions		
Transfers In	357,387	48
Transfers Out	(2,277)	(5,899)
Proceeds from Bonds, Notes, and Loans	176,081	
Repayments of Bonds, Notes, and Loans	(171,478)	
Interest Payments		
Net Cash Provided (Used) by Noncapital Financing Activities	480,213	(5,851)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	22,174	
Principal Payments	(20,833)	
Interest Payments	(18,033)	
Proceeds from Disposition of Capital Assets		
Acquisition and Construction of Capital Assets	(97,087)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(113,779)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	7,207	15,221
Purchase of Investments	(563,844)	(4,288)
Redemption of Investments	605,232	4,360
Other Investing Activities	(2,094)	
Net Cash Provided (Used) by Investing Activities	46,501	15,293
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	6,964	60,707
Beginning Cash, Cash Equivalents, and Pooled Cash	220,573	614,754
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 227,537	\$ 675,461
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (490,133)	\$ 44,063
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	65,868	
Maintenance Costs Paid by Department of Public Works	1,648	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	(1,015)	
Inventories and Prepaid Items	366	
Notes Receivable	2,031	
Other Assets	(886)	5,636
Accounts Payable/Interfund Payables	8,042	
Unearned Revenue		
Compensated Absences	5,938	
Policy Claim Liabilities		
Other Accrued Liabilities	(8,697)	1,566
Net Changes in Deferred Outflows/Inflows of Resources	10,867	
Net Cash (Used) by Operating Activities	\$ (405,971)	\$ 51,265

Noncash Transactions (dollars in thousands):

Investments increased in fair value by \$3,092 for Colleges and Universities, \$4,347 for Unemployment Compensation, \$2,687 for the Loan Fund, and \$1,126 for Internal Service funds. Colleges and Universities acquired assets of \$17,556 through donations, \$110 through state capital appropriations, and amortization of deferred amounts on refunding and bond premiums of \$794. Restatement for Colleges and Universities of \$6,947 due to a change in reporting entity.

Activities - Enterprise Funds			Governmental Activities	
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds	
		\$ 132,536		
\$ 4,422	\$ 521,792	1,011,164	\$ 36,005	
	4,774	4,774	312,321	
19,604		175,167	224	
	(17,822)	(758,522)	(17,074)	
(3,913)	(174,007)	(434,676)	(36,754)	
(35)	(767)	(802)	(2,694)	
	(189,528)	(323,387)	(293,983)	
	49	12,305	487	
(652)	(64)	(9,412)	(163)	
19,426	144,427	(190,853)	(1,631)	
		120,500		
(5,115)	(39,005)	(44,120)	1,828	
26,558		383,993	(17,113)	
(1,825)	(92,585)	(102,586)		
		176,081		
		(171,478)		
			(20)	
19,618	(131,590)	362,390	(15,305)	
		22,174		
	(45)	(20,878)	(320)	
	(7)	(18,040)	(113)	
	20	20	171	
(11,600)	(1,268)	(109,955)	6,947	
(11,600)	(1,300)	(126,679)	6,685	
10,201	951	33,580	7,648	
(39,869)		(608,001)	(1,144)	
45,875		655,467	245	
1		(2,093)	(8)	
16,208	951	78,953	6,741	
43,652	12,488	123,811	(3,510)	
53,709	86,644	975,680	108,539	
\$ 97,361	\$ 99,132	\$ 1,099,491	\$ 105,029	
\$ 18,958	\$ 142,669	\$ (284,443)	\$ (5,883)	
187	1,219	67,274	1,356	
		1,648		
761	(121)	(375)	1,041	
	344	710	13	
		2,031		
	(426)	4,324	(220)	
219	1,192	9,453	508	
(700)	(57)	(757)	(2,618)	
	47	5,985	66	
			4,169	
1	(664)	(7,794)	(63)	
	224	11,091		
\$ 19,426	\$ 144,427	\$ (190,853)	\$ (1,631)	

The Loan Fund had loan forgiveness in the amount of \$5,115 and capitalized interest of \$229. Nonmajor Enterprise funds disposed of an asset at a loss of \$6. Nonmajor Enterprise funds recorded an interfund payable of \$1,409 due on July 1, 2019. Restatement of net position by \$754 for the Nonmajor Enterprise funds and by \$938 for the Internal Service funds due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset and by \$7,575 for Internal Service funds due to a correction in capital assets.

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	\$ 3,682		\$ 734	\$ 23,491
Pooled Cash and Investments	9,254			30,245
Investments:				
Pooled Short Term	345,859	\$ 752,253	14,081	
Fixed Income Investments	4,416,153	2,187,490		448,056
Marketable Securities	11,141,157			
Mutual Funds and Private Equities	2,321,866		482,938	
Mortgages and Real Estate	1,598,452	67,317		
Other Investments	1,963		19,625	
Receivables:				
Investments Sold	111,043		40	
Contributions	10,645			
Interest and Dividends	66,269	5,652		15
Interfund Receivables	2,113			
Other Receivables		8,209		
Other Assets	77,258			
Capital Assets, Net	10,018			
Total Assets	20,115,732	3,020,921	517,418	\$ 501,807
LIABILITIES				
Accounts Payable	1,045	30	324	\$ 2,367
Interfund Payables	2,113			
Due to Other Entities				2,245
Amounts Held in Trust for Others				493,066
Amounts Held for Project Beneficiaries				5,374
Investments Purchased	187,720		107	
Policy Claim Liabilities	2,443			
Other Accrued Liabilities	13,200	5,963		(1,245)
Total Liabilities	206,521	5,993	431	\$ 501,807
NET POSITION				
Held in Trust For:				
Net Position Restricted for Pensions	19,303,457			
Net Position Restricted for OPEB	603,429			
External Investment Pool Participants		3,014,928		
Trust Beneficiaries	2,325		516,987	
Total Net Position	\$ 19,909,211	\$ 3,014,928	\$ 516,987	

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions			
Member	\$ 341,245		
Employer	457,983		
Transfers In from Other Plans	21,161		
Participant Deposits		\$ 5,477,056	\$ 73,325
Total Contributions	820,389	5,477,056	73,325
Investment Income:			
Net Increase (Decrease) In Fair Value of Investments	1,121,369	19,850	18,396
Interest, Dividends, and Other	379,173	26,803	12,234
Less Investment Expense			
Investment Activity Expense	(53,187)	(358)	
Securities Lending Interest Expense			
Net Investment Income	1,447,355	46,295	30,630
Miscellaneous Income	348	8,128	
Total Additions	2,268,092	5,531,479	103,955
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	1,091,205		
Transfers Out to Other Plans			
Administrative Expense	16,109		2,162
Earnings Distribution		65,183	
Participant Withdrawals	24,398	5,052,697	45,674
Total Deductions	1,131,712	5,117,880	47,836
Change in Net Position Held in Trust for:			
Employee Pension Benefits	1,090,293		
Employee Postemployment Healthcare Benefits	46,821		
External Investment Pool Participants		413,599	
Trust Beneficiaries	(734)		56,119
Net Position - Beginning of Year	18,772,831	2,601,329	460,868
Net Position - End of Year	\$ 19,909,211	\$ 3,014,928	\$ 516,987

Statement of Net Position

Component Units

June 30, 2019

(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
ASSETS				
Cash and Cash Equivalents	\$ 25,561	\$ 22,375		\$ 11,147
Pooled Cash and Investments			\$ 1,112	
Investments	257,733	255,669	34,170	18,764
Accounts Receivable, Net	50,402	281	429	618
Due from Other Entities				
Inventories and Prepaid Items	324	259		
Due from Primary Government	537,241	702		
Loans, Notes, and Pledges Receivable, Net	584,232	10,454		
Other Assets	598,360	3,165	183	60
Restricted Assets:				
Cash and Cash Equivalents	246,124	24,640		
Investments		336,747		
Capital Assets:				
Nondepreciable	7,053	202		
Depreciable, Net	49,080	135		
Total Assets	2,356,110	654,629	35,894	30,589
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	36,048			
Total Assets and Deferred Outflows of Resources	\$ 2,392,158	\$ 654,629	\$ 35,894	\$ 30,589
LIABILITIES				
Accounts Payable	\$ 1,646	\$ 11,152		\$ 62
Payroll and Related Liabilities	1,304			
Unearned Revenue	8,568	1,298		
Amounts Held in Trust for Others	142,353	25,110		
Due to Primary Government		10,081		
Due to Other Entities				
Other Accrued Liabilities	295,245	10	\$ 89	122
Long-Term Liabilities:				
Due Within One Year	76,925	538	2,920	12,148
Due in More Than One Year	1,468,343	5,128	1,358	—
Total Liabilities	1,994,384	53,317	4,367	12,332
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	259	5,839		
NET POSITION				
Net Investment in Capital Assets	28,356			
Restricted for:				
Debt Service	161,299			
Permanent Trust - Expendable		172,288		
Permanent Trust - Nonexpendable		398,133		
Other Purposes	207,860			18,257
Unrestricted		25,052	31,527	
Total Net Position	397,515	595,473	31,527	18,257
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,392,158	\$ 654,629	\$ 35,894	\$ 30,589

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

Bond Bank Authority	Health Insurance Exchange	Total
	\$ 13,287	\$ 72,370
\$ 292		1,404
		566,336
		51,730
	80	663
		537,943
310,496		905,182
3,712		605,480
		270,764
		336,747
	804	8,059
	377	49,592
314,500	14,548	3,406,270
		36,048
\$ 314,500	\$ 14,548	\$ 3,442,318
	\$ 204	\$ 13,064
	92	1,396
		9,866
		167,463
		10,081
\$ 3,712	223	299,401
17,365	90	109,986
293,131		1,767,960
314,208	609	2,379,217
		6,098
	1,181	29,537
		161,299
		172,288
		398,133
		226,117
292	12,758	69,629
292	13,939	1,057,003
\$ 314,500	\$ 14,548	\$ 3,442,318

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

Statement of Revenues, Expenses, and Changes in Fund Net Position

Component Units

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	\$ 17,980	\$ 1,723		
Services and Supplies	17,088	8,415	\$ 1,360	\$ 343
Benefits, Awards, and Premiums	46,817	67,134	1,430	19,235
Interest Expense	96,711	156		5
Depreciation	4,460	77		
Other Expenses	4,105	255		
Total Expenses	187,161	77,760	2,790	19,583
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	48,977		2,596	
Sale of Goods and Services	6,954	104		7,036
Investment Income	113,605		462	414
Other Income	3,991	1,663		
Operating Grants and Contributions	48,759	86,658		
Total Program Revenues	222,286	88,425	3,058	7,450
Net Revenues (Expenses)	35,125	10,665	268	(12,133)
GENERAL REVENUES				
Payments from State of Idaho				9,020
Total General Revenues	0	0	0	9,020
Capital Contributions	300			
Permanent Endowment Contributions		2,500		
Change in Net Position	35,425	13,165	268	(3,113)
Net Position - Beginning of Year, As Restated	362,090	582,308	31,259	21,370
Net Position - End of Year	\$ 397,515	\$ 595,473	\$ 31,527	\$ 18,257

Bond Bank Authority	Health Insurance Exchange	Total
	\$ 3,171	\$ 22,874
	5,375	32,581
		134,616
\$ 10,442		107,314
	10,409	14,946
34		4,394
10,476	18,955	316,725
	12,237	63,810
		14,094
10,442	140	125,063
14	9	5,677
		135,417
10,456	12,386	344,061
(20)	(6,569)	27,336
		9,020
0	0	9,020
		300
		2,500
(20)	(6,569)	39,156
312	20,508	1,017,847
\$ 292	\$ 13,939	\$ 1,057,003

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During fiscal year 2019, the State implemented the following GASB Guidance:

- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018

The financial statements are presented for the fiscal year ended June 30, 2019, except for the Idaho Fish and Wildlife Foundation, the Idaho State Bar, and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees’ Deferred Compensation Plan (pension trust fund), whose statements are for the fiscal year ended December 31, 2018. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2018.

A. Reporting Entity

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

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

ability to access those resources, and the resources are significant to the State.

Blended Component Unit

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

The *Fish and Wildlife Foundation* was established to preserve and sustain Idaho’s fishing, hunting, and wildlife heritage. The Foundation finances construction of offices and relies on the State’s leasing agreements, resulting in a significant financial benefit/burden relationship. The Foundation is blended as a nonmajor special revenue fund within the Fish and Game fund. The Foundation’s financial statements may be obtained from the following address: Idaho Fish & Wildlife Foundation, 600 S. Walnut St. Boise, ID 83712.

The *Idaho State Building Authority* was created by Idaho Code Section 67-6403 to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State’s leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Authority is blended as a nonmajor special revenue fund. The Authority’s financial statements may be obtained from the following address: Idaho State Building Authority, 950 W. Bannock St, Suite 490, Boise, ID 83702.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column on the government-wide statements to emphasize that they are legally separate from the primary government. Information regarding the State’s discretely presented component units and contact information to obtain their financial reports follow.

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, The Housing Company, which was established to support the function and activities of the Association. The Association was created by Idaho Code Section 67-6202 for the purpose of building and rehabilitating residential housing for persons of low income. The Association is authorized to enter into agreements that include issuing bonds for the Idaho Transportation Department to facilitate transportation projects, thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members. (<https://www.idahohousing.com/investors/>)

The *College and University Foundation* fund includes the foundations of Boise State University (BSU), Idaho State

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

Boise State University Foundation, Inc.
<https://www.boisestate.edu/giving/about/foundation/policies/>

Idaho State University Foundation, Inc.
<https://www.isu.edu/foundation/about/financial-statements/>

Lewis-Clark State College Foundation, Inc.
<http://www.lcsc.edu/giving/>

University of Idaho Foundation, Inc.
<https://www.uidaho.edu/uidahofoundation/financial-highlights>

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

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool, created by Idaho Code Section 41-5502, and the Idaho Small Employer Health Reinsurance Program, created by Idaho Code Section 41-4711. The Pool and the Program are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and a reinsurance mechanism to facilitate the guaranteed issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue, creating a financial burden for the State. Financial statements may be obtained from the following address: Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, P.O. Box 190966, Boise, ID 83719.

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

The *Idaho Health Insurance Exchange* was created by Idaho Code Section 41-6104 with the purpose to establish a state-created, market-driven, health insurance exchange that will facilitate the selection and purchase of individual and employer health benefit plans. The Exchange is financially self-supporting and does not request financial support from the State. The Exchange is administered by a 19-member board with 17 total voting members. Of the 17 voting members, 14 are appointed by and serve at the pleasure of the Governor. The Director of the Department of Insurance shall review and approve all bylaws for the regulation and conduct of business of the Exchange. Financial statements may be obtained from the following address: Your Health Idaho, P.O. Box 943, Boise ID 83701.

Related Organizations

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

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

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

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

Fund Statements

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types

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

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

Pension (and other employee benefits) trust funds account for resources held in trust for the members and beneficiaries of the State’s defined benefit pension plans, defined contribution plans, deferred compensation plan, and other employee benefits.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Complete financial statements of the State of Idaho Public Employees' Deferred Compensation Plan may be obtained by writing to the Idaho State Controller's Office, Attn: Brandon Woolf, P.O. Box 83720, Boise, ID 83720-0011.

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

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

The *agency fund* accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for resources collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries. These resources include deposits of securities by banks and insurance companies.

Classification of Revenues and Expenses of Proprietary Funds

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

Reconciling Government-Wide Statements to the Fund Statements

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

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

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual

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

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

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

The State reports only enterprise funds as business-type activities. The business-type activities follow all current GASB pronouncements.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

D. Financial Statement Elements

Assets

Cash and Cash Equivalents

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

Pooled Cash and Investments

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

Investments

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

Receivables, Net

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

Internal Balances

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

Inventories and Prepaid Items

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

Other Assets

Other assets include interest receivable, and other miscellaneous items.

Restricted Assets

Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation, or external parties; and the constraints change the nature or normal understanding of the availability of the asset. See Note 2 for more information.

Capital Assets, Net

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

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

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

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

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

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

See Note 6 for more information on capital assets.

Deferred Outflows of Resources

Deferred outflows of resources consist of costs related to debt defeasance and decreases in the amortized value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as a decrease of investment income. Deferred outflows of resources also consist of pension and other postemployment benefit contributions made subsequent to the actuarially-determined pension liability measurement date and the State’s proportionate share of the total pension and other postemployment benefit related deferred outflows of resources

See Notes 7, 8, and 9 for more information.

Liabilities

Payables

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

Unearned Revenue

Unearned revenue is recorded when cash is received prior to being earned.

Amounts Held in Trust for Others

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

Other Accrued Liabilities

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

Long-Term Liabilities

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

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts are deferred and amortized over the life of the loan. See Note 13 for more information.

Capital Leases Payable consists of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State. See Note 11 for more information.

Compensated Absences Payable includes vacation and compensatory time earned by employees but not paid. See Note 13 for more information.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Policy Claim Liabilities includes amounts for probable claims that have been incurred and the amount of the loss that has been reasonably estimated. See Notes 10 and 13 for more information.

Other Long-Term Liabilities consists of payables on behalf of the State and its agencies for various legal proceedings and claims, a net pension liability, other postemployment benefit liability, and other miscellaneous liabilities. See Notes 8, 9, and 13 for more information.

Deferred Inflows of Resources

Deferred inflows of resources consists of unavailable revenue, which is revenue that has been earned but is not available within 60 days of fiscal year end, government mandated nonexchange transactions, the State’s proportionate share of the total pension and other postemployment benefit related deferred inflows of resources, and increases in the fair value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as an increase of investment income. See Notes 7, 8, and 9 for more information.

E. Net Position / Fund Balance

Net Position

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

Net position is displayed in the following three categories:

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

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

Unrestricted Net Position consists of net position that

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

Fund Balance

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

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

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

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

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

Unassigned fund balance is the residual classification for the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

See Note 14 for more information.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 2. DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS

A. Deposits

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

Employees' Deferred Compensation Plan. In accordance with Idaho Code Sections 67-1210 and 67-1210A the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of pooled cash and investments held by the STO was 1.2 years.

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

Custodial Credit Risk at June 30, 2019

(dollars in thousands)

	Governmental and Business-Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	\$ 173,376	\$ 87,945	\$ 329,885
Uninsured and Uncollateralized Deposits	105,195	48,624	22,120
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	51,320	24,031	144
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name			

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

B. Investments

General Investment Policies

The Idaho Uniform Prudent Investor Act (Idaho Code Sections 68-501 through 68-514) stipulates standards state investment personnel must follow. The primary focus of the Act is preservation of capital and avoidance of speculative transactions through exercise of reasonable care, skill, and caution. The goal is to provide a reasonable return while following specific objectives of various trusts. The Act may be expanded, restricted, eliminated, or altered by provisions of Idaho statute or a trust.

The STO invests idle moneys in accordance with Idaho Code Sections 67-1210, 67-1210A, and 67-2739. Some investments are made directly by an agency rather than by the STO. Only a few agencies are authorized to make such investments and then only for specific programs. Investments are valued as described in Note 1.

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

Types of Investments

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

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

- Revenue bonds of Idaho higher education institutions
- Money market funds whose portfolios consist of investments specified in this section and are denominated in U.S. dollars

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

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

The STO manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The STO must operate and invest the funds of both pools for the benefit of the participants. Separately issued financial reports for LGIP and DBF may be obtained from the State Treasurer’s Office, P.O. Box 83720, Boise, Idaho 83720-0091.

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

- Collateralized mortgage obligations
- Domestic and international equities
- Non-investment grade bonds
- Exchange-traded funds
- Financial index futures, options, and certain derivatives as approved by the EFIB

The Retirement Board of the Public Employee Retirement System of Idaho (PERSI) has established a Statement of Investment Policy in accordance with Idaho Code Sections 68-501 through 68-514 and Sections 59-1301 through 59-1399. In addition to the investments mentioned above for the STO and the EFIB, the following types of investments are approved for PERSI funds:

- Derivative instruments, specifically, swaps and forward foreign currency contracts by a few selected managers

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

- Private equity real estate investments in open-end and closed-end commingled real estate funds, direct real estate, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies, and real estate operating venture entities
- Alternative investments upon the recommendation of a qualified consultant after due diligence and with approval by the Board or subcommittee appointed by the Board

Fair Value of Investments

GASB Statement No. 72, Fair Value Measurement and Application, defines the generally accepted accounting principles required for fair value reporting. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following tables display the fair value of the state's investments at June 30, 2019:

Primary Government and Fiduciary Funds Fair Value of Investments at June 30, 2019

(Except Endowment Funds and PERSI)

(dollars in thousands)

Investment Type	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Amortized Cost	Not Rated	Total	Valuation Technique
Debt Securities:									
Money Market Funds	\$ 928	\$ 40,321		\$ 41,249		\$ 631		\$ 41,880	Market
Certificates of Deposit*		5,000		5,000		101		5,101	Cost
Certificates of Deposit	1,797	13,334		15,131				15,131	Market
Repurchase Agreements*		742,141		742,141				742,141	Cost
Commercial Paper		407,079		407,079				407,079	Market
U.S. Gov't Obligations		1,275,328		1,275,328			\$ 436,012	1,711,340	Market
U.S. Gov't Agency Obligations	20,251	2,184,720		2,204,971				2,204,971	Market
U.S. Gov't Agency Mortgage-Backed Securities*		359,501		359,501				359,501	Market
Asset-Backed Securities*		341,372		341,372				341,372	Market
Commercial Mortgages*		6,343		6,343				6,343	Market
Corporate Obligations	29,980	910,230		940,210				940,210	Market
Municipal and Public Entity Obligations		919		919			12,044	12,963	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities	273,561	51,040		324,601				324,601	Market
External Investment Pools*						9,881		9,881	Cost
External Investment Pools							84,016	84,016	Market
Total Debt Securities	326,517	6,337,328		6,663,845		10,613	532,072	7,206,530	
Other Investments:									
Mutual Funds Without Maturity Dates	622			622				622	Market
Equity Securities and Mutual Funds	101,294	12,002		113,296				113,296	Market
Real Estate and Perpetual Trusts					\$ 11,056			11,056	Cost
Real Estate and Perpetual Trusts		543		543				543	Market
Commodities		960		960				960	Market
Total	\$ 428,433	\$ 6,350,833	\$ 0	\$ 6,779,266	\$ 11,056	\$ 10,613	\$ 532,072	\$7,333,007	

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Endowment Funds Fair Value Measurements			
Investments and Derivative Instruments Measured at Fair Value at June 30, 2019			
<i>(dollars in thousands)</i>			
	June 30, 2019 (value before accruals)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
<u>Debt Securities:</u>			
Asset-Backed Securities	\$ 15,465		\$ 15,465
Commercial Mortgage-Backed Securities	16,039		16,039
Corporate Bonds	125,841		125,841
Corporate Bond Fund	11,801		11,801
Corporate Convertible Bonds	767		767
Government Agencies	8,701		8,701
Government Agencies Fund	8,903		8,903
Government Bonds	134,020		134,020
Government Mortgage-Backed Securities	111,786		111,786
Govt-Issued Commercial Mortgage-Backed	2,492		2,492
Index-Linked Government Bonds	90,836		90,836
Municipal/Provincial Bonds	2,078		2,078
Non-Government Backed C.M.O.s	6,314		6,314
Other Fixed Income Fund	17,233		17,233
Total Debt Securities	552,276		552,276
<u>Equity Securities:</u>			
Communication Services	118,897	\$ 118,897	
Consumer Discretionary	174,221	174,221	
Consumer Staples	93,275	93,275	
Energy	62,915	62,915	
Financials	221,657	221,657	
Health Care	194,220	194,220	
Industrials	207,024	207,024	
Information Technology	275,245	275,245	
Materials	67,903	67,903	
Real Estate	32,325	32,325	
Utilities	21,626	21,626	
Common Stock Fund	43,057	43,057	
Equity ETFs	2,156	2,156	
Total Equity Securities	1,514,521	1,514,521	
<u>Derivatives:</u>			
Futures Contracts	433	433	
Exchange Cleared Swaps	(843)	(843)	
Fixed Income - Derivative Options	3	3	
Total Derivatives	(407)	(407)	
<u>Preferred Stock Securities:</u>			
Consumer Discretionary	895	895	
Financials	869	869	
Materials	84	84	
Other	50	50	
Total Preferred Stock Securities	1,898	1,898	
Total Investments by Fair Value Level	2,068,288	\$ 1,516,012	\$ 552,276
Investments Measured at Amortized Cost			
Money Market Fund	64,176		
Investments Measured at the Net Asset Value (NAV)			
Real Estate Investment Trust (private)	190,275		
Total Investments Measured at Fair Value	\$ 2,322,739		

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The EFIB has two real estate funds, UBS TPI and DB RAR II, reported at Net Asset Value (NAV) and invested primarily in U.S. commercial real estate. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) in accordance with accounting principles generally accepted in the United States, NCREIF Real Estate Information Standard, and market-based

accounting rules where appropriate and applicable. NAV is based on the fund's gross asset value less the value of any debt or other outstanding liabilities, whether held directly or indirectly through another entity or entities, anticipated distributions and similar items, as determined by the Advisor at its discretion.

PERSI Fair Value Measurements					
Investments and Derivative Instruments Measured at Fair Value at June 30, 2019					
<i>(dollars in thousands)</i>					
Investment Type	Fair Value at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
Fixed Income Securities:					
U.S. Government	\$ 2,770,521	\$ 2,748,386	\$ 22,135		Market
Asset backed-Securitized	427,185		391,766	\$ 35,419	Market
Corporate	865,251		865,002	249	Market
Idaho Mortgages	823,647		823,647		Market
Non-U.S. Government	131,847		131,847		Market
Total Fixed Income Securities	5,018,451	2,748,386	2,234,397	35,668	
Equities:					
Domestic	6,616,013	6,616,013			Market
Developed Markets	2,999,687	2,998,411		1,276	Market
Emerging Markets	821,329	784,023		37,306	Market
Total Equities	10,437,029	10,398,447		38,582	
Other Investments:					
Preferred Securities	72,683	64,720	4,023	3,940	Market
Convertible or Exchangeable Securities	151			151	Market
Futures					Market
Mutual Funds-Defined Contribution Investment Options	86,421	86,421			Market
Total investments by fair value level*	\$ 15,614,735	\$ 13,297,974	\$ 2,238,420	\$ 78,341	
* The Total Return Fund and Short Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above and Private Equity Partnerships and Private Real totals below.					
Investments measured at the net asset value (NAV)	Fair Value at June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice	
Private Equity Partnerships:					
Growth Equity	\$ 17,910	\$ 38,939			
Corporate Finance/Buyout	889,062	678,987			
Distressed Debt	27,843	17,084			
Co/Direct Investment	73,686	40,808			
Secondaries	36,803	35,751			
Venture Capital	38,161	10,970			
Private Real Estate:					
Open Ended Co-mingled Insurance Company Separate	69,371				
Multifamily properties (Olympic)	73,241				
Value Added Apartments	198,949				
Value Added Offices	28,843				
Value Added Retail	46,857				
Office/Industrial Properties	135,664				
Core Office	177,719				
Industrial	50,280				
Development Properties	67,789				
Collective Funds:					
REIT Index Collective Fund	3,808		Daily	4pm EST	
TIPS Index Collective Fund	2,050		Daily	4pm EST	
US Broad Equity Market Index Collective Fund	13,231		Daily	4pm EST	
Emerging Equity Market Index Fund	2,220		Daily	4pm EST	

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

US Large Cap Equity Market Index Collective Fund	34,937	Daily	4pm EST
US Bond Market Index Collective Fund	12,626	Daily	4pm EST
International Equity Index Collective Fund	7,936	Daily	4pm EST
US Small/Midcap Equity Index Collective Fund	20,582	Daily	4pm EST
BNYM Mellon DB NSL Emerging Market Stock Index Fund - Non-DC	723,778	Daily	Trade date less 2 days
<u>Utilitized Fund</u>			
Short Term investment Portfolio account	26,987	Daily	4pm EST
<u>Sick Leave Insurance Reserve Trust Fund:</u>			
Russell 3000 Index Co-Mingled Fund	317,743	Daily	Trade date less 1 days
Government Credit Bond Index Co-Mingled Fund	173,005	Daily	Trade date less 1 days
MSCI ACWI Ex-US Strategy Co-mingled Fund	75,535	Daily	Trade date less 2 days
Total investments measured at the NAV	3,346,616		
Total investments measured at fair value	\$ 18,961,351		

The PERSI has the following investments reported at Net Asset Value (NAV):

- Private Equity Partnerships are reported at the NAV and include limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments.
- Real Estate Investment Trust (REITs) are publicly traded securities and are included with Equities: Domestic, level 1, as those securities are traded in an active market. Private Real Estate are investments owned directly or with other partnership interests and are in several general categories to include Affordable Housing, Multifamily properties, Value added apartments, Office/Industrial Properties, and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third-party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent

professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done. Prudential is an open ended co-mingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter.

- Collective Trust Funds are eight trust funds offered as investment options in the Defined Contribution Plan, reported at the Net Asset Value. The NAV is based on the value of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.
- Co-Mingled Funds are the investment vehicle used for the Plan's Sick Leave Insurance Reserve Trust Fund where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Component Unit Fair Value of Investments at June 30, 2019									
<i>(dollars in thousands)</i>									
Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Amortized Cost	Not Rated	Total	Valuation Technique
Debt Securities:									
Money Market Funds	\$ 82,144			\$ 82,144				\$ 82,144	Market
Certificates of Deposit		1,000		1,000				1,000	Market
U.S. Gov't Obligations*	10,707	\$ 21,641		32,348				32,348	Market
U.S. Gov't Agency Obligations	58,470	29,707		88,177				88,177	Market
U.S. Gov't Agency Mortgage-Backed Securities	123,067			123,067				123,067	Market
Corporate Obligations	40,719	37,326		78,045				78,045	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities	17,370	19,559		36,929	\$ 17,907			54,836	Market
Total Debt Securities	332,477	109,233		441,710	17,907			459,617	
Other Investments:									
Cash Equivalents included with Investments	2,879			2,879				2,879	Market
Domestic Equities	101,412			101,412				101,412	Market
Foreign Equities	32,298			32,298	7,118			39,416	Market
Private Equities					27,543			27,543	Market
Investment Agreements	(2,201)			(2,201)				(2,201)	Market
Preferred Securities without Maturity Dates	23			23				23	Market
Equity and Income Mutual Funds	4,768	30,730		35,498	8,798			44,296	Market
Mutual Funds	119,654			119,654				119,654	Market
International Equity Funds	50,933			50,933				50,933	Market
Real Estate and Perpetual Trusts	4,600	143		4,743	6,793		\$ 1,685	13,221	Market
Insurance Annuities		428		428				428	Market
Commingled Funds					36,840			36,840	Market
Hedge Funds	90			90	2,063			2,153	Market
Interest Rate Swaps		(1,894)		(1,894)				(1,894)	Market
Land Held by Endowment		3,897		3,897		\$ 4,866		8,763	Cost
Total	\$ 646,933	\$ 142,537	\$ 0	\$789,470	\$107,062	\$ 4,866	\$ 1,685	\$903,083	

* Includes \$3.1 million valued at cost

The private equity shown at NAV above are invested in real estate, venture funds, and international funds. The fair values have been determined using the NAV per share. The fair value of the private equity limited partnerships have no readily ascertainable market prices. Similar to real estate, costs closely approximate fair value of recent acquisitions. Therefore, the fair value of private equity limited partnership investments are based on the valuations as presented in the funds' December 31st audited financial statements. Generally, the companies within a fund are valued by the general partner, taking into account many

factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual values, private equity only represents 7.99 percent of total investments.

The commingled funds shown at NAV above are held in an investment trust that invests in debt securities. The trust's

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

investment objective is to outperform the Barclays U.S. Government/Credit Index. The trust may invest in out-of-benchmark securities in order to provide value and diversification.

Custodial Credit Risk of Investments

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

- The Idaho Fish and Wildlife Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation has \$8.6 million in investments that were uninsured and held in the name of the counterparty.
- The Idaho Workers' Compensation Law (Idaho Code Title 72) requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank in the name of the insurance company and subject to custodial credit risk was \$448.1 million.
- The PERSI investment policy mitigates custodial credit risk by requiring that investments, to the extent possible, be registered in the name of the PERSI and be delivered to a third-party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of \$9.3 million held by various counterparties, not in the PERSI's name.
- The University of Idaho Retiree Benefits Trust does not have a formal policy to to limit its exposure to custodial credit risk. The Trust had \$32.6 million in investments that were uninsured and held by the counterparty's trust department or agent but not in the State's name.
- The Boise State University Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation had various investments of \$146.1 million that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure

to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. The Foundation had various investments of \$159.5 million that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

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

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may range that of the Barclays Capital Aggregate Bond Index from 2-8 years. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2019.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2019
 (Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
 (dollars in thousands)

Investment Type	Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
Debt Securities:									
Money Market Funds	\$ 41,880								\$ 41,880
Certificates of Deposit**	5,668	\$ 12,889							18,557
Repurchase Agreements***	742,140								742,140
Commercial Paper	407,079								407,079
U.S. Gov't Obligations	1,440,888	235,263	\$ 34,961			\$ 55	\$ 174		1,711,341
U.S. Gov't Agency Obligations	2,032,056	158,430	16,055	\$ 16	\$ 19	69			2,206,645
U.S. Gov't Agency Mortgage- Backed Securities*	4,928	120,468	233,701	404					359,501
Asset -Backed Securities*	188,822	152,550							341,372
Commercial Mortgages*		2,328	4,015						6,343
Corporate Obligations	383,487	527,874	28,781		69				940,211
Municipal and Public Entity Obligations	12,089	278	410	57	55			\$ 74	12,963
Bond Mutual Funds and Other Pooled Fixed-Income Securities	277,191	16,178	9,859	2,022	8,875	4,588	5,055	833	324,601
External Investment Pools****	93,897								93,897
Total Debt Securities	\$ 5,630,125	\$ 1,226,258	\$ 327,782	\$ 2,499	\$ 9,018	\$ 4,712	\$ 5,229	\$ 907	7,206,530
Other Investments:									
Equity Securities and Mutual Funds									113,298
Mutual Funds Without Maturity Dates									622
Real Estate and Perpetual Trusts									11,599
Commodities									960
Total									\$ 7,333,009

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

** \$5.1 million valued at cost

*** \$742.1 million valued at cost

**** \$9.9 million valued at cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Endowment Funds Interest Rate Risk at June 30, 2019

(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
<u>Debt Securities:</u>		
Asset Backed Securities	\$ 15,465	2.2
Commercial Mortgage-Backed	16,039	2.0
Corporate Bond Fund	11,801	3.6
Corporate Bonds	125,841	7.4
Corporate Convertible Bonds	767	5.5
Government Agencies	8,701	4.5
Government Agencies Fund	8,903	4.6
Government Bonds	134,020	7.2
Government Mortgage Backed Securities	111,786	4.7
Gov't-issued Comm. Mtg-Backed	2,492	2.9
Index Linked Government Bonds	90,836	8.2
Municipal/Provincial Bonds	2,078	9.3
Non-Government Backed C.M.O.s	6,314	1.6
Other Fixed Income Fund	17,233	4.6
Total Endowment Fund Debt Securities	552,276	
<u>Other Investments:</u>		
Equity Investments	1,657,828	
Money Market Funds	7,784	
Real Estate Investment Trust (Private)	95,812	
Total Other Endowment Fund Investments	1,761,424	
<u>Unsettled Trades:</u>		
Receivable for Investments Sold	(45,248)	
Payable for Investments Purchased	54,287	
Total Endowment Fund Investments	\$ 2,322,739	

PERSI Investments at June 30, 2019

(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	\$ 4,003,319
Commingled Domestic Fixed-Income	173,005
International Fixed-Income	14,488
Idaho Commercial Mortgages	787,247
Short-Term Domestic Investments	319,544
Real Estate	811,205
Domestic Equities	7,726,058
Commingled Domestic Equity	317,743
International Equities	3,021,825
Commingled International Equity	75,532
Private Equity	1,035,583
Mutual Funds	1,036,853
Total PERSI Investments	\$ 19,322,402

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2019

(dollars in thousands)

Investment Type	Domestic Securities		International Securities		Total Fair Value
	Fair Value	Effective Duration in Years	Fair Value	Effective Duration in Years	
Asset -Backed Securities	\$ 42,192	2.71			\$ 42,192
Asset -Backed Securities	3,891	*			3,891
Mortgages	29,336	3.07			29,336
Mortgages	1,162	*			1,162
Commercial Paper	143,403	0.13			143,403
Commercial Paper	13,690	*			13,690
Corporate Bonds	1,063,280	7.48			1,063,280
Fixed-Income Derivatives	1,327	(205.58)	\$ 4	1670.86	1,331
Fixed-Income Derivatives	294	*			294
Government Agencies	68,524	8.95			68,524
Government Bonds	1,139,073	7.30	14,800	6.17	1,153,873
Government Bonds			226	*	226
Government Mortgage-Backed Securities	212,169	2.54			212,169
Government Mortgage-Backed Securities	18	*			18
Pooled Investments	49,465	—			49,465
Pooled Investments-SLIRF Domestic Fixed Income	173,005	*			173,005
Private Placements	129,929	4.92			129,929
Private Placements	7,267	*			7,267
U.S. Treasury Inflation-Protected Securities	1,625,557	9.24			1,625,557
Idaho Mortgages	823,647	—			823,647
Total PERSI Fixed Income Securities	\$ 5,527,229		\$ 15,030		\$ 5,542,259

* Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2019

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years	Fair Value Level**	
Money Market Funds	\$ 25,350	Less than 1	Level 1	***
Bond Funds	133,569	8.2	Level 1	
Inflation-Linked Bond Fund	8,118	2.7	Level 1	
International Bond Funds	60,681	9.7	Level 1	
Equity Funds	161,488		Level 1	
International Equity Funds*	107,812		Level 1	
Sallie Mae High-Yield Savings Account	19,626		Not Rated	
Total Idaho College Savings Program Investments	\$ 516,644			

* Investments may be subject to foreign currency risk.

**All investments are valued at market unless otherwise disclosed

***Includes \$11.3 million that is not rated

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Deferred Compensation Plan Investments at December 31, 2018

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Fixed Income:		
Empower	\$ 32	
Idaho Retiree Fixed Fund**	137,051	*
Nationwide Life Fixed Fund**	79,495	*
Total Fixed Income	216,578	
Variable Income***:		
American Century Heritage Fund	40,810	*
Fidelity	35,468	*
The Income Fund of America	15,541	6.30
Nationwide Investor Destinations Moderately Aggressive Fund	12,671	9.99
Calvert U.S. Large Cap Value Responsible Index Funds	12,388	
Carillon Eagle Mid Cap Growth Fund	3,559	
State Street Equity	12,986	
Nationwide Investor Destinations Moderate Fund	7,652	10.83
Dodge & Cox Stock Fund	12,778	
Nationwide Investor Destinations Aggressive Fund	7,894	10.21
Dreyfus MidCap Index Fund	7,126	
Capital World	7,306	**
Dreyfus Bond Market Index Fund	7,443	8.18
EuroPacific Growth Fund	9,799	**
Metropolitan West Total Return Bond Fund - Class M	7,513	7.52
JPMorgan	3,672	
Van Kampen	4,992	
Dreyfus Small cap Stock Index Fund	6,087	
Templeton Foreign Fund	5,743	**
Nationwide Destinations 2025 Fund	4,032	12.29
Nationwide Destinations 2030 Fund	2,576	12.33
DFA US Small Cap Growth Portfolio	2,958	
Charles Schwab	2,830	
Nationwide Destinations 2020 Fund	1,871	12.04
Nationwide Destinations 2035 Fund	2,486	12.12
Nationwide Investor Destinations Moderately Conservative Fund	1,978	10.24
Nationwide Destinations 2060 Fund	29	11.77
Nationwide Investor Destinations Conservative Fund	1,063	10.02
Nationwide Destinations 2015 Fund	538	11.75
Nationwide Destinations 2040 Fund	1,260	11.39
Nationwide Destinations 2045 Fund	962	11.36
Nationwide International Index Fund	1,874	
Nationwide Destinations 2050 Fund	656	11.12
Nationwide Destinations 2055 Fund	165	11.94
Empower	26	
Carrier Suspense	1	
Investment Suspense	26	
Total Variable Income	246,759	
Annuity Payout Options:		
DCVAII	34	
Nationwide Life	1,624	
Total Annuity Payout Options	1,658	
Life Insurance Contracts:		
Transamerica Premier	305	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	\$ 465,300	

* Represent investments exceeding 5% or more of the net position available for plan benefits.

** Represent international mutual funds.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Component Units Maturity of Debt Investments at June 30, 2019

(dollars in thousands)

Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
<u>Debt Securities:</u>									
Money Market Funds	\$ 82,144								\$ 82,144
Certificates of Deposit		\$ 1,000							1,000
U.S. Gov't Obligations*	11,996	20,148	\$ 204						32,348
U.S. Gov't Agency Obligations	7,337	29,169	2,101	\$ 4,129	\$ 6,834	\$ 184	\$ 38,382	\$ 41	88,177
U.S. Gov't Mortgage-Backed Securities		123,067							123,067
Corporate Obligations	36,088	40,542	449					966	78,045
Bond Mutual Funds	2,590	11,255	40,009	347	135		462	37	54,835
Total Debt Securities	\$ 140,155	\$ 225,181	\$ 42,763	\$ 4,476	\$ 6,969	\$ 184	\$ 38,844	\$ 1,044	459,616
<u>Other Investments:</u>									
Cash Equivalents included with Investments									2,879
Domestic Equities									101,412
Foreign Equities									39,416
Private Equities									27,543
Investment Agreements									(2,201)
Preferred Securities Without Maturity Dates									23
Equity and Income Mutual Funds									44,296
Mutual Funds									119,654
International Equity Funds									50,933
Real Estate and Perpetual Trusts									13,221
Insurance Annuities									428
Commingled Funds									36,840
Hedge Funds									2,153
Interest Rate Swaps									(1,894)
Land Held by Endowment**									8,764
Component Units Investments									\$ 903,083

* Includes \$3.1 million valued at cost

** Includes \$4.9 million valued at cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Credit Risk of Debt Securities

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

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that the average credit quality of the fixed income portfolio must be investment grade or higher. Individual fixed income securities may be rated below investment grade, and money market funds shall contain securities with an absolute minimum

of investment grade by Standard & Poor's (S&P) or Moody's.

- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that outline expected portfolio characteristics which usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance with the various bond indentures, bond resolutions, and trust resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code Section 67-6215B or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing Investment Trust and the Loan Guaranty Trust. The Association has not adopted a formal policy related to the Association's business operations investments.

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2019
(Except Endowment Funds, PERSI, and Deferred Compensation Plan)

(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	C	A1-P1	NP	Unrated	Fair Value
Money Market Funds	\$ 1,137									\$ 40,744	\$ 41,881
Certificates of Deposit*	5,379	\$ 500	\$ 2,010						\$ 1,005	9,663	18,557
Repurchase Agreements**										742,140	742,140
Commercial Paper								\$ 407,079			407,079
U.S. Gov't Agency Obligations	384,706	3,942						1,697,175		120,821	2,206,644
U.S. Gov't Agency Mortgage-Backed Securities	344,654	427								14,421	359,502
Asset-Backed Securities	338,183							3,189			341,372
Commercial Mortgages	5,083		1,260								6,343
Corporate Obligations	46,644	285,308	599,619	\$ 8,590						49	940,210
Municipal and Public Entity Obligations	80	654	185							12,044	12,963
Bond Mutual Funds and Other Pooled Fixed-Income Securities	7,092	34,822	4,797	3,191	\$ 624	\$ 167	\$ 161			273,747	324,601
External Investment ***										93,897	93,897
Total	\$ 1,132,958	\$ 325,653	\$ 607,871	\$ 11,781	\$ 624	\$ 167	\$ 161	\$ 2,107,443	\$ 1,005	\$ 1,307,526	\$ 5,495,189

* \$5.1 million valued at cost

** \$742.1 million valued at cost

*** \$9.9 million valued at cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Endowment Funds											
Credit Quality Ratings of Debt Investments at June 30, 2019											
(dollars in thousands)											
Investment Type	Aaa	Aa	A	Baa	Ba	B	Ca	Caa	Agy	Not Rated	Fair Value
Asset Backed Securities	\$ 1,453		\$ 10,579	\$ 935				\$ 663		\$ 1,835	\$ 15,465
Commercial Mortgage-Backed	5,092	\$ 961	8,444			\$ 1,107				435	16,039
Corporate Bond Fund		11,801									11,801
Corporate Bonds	2,385	6,683	38,310	57,735	\$ 9,967	9,089		671		1,000	125,840
Corporate Convertible Bonds						193	15			559	767
Government Agencies	6,717	602	533	682					\$ 49	118	8,701
Government Agencies Fund									8,903		8,903
Government Bonds	122,632	215	3,844	3,461	1,818	737				1,312	134,019
Government Mortgage Backed Securities									111,222	564	111,786
Gov't-issued Comm. Mtg-Backed	393								2,099		2,492
Index Linked Government Bonds	90,836										90,836
Municipal/Provincial Bonds	82	1,446	278	109	77					86	2,078
Non-Government Backed C.M.O.s							3,169	\$ 592	2,553		6,314
Other Fixed Income Fund						17,234					17,234
Total	\$ 229,590	\$ 21,708	\$ 61,988	\$ 62,922	\$ 12,055	\$ 31,351	\$ 592	\$ 3,887	\$ 122,273	\$ 5,909	\$ 552,275

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2019			
(dollars in thousands)			
S & P Rating Level	Investment Type		Fair Value
	Domestic Securities	International Securities	
A-1+	\$ 24,054		\$ 24,054
A-1	71,308		71,308
A-2	26,795		26,795
AAA	91,879		91,879
AA*	341,015		341,015
A	415,127	\$ 3,555	418,682
BBB	546,734	3,013	549,747
BB	17,236	2,881	20,117
B	4,828		4,828
CCC	2,734		2,734
CC	1,034		1,034
D	509		509
Not Rated	166,576	5,583	172,159
Total	\$ 1,709,829	\$ 15,032	\$ 1,724,861

* Includes US Government Agencies implicitly guaranteed by US Government

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Component Units Credit Quality Ratings of Debt Securities at June 30, 2019

(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	C	D	Unrated	Fair Value
Money Market Funds										\$ 82,144	\$ 82,144
Certificates of Deposit										1,000	1,000
U.S. Gov't Agency Obligations*	\$ 78,694	\$ 9,483									88,177
U.S. Gov't Agency Mortgage Backed Securities										123,067	123,067
Corporate Obligations	6,170	25,266	\$30,785	\$12,599	\$ 279		\$161			2,785	78,045
Bond Mutual Funds	19,512	13,074	5,340	6,185	6,456	\$1,168	195	\$ 16	\$ 11	2,878	54,835
Total	\$104,376	\$ 47,823	\$36,125	\$18,784	\$ 6,735	\$1,168	\$356	\$ 16	\$ 11	\$211,874	\$ 427,268

* Includes \$3.1 million valued at cost

Concentration of Credit Risk

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

- The State and the colleges and universities have not adopted a formal policy to address concentration of credit risk.
- The STO investment policy limits the amount that can

be invested in any one issuer. The policy may be obtained from their website at <http://sto.idaho.gov>.

- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

Primary Government and Fiduciary Funds Concentration of Credit Risk at June 30, 2019

(dollars in thousands)

Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Idaho State Bar:	Fannie Mae Notes	\$ 273	14.8
	Federal Farm Credit Bank	146	7.9
	Federal Home Loan Bank	157	8.5
	First Interstate Bank*	101	5.5
STO Pool:	Federal Farm Credit Bank	553,852	23.2
	Federal Home Loan Mortgage Corp.	239,267	10.0
Idaho State University:	Federal Home Loan Mortgage Corporation	4,050	19.0
	Federal National Mortgage Association	1,402	6.6

*Valued at Cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Component Unit Concentration of Credit Risk at June 30, 2019

(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Health Reinsurance:	Farm Credit System	\$ 3,719	19.8
	Federal Home Loan Bank	7,970	42.5
	Federal Home Loan Mortgage Corp	3,971	21.2
	Federal International Mortgage	2,116	11.3
	Federal National Mortgage Association	989	5.3
Idaho Housing and Finance Association:	Deutsch Bank AG	123,067	69.4
	Government National Mortgage Association	37,921	21.4
Petroleum Clean Water Trust:	Federal National Mortgage Association	6,435	18.7

Foreign Currency Denominated Investments

Investments denominated in foreign currencies face a potential risk of loss in fair value from changes in currency exchange rates. The following describes the policies related to foreign currency risk for those state entities that have investments denominated in a foreign currency:

- The EFIB investment policy statement permits investments in international equities.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a range of currency exposure. Each portfolio is monitored for

currency exposure. Managers are required to report variances.

- The Lewis-Clark State College Foundation investment policy permits investments in equities and debt securities denominated in foreign currencies. The policy limits the investments in international equities to no more than 17.5 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation investment policy limits the exposure to foreign investment holdings in the portfolio.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Endowment Foreign Currency Risk at June 30, 2019

(dollars in thousands)

Currency	Investment Type	Fair Value in U.S Dollars
Argentinian Peso	Equities	\$ 106
Australian Dollar	Equities	12,693
Brazilian Real	Equities	6,848
Canadian Dollar	Equities	14,530
Chilean Peso	Equities	929
Chinese Yuan	Equities	(1,136)
Chinese Yuan (HK)	Equities	595
Czech Republic Koruna	Equities	76
Danish Krone	Equities	10,000
Euro	Equities	93,912
Hong Kong Dollar	Equities	38,733
Hungarian Forint	Equities	265
Indian Rupee	Equities	1,175
Indonesian Rupiah	Equities	2,031
Israeli Shekel	Equities	1,563
Japanese Yen	Equities	55,808
Malaysian Ringgit	Equities	1,614
Mexican Peso	Equities	10,269
New Zeland Dollar	Equities	66
Norwegian Krone	Equities	5,741
Polish Zloty	Equities	1,076
Russian Ruble	Equities	2,793
Singapore Dollar	Equities	3,448
South African Rand	Equities	3,801
South Korean Won	Equities	9,071
Swedish Krona	Equities	5,929
Swiss Franc	Equities	49,941
Taiwan Dollar	Equities	6,687
Thailand Thai Baht	Equities	2,879
Turkish Lira	Equities	2,452
U.K. Pound	Equities	51,857
Total		\$ 395,752

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

PERSI Foreign Currency Risk at June 30, 2019

(dollars in thousands)

Currency	Investment Type			Fair Value of Currency in U.S. Dollars
	Short-Term Investments	Equities	Fixed Income	
Argentina Peso	\$ 230		\$ 149	\$ 379
Australian Dollar	(835)	\$ 71,991	(1)	71,155
Brazilian Real	7,666	75,283	2,868	85,817
Canadian Dollar	4,850	16,842		21,692
Chinese R Yuan HK	(550)			(550)
Chinese Yuan Renminbi	(2,047)		557	(1,490)
Colombian Peso	(29)			(29)
Danish Krone	2,187	120,211		122,398
Egyptian Pound		4,206		4,206
Euro	(8,239)	807,537	(87)	799,211
Hong Kong Dollar	485	363,298		363,783
Hungarian Forint	5	4,862		4,867
Indian Rupee	2,752			2,752
Indonesian Rupiah	3,792	13,818		17,610
Israeli Shekel	13	2,398		2,411
Japanese Yen	603	395,438	1,016	397,057
Kenyan Shilling		1,545		1,545
Malaysian Ringgit	(381)	8,246		7,865
Mexican Peso	1,097	30,487	5,329	36,913
Moroccan Dirham	21	2,040		2,061
New Taiwan Dollar	42	23,548		23,590
New Zealand Dollar		1,737		1,737
Norwegian Krone	112	8,775		8,887
Philippine Peso	(2,052)	6,817		4,765
Polish Zloty	32	1,785		1,817
Romanian Leu		2,441		2,441
Russian New Ruble	(883)		4,367	3,484
Singapore Dollar	180	36,114		36,294
South African Rand	197	43,742		43,939
South Korean Won	(109)	143,929		143,820
Swedish Krona	7	31,386		31,393
Swiss Franc	7,326	277,357		284,683
Thailand Baht	131	15,004		15,135
Turkish Lira	47	20,148		20,195
U.K. Pound	1,128	576,408	317	577,853
Zimbabwe Dollar (New)	28			28
Total	\$ 17,806	\$ 3,107,393	\$ 14,515	\$ 3,139,714

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

College and University Foundations
Foreign Currency Risk at June 30, 2019
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	\$ 1,260
Brazilian Real	Equities	24
Canadian Dollar	Equities	591
Chilean Peso	Equities	4
Chinese Yuan	Equities	103
Colombian Peso	Equities	4
Czech Koruna	Equities	1
Danish Krone	Equities	830
Euro	Equities	5,340
Hong Kong Dollar	Equities	2,089
Hungarian Forint	Equities	3
Indian Rupee	Equities	31
Indonesian Rupiah	Equities	9
Israeli Shekel	Equities	7
Japanese Yen	Equities	971
Malaysian Ringgit	Equities	10
Mexican Peso	Equities	19
New Zealand Dollar	Equities	5
Norwegian Krone	Equities	12
Peruvian Nuevo Sol	Equities	1
Philippine Peso	Equities	5
Polish Zloty	Equities	7
Russian Ruble	Equities	15
Singapore Dollar	Equities	649
South African Rand	Equities	18
South Korean Won	Equities	54
Swedish Krona	Equities	37
Swiss Franc	Equities	2,166
Taiwan Dollar	Equities	34
Thai Baht	Equities	12
Turkish Lira	Equities	2
U.K. Pound	Equities	3,701
Other	Equities	73
Total		\$ 18,087

Debt Investments with Terms That May Cause the Fair Value to Be Highly Sensitive To Interest Rate Changes

Mortgage-Backed Securities have a return based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments. To the extent possible, this prepayment risk is reflected in the interest rate risk of the portfolios by using the weighted average method to calculate interest rate

risk for long-term investments and the modified duration method used by the EFIB and the PERSI.

Treasury Inflation Protected Securities (TIPS) are fixed-income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. The Endowment Funds had investments in TIPS with a fair value of \$90.8 million, and the PERSI had investments in TIPS with a fair value of \$1.6 billion.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

IHFA is invested in pay-fixed, receive-variable interest rate swaps. The Association pays fixed rate payments between 0 percent and 0 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) and the London Interbank Offered Rate (LIBOR) indices.

Repurchase Agreements

Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at a higher price.

The Idaho Housing and Finance Association invests excess cash overnight in repurchase agreements that are held in the Association's account in the name of the bank and are collateralized by the U.S. government and agency obligations. The Association had repurchase agreements of \$16.3 million with Wells Fargo Bank.

IDLE Payable / LGIP Receivable

STO determined that in FY19, Long-term Government Investment Pool (LGIP) investment portfolio was not

credited on two deposits. Two events occurred that were outside of the normal course of banking operations (December 5, 2018 and February 8, 2019), and while records reflected correct participant balances, the cash was swept into the IDLE pool's investment portfolio. All LGIP participant balances were correct and the money earned interest at the same rate it would have in the LGIP investment portfolio. The combined principal from the two deposits totaling \$8.4 million was transferred from the IDLE investment pool to the LGIP investment pool on August 1, 2019.

C. Restricted Assets

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Primary Government and Component Units
 Restricted Assets at June 30, 2019
 (dollars in thousands)

Purpose	Amount
Governmental Activities:	
Restricted Cash:	
Bond Covenants	\$ 120
Debt Service	115,823
Donations for Various Projects	7,320
Group Insurance Reserves	32,248
Juvenile Corrections Social Security Benefits	1,166
Legislation and Donations	16,190
Matching Fund Contributions	15,354
Millennium Permanent Endowment Fund	37
Petroleum Violation Escrow	3,261
Pollution Clean Up	5,933
The Idaho State Bar Client Assistance Fund	911
Restricted Investments:	
Donations for Various Projects	6,234
Legal Settlements	3,133
Legislation and Donations	40,954
Millennium Permanent Endowment Fund	343,662
Pollution Clean Up	115,189
Total Governmental Activities	\$ 707,535
Business-Type Activities:	
Restricted Cash:	
Debt Service	\$ 18,775
Idaho Lottery Dividends Payout	61,972
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	48,409
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	118,818
Total Business-Type Activities	\$ 247,974
Component Units:	
Restricted Cash:	
Donations for the College and University Foundations	\$ 24,640
Bond Indentures and Escrow and Reserve Deposits	246,124
Restricted Investments:	
Donations for the College and University Foundations	336,748
Total Component Units	\$ 607,512



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 3. DERIVATIVE INSTRUMENTS

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

Primary Government

The Idaho State Building Authority refunded the 2008A bond and terminated the interest rate swap contract which resulted in a termination fee of \$2.1 million. Because of the termination, there is no deferred outflow of resources in the Statement of Net Position for fiscal year 2019.

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association’s overall cost of borrowing long-term capital

and protect against the risk of rising interest rates. The fair value of the swaps was a negative \$24.4 million and reported in other accrued liabilities on the Statement of Net Position. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value for hedge swaps are reported on the Statement of Net Position as deferred outflows of resources of \$36.1 million and deferred inflow of resources of \$0.3 million. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses, and Changes in Net Position at \$1.9 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association - Hedging Derivative Instruments							
Interest Rate Swap Agreements at June 30, 2019							
<i>(dollars in thousands)</i>							
Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2000 Series G	\$ 2,745	\$ (51)	\$ 230	11/6/2008	7/1/2021	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series A	560	(2)	56	11/6/2008	1/1/2020	4.76%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series B	965	(7)	82	11/6/2008	7/1/2020	4.87%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series C	835	(5)	74	11/6/2008	7/1/2020	4.86%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2001 Series D	\$ 2,890	\$ (64)	\$ 210	11/6/2008	7/1/2022	4.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series E	2,890	(60)	197	11/6/2008	7/1/2022	4.53%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series F	1,260	(13)	95	11/6/2008	1/1/2021	4.70%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series A	1,425	(19)	117	11/6/2008	1/1/2021	5.02%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series B	1,435	(19)	115	11/6/2008	1/1/2021	4.95%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series C	1,395	(17)	111	11/6/2008	1/1/2021	4.89%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series D	2,930	(64)	213	11/6/2008	7/1/2022	4.71%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series E	1,505	(20)	103	11/6/2008	7/1/2021	4.48%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series F	2,285	(54)	115	11/6/2008	1/1/2024	3.79%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series G	2,285	(145)	52	11/6/2008	1/1/2024	4.14%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series A	3,975	(329)	145	11/6/2008	1/1/2026	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B	3,330	(149)	132	11/6/2008	7/1/2024	4.04%	SIFMA+.20%
2003 Series D	3,685	(305)	165	11/6/2008	7/1/2025	4.84%	SIFMA+.20%
2004 Series A	3,755	(244)	109	7/6/2016	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	5,385	(462)	66	7/6/2016	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series A	5,765	(529)	63	7/6/2016	1/1/2029	3.90%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	5,775	(518)	62	7/6/2016	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series E	5,905	(555)	55	7/6/2016	1/1/2029	3.93%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series F	6,165	(686)	24	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series A	6,195	(697)	21	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series B	3,695	(283)	99	11/7/2008	7/1/2025	4.35%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series C	3,580	(263)	101	11/7/2008	1/1/2025	4.36%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series D	4,175	(321)	135	11/7/2008	1/1/2025	4.45%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2007 Series D	7,100	(576)	4	7/1/2016	1/1/2026	4.89%	LIBOR+.71%
2007 Series G	17,355	(2,229)	(263)	12/20/2012	7/1/2028	4.69%	LIBOR+.76%
2007 Series H	22,490	(3,630)	(1,010)	7/1/2016	7/1/2030	5.20%	LIBOR+.76%
2007 Series J	18,075	(2,194)	(375)	7/1/2017	7/1/2028	4.42%	LIBOR+.76%
2007 Series K	16,040	(2,113)	(544)	7/1/2017	7/1/2030	4.23%	LIBOR+.76%
2006 Series E	4,970	(389)	144	7/1/2017	1/1/2026	5.52%	LIBOR + .80%
2006 Series F	5,070	(364)	128	7/1/2017	1/1/2026	5.29%	LIBOR + .80%
2006 Series G	4,950	(337)	116	7/1/2017	1/1/2026	5.17%	LIBOR + .80%
2007 Series A	5,595	(464)	106	7/1/2017	7/1/2026	5.03%	LIBOR + .80%
2007 Series B	6,310	(501)	104	7/1/2017	1/1/2027	4.88%	LIBOR + .80%
Series 2007 C	6,715	(570)	110	7/1/2017	1/1/2027	4.97%	LIBOR + .80%
2008 Series A	16,040	(2,786)	(1,075)	7/1/2017	7/1/2030	4.38%	LIBOR + .80%
2008 Series C	8,825	(604)	145	7/1/2017	7/1/2026	4.72%	LIBOR + .80%
2008 Series D	3,310	(199)	41	7/1/2017	7/1/2026	4.44%	LIBOR + .80%
	<u>\$ 229,635</u>	<u>\$ (22,837)</u>	<u>\$ 578</u>				

Idaho Housing and Finance Association - Investment Derivative Instruments

Interest Rate Swap Agreements at June 30, 2019

(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2003 Series C	\$ 2,075	\$ (15)	\$ (54)	11/6/2008	7/1/2025	3.78%	SIFMA+.20%
2003 Series E	3,685	27	(117)	7/6/2016	7/1/2025	4.53%	SIFMA+.20%
2004 Series B	4,290	37	(153)	7/6/2016	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series C	3,870	28	(124)	7/6/2016	7/1/2025	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series B	5,580	(675)	(87)	11/7/2008	7/1/2028	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series C	5,660	(623)	(101)	11/7/2008	7/1/2028	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2008 Series B	13,795	(673)	(604)	7/1/2017	7/1/2029	4.24%	LIBOR + .80%
	<u>\$ 38,955</u>	<u>\$ (1,894)</u>	<u>\$ (1,240)</u>				

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

All but nineteen of the Association's swaps have a dual basis: the SIFMA Index plus 20 basis points when the one-month LIBOR Index is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of the LIBOR Index when the LIBOR Index is 3.5 percent or greater. Four non-dual basis swaps have a basis of the SIFMA Index plus 20 basis points, ten have a basis of LIBOR plus 80 basis points, four have a basis of LIBOR plus 76 basis points, and one has a basis of LIBOR plus 71 basis points. The Association is exposed to basis risk on dual basis swaps when variable payments received are based on the LIBOR Index and do not offset the variable-rate paid on bonds, which is based on the SIFMA Index. On June 30, 2019, the SIFMA Index was 1.9 percent and the one-month LIBOR Index was 2.4 percent.

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

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

During fiscal year 2018 the Association redeemed and reissued bonds that created deemed terminations. Though the terms of the swap contracts were not modified, the redemption and reissue did create a deemed terminating event of the swap contracts, which requires that the value of the Deferred Outflow of Resources at the date of reissuance be amortized to interest expense.

The deemed terminating event also created a deemed

borrowing, the result of higher off-market contractual fixed rates paid to the Association's counterparty compared to the market rate required at the time of the defeasance and reissuance. These borrowings are amortized and credited to interest expense over the life of the swap contracts. The requirements of the accounting standard result in a dual presentation of the deferred outflows of resources at both amortized and fair values and the presentation in the deferred inflows of resources of an amount that reflects the change in the fair value of the modified contracts during the fiscal years. Interest rate swap contracts fair value defers the fair value of effectively hedged swap contracts at June 30, 2019. The fair value of effectively hedged swap positions are fully matched and deferred with this offsetting position.

Interest rate swap contracts amortized value defers the amortizing value of an implicit borrowing position created upon the refunding of variable rate debt associated with swap contracts. At the time of refunding, the swap contracts' fair value became the historical cost basis, which is amortized over the life of the swap contracts. The amortized borrowing value is fully matched and deferred with this offsetting position.

Since the current fair value of the swap contracts differs from the amortized value of the borrowing at June 30, 2019, the Association has elected to report the swap contracts' current fair value to demonstrate the full economic liability to its counterparty. The difference between current fair and amortized value is reported as a gain or loss in the Statement of Revenues, Expenses, and Changes in Net Position. This effectively results in an historical cost position being reported at current fair value. The Association matches the duration of its swap contracts with the variable debt maturity, and therefore, does not anticipate this difference ever to be realized as a loss or a gain.

The Association entered into 41 "To Be Announced" (TBA) forward contracts in order to lock in the sales price for the securitization of qualified first mortgage single-family loans. The Association periodically enters into forward contracts to sell Government National Mortgage Association (GNMA) Mortgage Backed Securities to investors before the securities are ready for delivery. These contracts are considered investment derivatives and hedge the interest rate risk for loan commitments made to originating mortgage lenders.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Idaho Housing and Finance Association - Investment Derivative Instruments

TBA Forward Contracts at June 30, 2019

(dollars in thousands)

Contract	Notional Amount	Fair Value	Coupon Rate	Counterparty Credit Rating
July 2019	\$ 4,000	\$ (63)	3.50%	Aaa
July 2019	8,000	(139)	3.50%	Aaa
July 2019	5,000	(83)	3.50%	Aaa
July 2019	4,000	(68)	3.50%	Aaa
July 2019	4,000	(61)	3.50%	Aaa
July 2019	8,000	(116)	3.50%	Aaa
July 2019	14,000	(169)	3.50%	Aaa
July 2019	5,000	(34)	4.00%	Aaa
July 2019	24,000	(180)	4.00%	Aaa
July 2019	8,000	(9)	4.00%	Aaa
July 2019	7,000	(30)	4.00%	Aaa
July 2019	13,500	(149)	3.50%	Aaa
July 2019	4,000	(73)	3.50%	Aaa
July 2019	8,000	(98)	3.50%	Aaa
July 2019	5,000	(46)	4.00%	Aaa
July 2019	8,000	(71)	4.00%	Aaa
July 2019	5,500	(7)	4.00%	Aaa
July 2019	5,000	(24)	4.00%	Aaa
July 2019	32,000	(125)	4.50%	Aaa
August 2019	10,000	(105)	3.50%	Aaa
August 2019	14,000	(113)	3.50%	Aaa
August 2019	8,000	(19)	3.50%	Aaa
August 2019	6,500	(25)	3.50%	Aaa
August 2019	7,000	(51)	3.50%	Aaa
August 2019	25,000	(55)	3.50%	Aaa
August 2019	15,000	(38)	3.50%	Aaa
August 2019	7,000	(13)	3.50%	Aaa
August 2019	11,000	(14)	4.00%	Aaa
August 2019	13,000	(37)	3.50%	Aaa
August 2019	8,000	(42)	3.50%	Aaa
August 2019	1,250	(6)	3.50%	Aaa
August 2019	15,000	(62)	3.50%	Aaa
August 2019	5,000	(28)	3.50%	Aaa
August 2019	12,000	(32)	4.00%	Aaa
August 2019	3,250	(10)	4.00%	Aaa
September 2019	12,000	8	3.00%	Aaa
September 2019	10,000	(22)	3.00%	Aaa
September 2019	10,000	(21)	3.50%	Aaa
September 2019	8,000	(11)	3.50%	Aaa
September 2019	5,000	20	3.00%	Aaa
September 2019	10,000	16	3.50%	Aaa
	<u>\$ 388,000</u>	<u>\$ (2,205)</u>		

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 4. INTRAENTITY TRANSACTIONS

A. Interfund Balances

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

	Interfund Payables							Total
	General Fund	Health and Welfare	Transportation	Nonmajor Governmental	College and University	Nonmajor Enterprise	Pension Trust	
General Fund		\$ 56		\$ 3,831	\$ 10,103	\$ 8,180		\$ 22,170
Transportation	\$ 7							7
Nonmajor Governmental		141	\$ 66	37		819		1,063
College and University	875	1,202	68	933				3,078
Unemployment Compensation	86							86
Nonmajor Enterprise	12	5	137	16		13		183
Internal Service	105	174	108	78	32			497
Pension Trust							\$ 2,113	2,113
Total	\$ 1,085	\$ 1,578	\$ 379	\$ 4,895	\$ 10,135	\$ 9,012	\$ 2,113	\$ 29,197

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

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

B. Interfund Transfers

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

	Transfers In							Total
	General Fund	Health and Welfare	Nonmajor Governmental	College and University	Unemployment Comp.	Loan	Internal Service	
General Fund		\$ 806,193	\$ 20,862	\$ 340,844		\$ 23,690	\$ 1,828	\$ 1,193,417
Health and Welfare	\$ 6,691					318		7,009
Transportation			19,160					19,160
Land Endowments	62,013			16,443				78,456
Nonmajor Governmental	86,558		351	100	\$ 48	2,550		89,607
College and University	2,277							2,277
Unemployment Comp.			5,899					5,899
Loan	720		1,105					1,825
Nonmajor Enterprise	90,130	2,730	1,128					93,988
Internal Service	17,113							17,113
Total	\$ 265,502	\$ 808,923	\$ 48,505	\$ 357,387	\$ 48	\$ 26,558	\$ 1,828	\$ 1,508,751

Interfund transfers are primarily performed for two reasons:

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

During fiscal year 2019 the following nonroutine transfer was made:

- \$20.7 million from the Indirect Cost Recovery Fund to the Business Information Infrastructure Fund for the State's Business Information Infrastructure Modernization Project.

C. Significant Transactions with Related Parties

The primary government had the following transaction with the Idaho Housing and Finance Association (IHFA):

- The Transportation fund has notes payable in the amount of \$495.0 million to the IHFA for bonds issued on their behalf for transportation infrastructure projects.

During fiscal year 2019 the Idaho Health Insurance Exchange (IHIE) received assessment fees from Blue Cross

of Idaho, represented on the IHIE Board, of \$5.2 million.

The Housing Company, a component unit of the IHFA, owes the IHFA \$3.8 million for notes payable secured by real property.

During fiscal year 2019 the Idaho Individual High Risk Reinsurance Pool received premium tax funds from the State, in accordance to Idaho Code Section 41-406(1)(d), in the amount of \$9.0 million to offset costs of the Pool.

During fiscal year 2019 the college and university foundations distributed \$67.6 million to the respective colleges and universities for support of academic and athletic programs.

During fiscal year 2019 the State purchased workers compensation insurance coverage from the State Insurance Fund, a related party, in the amount of \$12.3 million.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 5. NONCURRENT RECEIVABLES

The Accounts Receivable, Taxes Receivable, Due from Other Entities, Due from Primary Government, and Loans, Notes, and Pledges Receivable line items on the government-wide Statement of Net Position contain aggregated current and noncurrent receivable balances net

of allowances for doubtful accounts. The following tables disaggregate the noncurrent receivables balances for the primary government and component units.

Noncurrent interfund receivables are discussed in Note 4.

Noncurrent Receivables - Primary Government						
<i>(dollars in thousands)</i>						
	Governmental Activities			Business-Type Activities		
	General Fund	Health and Welfare	Transportation	Nonmajor Governmental	College and University	Loan
Accounts Receivable				\$ 16,721		
Taxes Receivable	\$ 39,879	\$ 1	\$ 14	136		
Loans and Notes Receivable	503		126	2,462	\$ 27,424	\$ 379,353
Total Noncurrent Receivables	40,382	1	140	19,319	27,424	379,353
Less: Allowance for Doubtful Accounts						
Accounts Receivable				(7,266)		
Taxes Receivable	(155)					
Loans and Notes Receivable					(3,063)	
Total Noncurrent Receivables, Net	\$ 40,227	\$ 1	\$ 140	\$ 12,053	\$ 24,361	\$ 379,353

Noncurrent Receivables - Component Units			
<i>(dollars in thousands)</i>			
	Idaho Housing and Finance Association	College and University Foundation	Idaho Bond Bank Authority
	Due from Primary Government	\$ 503,214	
Pledges Receivable		\$ 8,092	
Loans and Notes Receivable	549,421		293,131
Total Noncurrent Receivables	1,052,635	8,092	293,131
Less: Allowance for Doubtful Accounts			
Due from Primary Government			
Pledges Receivable		(990)	
Loans and Notes Receivable	(4,649)		
Total Noncurrent Receivables, Net	\$ 1,047,986	\$ 7,102	\$ 293,131



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows (*dollars in thousands*):

Primary Government	Balances at July 1, 2018 As Restated*	Increases	Decreases	Balances at June 30, 2019
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 1,135,777	\$ 52,715	\$ (494)	\$ 1,187,998
Capital Assets in Progress	1,151,248	351,064	(274,732)	1,227,580
Infrastructure	2,767,488	253,938	(5,787)	3,015,639
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	5,054,635	657,717	(281,013)	5,431,339
Capital Assets Being Depreciated:				
Buildings and Improvements	1,173,103	10,764	(13,278)	1,170,589
Improvements Other Than Buildings	172,890	10,405		183,295
Machinery, Equipment, and Other	803,624	75,078	(33,551)	845,151
Infrastructure	1,172,014			1,172,014
Total Capital Assets Being Depreciated	3,321,631	96,247	(46,829)	3,371,049
Less Accumulated Depreciation for:				
Buildings and Improvements	(469,065)	(25,893)	3,198	(491,760)
Improvements Other Than Buildings	(77,709)	(6,965)	(4)	(84,678)
Machinery, Equipment, and Other	(524,888)	(71,467)	26,377	(569,978)
Infrastructure	(300,658)	(16,092)		(316,750)
Total Accumulated Depreciation	(1,372,320)	(120,417)	29,571	(1,463,166)
Total Capital Assets Being Depreciated, Net	1,949,311	(24,170)	(17,258)	1,907,883
Governmental Activities Capital Assets, Net	\$ 7,003,946	\$ 633,547	\$ (298,271)	\$ 7,339,222

* Beginning balances were restated due to prior period adjustments.

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

Governmental Activities:	
General Government	\$ 19,349
Public Safety and Correction	16,015
Health and Human Services	27,484
Education	1,776
Economic Development	40,407
Natural Resources	14,030
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	1,356
Total Accumulated Depreciation Increase for Governmental Activities	\$ 120,417

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Business-Type Activities:	Balances at July 1, 2018 As Restated*	Increases	Decreases	Balances at June 30, 2019
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 143,648	\$ 21,488		\$ 165,136
Capital Assets in Progress	41,932	67,396	\$ (11,859)	97,469
Historical Art and Collections	2,423	12		2,435
Total Capital Assets not Being Depreciated	188,003	88,896	(11,859)	265,040
Capital Assets Being Depreciated:				
Buildings and Improvements	1,592,107	18,710	(1,392)	1,609,425
Improvements Other Than Buildings	78,912	2,026	(416)	80,522
Machinery, Equipment, and Other	435,759	18,291	(10,510)	443,540
Total Capital Assets Being Depreciated	2,106,778	39,027	(12,318)	2,133,487
Less Accumulated Depreciation for:				
Buildings and Improvements	(646,828)	(41,954)	1,373	(687,409)
Improvements Other Than Buildings	(49,801)	(2,610)	411	(52,000)
Machinery, Equipment, and Other	(351,031)	(22,710)	9,750	(363,991)
Total Accumulated Depreciation	(1,047,660)	(67,274)	11,534	(1,103,400)
Total Capital Assets Being Depreciated, Net	1,059,118	(28,247)	(784)	1,030,087
Business-Type Activities Capital Assets, Net	\$ 1,247,121	\$ 60,649	\$ (12,643)	\$ 1,295,127

* Beginning balances were restated due to prior period adjustments.

Interest incurred during construction is capitalized in enterprise funds. The total cost of interest incurred during the fiscal year was \$16.9 million, of that \$1.6 million was capitalized.

Component Units:	Balances at July 1, 2018 As Restated*	Increases	Decreases	Balances at June 30, 2019
Capital Assets not Being Depreciated:				
Land	\$ 6,019	\$ 1,511	\$ (477)	\$ 7,053
Capital Assets in Progress	190	1,617	(813)	994
Intangible Assets	12			12
Total Capital Assets not Being Depreciated	6,221	3,128	(1,290)	8,059
Capital Assets Being Depreciated:				
Buildings and Improvements	88,576	5,043	(1,189)	92,430
Improvements Other Than Buildings	759	90		849
Machinery, Equipment, and Other	56,525	2,575	(564)	58,536
Total Capital Assets Being Depreciated	145,860	7,708	(1,753)	151,815
Less Accumulated Depreciation for:				
Buildings and Improvements	(44,025)	(3,623)	885	(46,763)
Improvements Other Than Buildings	(208)	(34)		(242)
Machinery, Equipment, and Other	(44,196)	(11,289)	267	(55,218)
Total Accumulated Depreciation	(88,429)	(14,946)	1,152	(102,223)
Total Capital Assets Being Depreciated, Net	57,431	(7,238)	(601)	49,592
Component Unit Activities Capital Assets, Net	\$ 63,652	\$ (4,110)	\$ (1,891)	\$ 57,651

* Beginning balances were restated due to prior period adjustments.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Deferred Outflows of Resources and Deferred Inflows of Resources line items on the government-wide Statement of Net Position and governmental funds Balance Sheet contain aggregated types of deferrals.

The following tables disaggregate the deferrals.

See Note 3 for further details regarding derivative-related deferrals, Note 8 for pension-related deferrals, and Note 9 for OPEB-related deferrals.

A. Deferred Outflows of Resources – Government-Wide (dollars in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Debt Defeasance	\$ 3,771	\$ 7,915	
Hedging Derivatives			
Interest Rate Swap Contracts - Amortized			\$ 24,010
Interest Rate Swap Contracts - Fair Value			12,038
Pension-Related			
Contributions Subsequent to Measurement Date	79,082	15,124	
Proportionate Share	65,310	11,077	
OPEB-Related			
Contributions Subsequent to Measurement Date	7,145	3,549	
Proportionate Share	2,654	5,886	
Total Deferred Outflows of Resources	\$ 157,962	\$ 43,551	\$ 36,048

B. Deferred Inflows of Resources – Government-Wide (dollars in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Debt Defeasance		\$ 5	
Hedging Derivatives			
Interest Rate Swap Contracts - Fair Value			\$ 259
Imposed Nonexchange Revenue	\$ 2,739		
Nonexchange Transactions		250	
Pension-Related			
Proportionate Share	76,120	14,194	
OPEB-Related			
Proportionate Share	13,707	14,988	
Service Concession Arrangement		41,586	
Unavailable Revenue			
Other Deferred Inflows		10,923	5,839
Total Deferred Inflows of Resources	\$ 92,566	\$ 81,946	\$ 6,098

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

C. Deferred Inflows of Resources – Governmental Funds (dollars in thousands)

	Governmental Funds			
	General	Health and Welfare	Transportation	Nonmajor Governmental
Imposed Nonexchange Revenue				\$ 2,739
Unavailable Revenue	\$ 152,117	\$ 159,627	\$ 6,461	23,795
Total	\$ 152,117	\$ 159,627	\$ 6,461	\$ 26,534

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 8. PENSION PLANS

A. Summary of Plans Administered by the Public Employee Retirement System of Idaho

General

The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan, the Judges’ Retirement Fund (JRF), the Firefighters’ Retirement Fund (FRF), and two defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at the following website: (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective Pension Amounts' for the Base Plan and the FRF, which can be found at (<http://www.persi.idaho.gov/employers/GASB.cfm>).

Summary of Significant Accounting Policies

The PERSI basic financial statements are prepared using the economic resource measurement focus and accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans’ terms. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERSI Base Plan and JRF and additions/deductions from PERSI’s and JRF’s fiduciary net position have been determined on the same basis as they are reported by PERSI.

Investments are presented at fair value. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer-term real estate holdings is estimated based on the PERSI’s consultant assessments and/or independent appraisals. Short-term investments are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter,

the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds’ advisory committee, and reviewed by consultants. Investments of the PERSI Base Plan, JRF, and FRF are pooled for investment purposes.

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2018, for the Base Plan, and FRF; and as of July 1, 2019, for the JRF.

The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

	<u>Base Plan</u>	<u>JRF</u>
Inflation	3.00%	3.00%
Salary Increases*	3.75%	3.75%
Salary Inflation	3.75%	3.75%
Investment Rate of Return**	7.05%	7.00%
Cost of Living Adjustments	1.00%	1.00% or 3.75%

*There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service.

**Net of pension plan investment expense.

Mortality Rates

Base Plan actuarial assumptions were based on an experience study performed for the period 2011 through 2017; the study reviewed demographic assumptions other than mortality. Mortality and all economic assumptions for the Base Plan were studied in 2018 for the period July 1, 2013 through June 30, 2017. Economic assumptions for JRF were based on the results of an experience study for the period 2011 through July 1, 2017. Demographic assumptions, including mortality, for JRF were studied for the period 2013 and 2018.

Mortality rates for the Base Plan were based on the RP-2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back three years for teachers (Base Plan)
- No offset for male fire and police (Base Plan)
- Forward one year for female fire and police (Base Plan)
- Set back one year for all general employees and all beneficiaries (Base Plan)

Mortality rates for JRF were based on the General Pub-2010 Above Meridian tables for males or females, and employees or healthy retirees, as appropriate, with no offsets.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and

by adding expected inflation.

The PERSI used the 2018 Callan Associates capital market assumptions for the Base Plan and the January 1, 2018 Callan Associates capital market assumptions for the JRF in analyzing asset allocation. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Long-term expected rates of return on investments are shown below:

Base Plan Long-Term Expected Rate of Return			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	3.05 %	0.80 %
Broad US Equities	55.00 %	8.30 %	6.05 %
Developed Foreign Equities	15.00 %	8.45 %	6.20 %
Actuarial Assumptions			
Assumed Inflation - Mean		2.25 %	2.25 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.75 %	4.50 %
Portfolio Standard Deviation		12.54 %	12.54 %
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13 %	3.77 %
Assumed Investment Expenses		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73 %	3.37 %
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19 %
Portfolio Standard Deviation			14.16 %
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05 %
Assumed Inflation			3.00 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05 %

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

JRF Long-Term Expected Rate of Return			
Asset Class	Index	Target Allocation*	Long-Term Expected Real Rate of Return (Arithmetic)**
Large Cap	S&P 500	18.00%	4.50%
Small/Mid Cap	Russell 2500	11.00%	4.75%
International Equity	MSCI World ex USA	15.00%	4.50%
Emerging Markets Equity	MSCI Emerging Markets	10.00%	4.75%
Domestic Fixed	Bloomberg Barclays Aggregate	20.00%	0.75%
TIPS	Bloomberg Barclays TIPS	10.00%	0.75%
Real Estate	Callan Real Estate Database	8.00%	3.50%
Private Equity	TR Post Venture Capital	8.00%	5.10%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%
*As outlined in PERSI's investment policy.			
**Net of investment expenses.			

Discount Rate

The actuary used a discount rate of 7.05 percent (a 0.05 percent decrease from the prior measurement date) to measure the total pension liability for the Base Plan and a discount rate of 7.05 percent to measure the total pension liability for the JRF plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base Plan's and JRF's net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

1. PERSI Base Plan

Plan Description

Organization and Purpose

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

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units were 808 and 797 for the fiscal years ending June 30, 2019 and 2018, respectively.

Benefits

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

The benefit payments are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1 percent minimum cost of living increase per year on the condition the Consumer Price Index increases 1 percent or more. The PERSI Retirement Board has the authority to provide higher cost of living increases

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Legislature.

Funding Policy

Funding and Contributions

Funding policy for the PERSI Base Plan is determined by the Board as defined by Idaho law. The Board may make periodic changes to employer and employee contributions based upon actuarially-determined rates that are adequate to accumulate sufficient assets to pay benefits when due. Actuarially-determined rates are expressed as percentages of annual covered payroll.

Level percentages of payroll normal costs are determined using the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any net pension liability based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code Section 59-1322 is 25 years.

Contributions from members and employers, in addition to earnings from investments, fund the PERSI Base Plan benefits. Member and employer contributions are percentages of member compensation. As defined by state law, the member contribution rate is a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the PERSI Retirement Board and limitations set forth in state statute. Contributions are based on actuarial assumptions, benefit formulas, and employee groups of the PERSI. Costs of administering the plans are financed through the contributions and investment earnings of the System.

Contribution rates for the year:

Employee Group	Employer	Employee
General	11.32%	6.79%
Police and Fire	11.66%	8.36%

Employer contributions required and paid were \$94.2 million and \$90.2 million for the fiscal years ended June 30, 2019 and 2018, respectively.

Although enrollees in the College and University Optional Retirement Plan no longer belong to the PERSI, the colleges and universities are required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate for the year was 1.49 percent for colleges and universities.

Vesting

After five years of credited service (five months for elected or appointed officials), members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest are refundable. The interest was compounded monthly per annum and accrued at 7.57 percent from January 1, 2019 through June 30, 2019, and at 11.03 percent from July 1, 2018 through December 31, 2018. Withdrawal of such accumulated contributions results in forfeiture of the member’s accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

Net Pension Liability, Pension Expense, and Deferrals

At June 30, 2019, the total net pension liability amount for all employers that contributed to the Base Plan was \$1.5 billion. At June 30, 2019, the State recognized a \$365.2 million liability (24.8 percent proportion of the collective net pension liability), measured at June 30, 2018, a 1.0 percent decrease from its proportion measured at June 30, 2017. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2018. The State also recognized a \$71.1 million pension expense and the following deferred outflows of resources and deferred inflows of resources:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

PERSI Base Plan as of June 30, 2019 (dollars in thousands)		
	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Difference between expected & actual experience	\$ 40,083	\$ 27,578
Changes of assumptions	23,760	
Changes in proportion	10,210	19,779
Net difference between projected & actual investment earnings		40,570
Contributions subsequent to the measurement date	94,206	
Total	\$ 168,259	\$ 87,927

*For fiscal year 2019, the total deferred outflows and total deferred inflows in this table do not tie to the pension deferred outflows and deferred inflows in Note 7. This is primarily due to timing differences between the information for this table that comes from the PERSI, and the information in Note 7 that, in part, comes from the Dairy Products Commission, the Potato Commission, and the State Bar. Those entities report on a different year-end than the PERSI and the State.

The \$94.2 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (dollars in thousands):

Amortized Deferrals	
Fiscal Year	Expense (Revenue)
2020	\$ 27,503
2021	925
2022	(32,305)
2023	(9,997)
2024	
Total	\$ (13,874)

Discount Rate Sensitivity

The following presents the net pension liability of the State calculated using the expected discount rate of 7.05 percent and discount rates based upon a 1 percent discount rate decrease and a 1 percent discount rate increase (dollars in thousands):

1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
\$ 914,051	\$ 365,149	\$ (89,364)

2. Judges' Retirement Fund

Plan Description

Organization and Purpose

The Judges' Retirement Fund (JRF) is a single-employer

defined benefit retirement plan, which provides retirement benefits for Idaho Supreme Court justices, court of appeals judges, and district court judges. The JRF is managed by the PERSI and is governed in accordance with Idaho Code Title 1 Chapter 20.

Membership and Vesting

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to four years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon meeting one of the following criteria:

- Attainment of age 65 and a minimum of 4 years of service
- Attainment of age 60 and a minimum of 10 years of service
- Attainment of age 55 and a minimum of 15 years of service
- After 20 years of service

The JRF has 107 retired members or beneficiaries collecting benefits, 1 terminated member entitled to, but not yet receiving benefits, and 53 active members.

Benefits

The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to July 1, 2000 and who were receiving benefits from the judges' retirement fund before July 1, 2000, for such service, and members who assumed office on or after July 1, 2012, and attained both the age of 55 years and a minimum service of 15 years, are paid under Option A. Other members

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

serving on or after July 1, 2000, who meet one of the remaining eligibility requirements referenced earlier, may choose between two benefit payment options, A or B. Both options are based upon current annual compensation of the highest office in which the member served, with benefits for Option A accumulating as follows:

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

In addition to the above benefits, Option B includes:

- Benefits credited at 12.5 percent per year for senior judges with five years of service.

The maximum benefit is 75 percent of compensation. Additionally, members who begin service on or after July 1, 2012 are eligible to receive annual inflationary adjustments to calculated benefits in accordance with Idaho Code Section 59-1355. After four years of credited service, any member retiring by reason of disability will be entitled to benefits calculated using Option A. Upon the death of retired or sitting members who assumed office prior to July 1, 2012, surviving spouses will be entitled to benefits equal to 50 percent of the member’s calculated benefit. Surviving spouses of members who assumed office on or after July 1, 2012 are entitled to benefits equal to 30 percent of the member’s calculated benefit.

Summary of Significant Accounting Policies

Generally speaking, significant accounting policies, actuarial assumptions, and discount rate information are the same as detailed for the PERSI. This information can be found at the beginning of this note.

Contribution Requirements

The JRF’s benefits are funded by contributions from members and the Judicial Department and earnings from investments. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Department contribute to the JRF during the members’ first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy

provides for Department and member contributions at 55.3 percent and 10.2 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately \$6.7 million for the fiscal year.

Investments

Policies and Procedures

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System’s investment objectives. Each fund manager is generally granted full discretion in making investment decisions within asset allocation policy, portfolio investment policy, specific investment guidelines, and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.02 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferrals

Net Pension Liability

Net pension liability components as of the measurement date of June 30, 2019 (*dollars in thousands*):

Total Pension Liability	\$ 112,895
Plan Fiduciary Net Position	(93,199)
Net Pension Liability	<u>\$ 19,696</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.6%
Covered Payroll	\$ 6,732
Net Pension Liability as a Percentage of Covered Payroll	292.6%

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Changes in net pension liability for the fiscal year ended June 30, 2019 (dollars in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balances	\$ 106,757	\$ 88,071	\$ 18,686
Changes for the Year			
Service Cost	3,178		3,178
Interest*	7,502		7,502
Benefit Changes			
Economic/Demographic Gains (Losses)	(829)		(829)
Assumptions Changes	3,456		3,456
Benefit Payments, Including Refunds	(7,168)	(7,168)	0
Contributions - Employer		4,689	(4,689)
Contributions - Employee		779	(779)
Net Investment Income		6,937	(6,937)
Other Income		13	(13)
Administrative Expense		(121)	121
Net Changes	<u>6,139</u>	<u>5,129</u>	<u>1,010</u>
Ending Balances	<u>\$ 112,896</u>	<u>\$ 93,200</u>	<u>\$ 19,696</u>

*Includes interest on total pension liability, service cost and benefit payments

Pension Expense and Deferrals

The State recognized a \$5.0 million pension expense and the following deferrals for the fiscal year ended June 30, 2019 (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience		\$ 807
Changes of assumptions	\$ 2,444	
Net difference between projected & actual investment earnings		2,002
Contributions subsequent to the measurement date		
Total	<u>\$ 2,444</u>	<u>\$ 2,809</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows (dollars in thousands):

Year	Expense (Revenue)
2020	\$ 458
2021	(280)
2022	(383)
2023	(161)
2024	0
	<u>\$ (366)</u>

Discount Rate Sensitivity

The following presents the net pension liability of the JRF calculated using the discount rate of 7.05 percent, as well as what the employer's liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate as of June 30, 2019 (dollars in thousands):

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
\$	31,173	19,696	9,893

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

3. Firefighters' Retirement Fund

Plan Description

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

4. Defined Contribution Retirement Plans

Plan Description

Organization and Purpose

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

Membership

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. The plans have 808 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

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

Funding Policy

Contributions

Employees in the 401(k) plan can make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit; employees are immediately vested. Participants direct their investment mix with limited restrictions and may elect to change their salary deferrals. Additionally, the 401(k) plan is open to voluntary employer matching contributions at rates determined by the employers. Employers (participants) in the plans contributed \$6.5 (\$59.4) million, \$6.0 (\$52.1) million, and \$5.5 (\$48.3) million during fiscal years 2019, 2018, and 2017, respectively.

B. Other State-Sponsored Retirement Plans

1. College and University Optional Retirement Plan

Plan Description

Organization and Purpose

Effective July 1, 1990, the State Legislature authorized the Idaho State Board of Education to establish the Optional Retirement Plan (ORP), a defined contribution plan for college and university faculty and exempt employees. The ORP is governed by Idaho Code Sections 33-107A and 33-107B and administered by the Idaho State Board of Education. Vendor options include Teachers' Insurance and Annuity Association (TIAA) and AIG Retirement Services (formerly known as VALIC). TIAA and AIG Retirement Services may be reached at (888) 842-7782 and (888) 478-7020, respectively.

Membership

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

Funding Policy

Contributions and Vesting

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was \$56.6 million, which consisted of \$32.3 million from the colleges and universities and \$24.3 million from employees.

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

2. Department of Labor Retirement Plan

Plan Description

Organization and Purpose

This stand-alone, defined benefit, insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980, excluding anyone hired after age 65. The Plan is governed by Idaho Code Section 72-1335 and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Idaho Department of Labor, which may be reached at (208) 332-3570.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Membership

As of September 30, 2018, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	284
Inactive Participants	
Current Active Employees	4
Total	288

Benefits

Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2018, the last actuarial valuation date, no unfunded liability existed. The normal service retirement allowance is the average annual salary for the highest three consecutive years times 2 percent for each year of credited service.

As of September 30, 2018, the present value of future retirement benefits is \$86.6 million. The actuary assumed a 4.5 percent average rate of return in determining the actuarial present value of accumulated plan benefits. Net position available for benefits (at fair value) is \$176.5 million.

Funding Policy

Contributions

Since September 30, 1997, plan assets have exceeded the actuarial present value of future benefit payments for all members. In accordance with plan requirements, employees continued to contribute 7 percent of payroll even though contributions were not actuarially needed to finance future benefits. However, in August 1999, the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions have since been suspended through September 30, 2019, consistent with recent actuarial valuations. The current valuation certified that the total contribution rate should remain at zero through September 30, 2020. Total employer contribution for federal fiscal year 2019 was zero.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Summary of Plans

The Department of Administration administers other post-employment benefits (OPEB) for healthcare, disability, and life insurance for retired or disabled employees of State agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare, Retiree Life, and Long-Term Disability plans are reported as multiple-employer defined benefit plans. Idaho Code Sections 67-5760 to 67-5768 and 72-1335 establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2018. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans were financed by a surcharge to employers on all active employees of \$0.07 per person per month for fiscal years 2018 and 2019. The rate is reviewed annually.

The Public Employee Retirement System of Idaho (PERSI) administers the Sick Leave Insurance Reserve Fund

(SLIRF) which is subject to the guidance of GASB Statements No. 74, 75, and 85.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report which includes financial statements and required supplementary information for these benefits. The report may be obtained by writing to Office of the General Counsel, University of Idaho, 875 Perimeter Drive, MS 3158, Moscow, ID 83844-3158. The most recent actuarial valuation is as of December 31, 2018. The University established a trust to fund the medical and dental portions of these benefits. The trust statements are for the fiscal year ended December 31, 2018.

The following table shows the number of participating employers and the classes of employees covered by the various plans, with the exception of the University of Idaho plan which is shown later in this note.

	Classes of Employees and Number of Participating Employers				
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
		Healthcare	Life Insurance	Income	
Active Employees	7,633	19,911			5,713
Retired/Disabled Employees	584	107	291	50	1,595
Terminated, Vested Employees					121
Number of Participating Employers	25	25	25	25	2

1. State OPEB Plans

Plan Descriptions and Funding Policy

Retiree Healthcare Plan

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Additionally, the retiree must be under age 65, receiving monthly PERSI pension benefits at the time of retirement, and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must

retire directly from state service. Retirees eligible for medical health insurance pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The benefit is at least \$1,860 per retiree per year. The retired plan members contribution percentage of the total premium cost decreased from 83.9 percent in 2018 to 70.6 percent in 2019. In 2019, employers were charged \$11.60 per active employee per month towards the retiree premium cost, or 29.3 percent of the total cost of the retiree plan, compared to \$15.92 per active employee per month or 16.1 percent of the total cost of the retiree plan in 2018.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Long-Term Disability Plan

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

For up to 6 months following the date of disability an employee may continue healthcare coverage under this plan. The employer's share of the premium is paid from the Office of Group Insurance reserve. The employee is required to pay the normal active employee contribution to the plan and rate category for which the employee is enrolled. In fiscal years 2018 and 2019, employers were charged \$4.86 and \$4.58 per active employee per month, respectively, to fund the reserve.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by benefits from Social Security, Workers' Compensation, or PERSI. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for fiscal years 2018 and 2019 was 0.290 percent of payroll. The employers' current-year OPEB expense/expenditure was \$3.0 million and \$3.1 million in fiscal years 2018 and 2019, respectively. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. In addition, the plan provides a \$2,000 life insurance benefit for spouses and a \$1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the

employer pays 100 percent of the cost.

Principal Life Insurance Company insures employees disabled on or after July 1, 2012, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The employer pays 100 percent of the premiums, which are included in the current-year expense/expenditure amount for long-term disability income insured benefits provided in the previous paragraph.

Retiree Life Insurance Plan

Boise State University, Idaho State University, and Lewis-Clark State College provide basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement. Employees will have 75 percent of the benefit amount after age 65 and 50 percent after age 70.

The Judicial Department provides basic life insurance for life to all retired Idaho Supreme Court justices, State Court of Appeals judges, district court judges, magistrate judges, and court administrators. Eligible retirees receive life insurance coverage equal to 100 percent of the annual salary of the position from which they retire. Employees will have 75 percent of the benefit amount after age 65 and 50 percent after age 70.

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

These participating agencies pay 100 percent of the cost of basic life insurance for eligible retirees.

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2018. There have been no significant changes between the valuation date and the fiscal year end. Actuarial valuations are performed biennially as of July 1 for accounting purposes only.

The total OPEB liability as of June 30, 2018 was based on the 2016 PERSI Experience study for demographic assumptions. The economic and OPEB specific assumptions were based on the July 1, 2016 OPEB valuation

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

and the June 30, 2019 Milliman GASB 75 disclosure report.

The entry age normal cost method and the following actuarial assumptions and other inputs applied to all periods included in the measurement:

	<u>Long-Term Disability Plan</u>				
	<u>Retiree Healthcare Plan</u>	<u>Healthcare</u>	<u>Life Insurance</u>	<u>Income</u>	<u>Retiree Life Insurance Plan</u>
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity	3.25% general wage growth plus increases due to promotions and longevity
Discount Rate	3.87%	3.87%	3.87%	3.87%	3.87%
Healthcare Cost Trend Rates	7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% after fiscal year ending June 30, 2074	7.2% claims and 6.5% premiums from year ending June 30, 2019 to year ending June 30, 2020, grading to an ultimate rate of 4.2% after fiscal year ending June 30, 2074	N/A	N/A	N/A
Retirees' Share of Benefit-Related Costs	83.9% of projected health insurance premiums for retirees	N/A	N/A	N/A	N/A

Mortality Rates

Mortality rates for the Retiree Healthcare, the Long-Term Disability Healthcare, and the Retiree Life Insurance plans were based on the RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-Term Disability Life Insurance plan was based on the 2005 Group Term Life Waiver Reserve Table developed by the Society of Actuaries. Mortality rates for the Long-Term Disability Income plan was based on the 2012 Group Long-Term Disability Valuation Table.

Discount Rate

The actuary used a discount rate of 3.87 percent to measure the total OPEB liability. The discount rate was based on 20 year Bond Buyer Go Index.

Total OPEB Liability, OPEB Expense, and Deferrals

Total OPEB Liability

The ending balance in the following table represents the State's total OPEB liability as of the measurement date of June 30, 2018 and recorded in fiscal year 2019. The State's proportionate share of the liability of the collective total OPEB liability for the Retiree Healthcare plan and the Long-Term Disability plans is 91.9 percent, a 0.6 percent decrease from its proportion measured at June 30, 2017. The State's proportionate share of the collective total OPEB liability for the colleges and universities portion of the Retiree Life Insurance plan is 97.3 percent, a 2.7 percent decrease from its proportion measured at June 30, 2017 due to the removal of Eastern Idaho Technical College. Employer proportionate shares were determined utilizing a single-period measure of benefit payments as of June 30, 2018.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The table illustrates the changes in total OPEB liability for the fiscal year ended June 30, 2019 (*dollars in thousands*):

	Increase (Decrease)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Beginning Balances	\$ 32,326	\$ 2,143	\$ 2,588	\$ 1,873	\$ 60,589	\$ 99,519
Effects of Change in Proportion	(226)	(15)	(19)	(13)	(1,278)	(1,551)
Adjusted Beginning Balances	32,100	2,128	2,569	1,860	59,311	97,968
Changes for the Year						
Service Cost	1,292	203			2,113	3,608
Interest on Total OPEB Liability	1,142	65	84	61	2,178	3,530
Plan Changes						
Economic/Demographic Gains (Losses)	(145)	774	(1)	46	(659)	15
Assumptions Changes	(10,711)	(392)	(37)	(22)	(2,303)	(13,465)
Expected Benefit Payments	(3,012)	(1,042)	(468)	(330)	(1,210)	(6,062)
Net Changes	(11,434)	(392)	(422)	(245)	119	(12,374)
Ending Balances	\$ 20,666	\$ 1,736	\$ 2,147	\$ 1,615	\$ 59,430	\$ 85,594

OPEB Expense and Deferrals

The State recognized the following OPEB expense and deferrals for the year ended June 30, 2019 (*dollars in thousands*):

	Increase (Decrease)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
OPEB Expense	\$ 649	\$ 317	\$ 43	\$ 83	\$ 3,937	\$ 5,029

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

	Increase (Decrease)*					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Deferred Outflows						
Difference between Expected & Actual Experience		\$ 676			\$ 259	\$ 935
Changes of Assumptions						
Changes in Proportion	\$ 274	19			180	473
Benefit Payments Subsequent to the Measurement Date	2,004	659	\$ 394	\$ 263	852	4,172
Total Deferred Outflows	\$ 2,278	\$ 1,354	\$ 394	\$ 263	\$ 1,291	\$ 5,580
Deferred Inflows						
Difference between Expected & Actual Experience	\$ 121				\$ 836	\$ 957
Changes of Assumptions	8,955	\$ 343			2,023	11,321
Changes in Proportion	301	21			123	445
Total Deferred Inflows	\$ 9,377	\$ 364	\$ 0	\$ 0	\$ 2,982	\$ 12,723

*For fiscal year 2019, the total deferred outflows and total deferred inflows in this table do not tie to the OPEB deferred outflows and deferred inflows in Note 7. This is primarily due to State Bar, the Dairy Commission, and the Potato Commission reporting on a different year-end than the State.

The total of \$4.2 million reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended

June 30, 2020. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows (*dollars in thousands*):

Fiscal Year	Expense (Revenue)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
2020	\$ (1,785)	\$ 48	\$ 0	\$ 0	\$ (355)	\$ (2,092)
2021	(1,785)	48	0	0	(355)	(2,092)
2022	(1,785)	48	0	0	(355)	(2,092)
2023	(1,785)	48	0	0	(355)	(2,092)
2024	(1,785)	48	0	0	(306)	(2,043)
Thereafter	(176)	90	0	0	(818)	(904)
	\$ (9,101)	\$ 330	\$ 0	\$ 0	\$ (2,544)	\$ (11,315)

Discount Rate Sensitivity

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the State calculated using the discount rate of 3.87 percent, as well

as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.87%) or 1 percent higher (4.87%) than the current rate (*dollars in thousands*):

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
1% Decrease 2.87%	\$ 21,799	\$ 1,779	\$ 2,258	\$ 1,689	\$ 72,641	\$ 100,166
Discount Rate 3.87%	20,666	1,736	2,148	1,615	59,431	85,596
1% Increase 4.87%	19,579	1,692	2,062	1,550	49,342	74,225

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the State calculated using the current healthcare cost trend rates as

well as what the State's total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates (*dollars in thousands*):

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan*	Total
		Healthcare	Life Insurance*	Income*		
1% Decrease	\$ 19,089	\$ 1,611			\$ 20,700	
Current Trend Rate	20,666	1,736			22,402	
1% Increase	22,466	1,873			24,339	

*Healthcare cost trend sensitivity is not applicable because healthcare trends are not used for this benefit.

2. University of Idaho OPEB Plan

Plan Description

The University of Idaho administers an OPEB plan for permanent full-time general employees. Management of the OPEB is overseen by University of Idaho administration. The University established the Retiree Benefits Trust (RBT) in 2008 to fund the future payments required for its OPEB obligation. The RBT is an independent, irrevocable trust administered on behalf of the University. Funding and payment of the annual, ongoing retiree medical, dental and pharmaceutical benefits through the University's Health Benefits Trust (HBT) apply toward the ongoing annual funding required of the RBT. The HBT is administered by a board of four trustees who are members of the University's active staff and faculty. This trust account is maintained under the sole control of the HBT board of trustees. The University as employer retains authority for establishing and amending benefits under this self-insured health plan.

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

employee pays the remainder. Spouses and survivors are required to pay 100 percent of the cost for the medical and dental benefits.

Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. Employees are eligible to convert 50 percent of unused accrued sick time, up to 600 hours, to pay for their medical premiums.

The University of Idaho contributes the Actuarial Determined Contribution (ADC) (previously the Annual Required Contribution under GASB Statement No. 45) to fund the future payments required to provide OPEB.

At the end of each fiscal year, the University of Idaho deposits the excess of the ADC over the amount of actual benefit payments net of retiree contributions into the Retiree Benefits Trust. After the University has paid off the entire Net OPEB Liability under the 20-year closed level dollar amortization funding policy, contributions will be equal to the annual normal cost. The employer contributed \$3.2 million to the plan in fiscal year 2019.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The University's plan membership at December 31, 2018 is as follows:

	Medical	Dental	Life	Sick-Leave
Retired members or beneficiaries currently receiving benefits	814	202	638	62
Active members	769	50% assumption used	25	1,908
Total	1,583	202	663	1,970

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The total OPEB liability was measured by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	University of Idaho Plan
Inflation	2.00%
Salary Increases	3.00%, including inflation
Discount Rate	6.00%
Healthcare Cost Trend Rates	
Non-Medicare Medical & Prescription Drugs	7.25% graded to 4.50% over 11 years
Medicare Medical	6.00% graded to 4.50% over 10 years
Medicare Prescription Drugs	8.00% graded to 4.50% over 12 years
Dental	4.00%

Mortality Rates

Healthy	Approximate 2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2018 from 2006
Disabled	Approximate 2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2018 from 2006

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan assets was determined using the building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The current allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Asset Class	Allocation at December 31, 2018	Long-Term Expected Real Rate of Return	Money Weighted Real Rate of Return
Domestic Equity	40.47%	6.41 %	2.59 %
International Equity, Developed Markets	10.91%	6.96 %	0.76 %
International Equity, Emerging Markets	2.71%	9.86 %	0.27 %
Fixed Income, Core	42.38%	1.96 %	0.83 %
Short-term Governmental Money Market	3.53%	1.16 %	0.04 %
Total	100.00%		4.49 %
Inflation			2.00 %
Investment Rate of Return (Gross)			6.49 %
Investment Expenses			(0.25)%
Investment Rate of Return (Net)			6.24 %
Long-Term Expected Rate of Return Used in Valuation			6.00 %

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the University's contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.00% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Net OPEB Liability, OPEB Expense, and Deferrals

Net OPEB Liability

The reporting date for the University under GASB Statement No. 75 is June 30, 2019 and under GASB Statement No. 74 is December 31, 2018. The Net OPEB Liability was measured as of December 31, 2018.

Plan Fiduciary Net Position (plan assets) was valued as of the measurement date and the Total OPEB Liability was determined from actuarial valuations as of December 31, 2018 using standard actuarial techniques.

The University's net OPEB liability components as of the measurement date of December 31, 2018 (*dollars in thousands*):

Total OPEB Liability	\$ 64,651
Plan Fiduciary Net Position	(33,759)
Net OPEB Liability	<u>\$ 30,892</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	52.22%
Covered Payroll	\$ 165,468
Net OPEB Liability as a Percentage of Covered Payroll	18.67%

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Changes in net OPEB liability for the fiscal year ended June 30, 2019 (*dollars in thousands*):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balances	\$ 68,320	\$ 34,984	\$ 33,336
Changes for the Year			
Service Cost	505		505
Interest	3,698		3,698
Change of Benefit Terms			
Difference Between Expected and Actual Experience	3,654		3,654
Change of Assumptions	(8,338)		(8,338)
Economic/Demographic Gains (Losses)			
Contributions - Employer		3,895	(3,895)
Contributions - Employee			
Net Investment Income		(1,840)	1,840
Benefit Payments, Including Refunds	(3,189)	(3,189)	
Administrative Expense		(91)	91
Net Changes	<u>(3,670)</u>	<u>(1,225)</u>	<u>(2,445)</u>
Ending Balances	<u><u>\$ 64,650</u></u>	<u><u>\$ 33,759</u></u>	<u><u>\$ 30,891</u></u>

OPEB Expense and Deferrals

The University recognized a \$2.1 million OPEB expense and the following deferrals for the fiscal year ended June 30, 2019 (*dollars in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ 3,173	
Changes of assumptions		\$ 7,241
Net difference between projected & actual investment earnings	1,943	
Contributions subsequent to the measurement date		
Total	<u><u>\$ 5,116</u></u>	<u><u>\$ 7,241</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense (revenue) as follows (*dollars in thousands*):

Fiscal Year	Expense (Revenue)
2020	\$ (221)
2021	(221)
2022	(221)
2023	140
2024	(616)
Thereafter	(986)
	<u><u>\$ (2,125)</u></u>

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Discount Rate Sensitivity

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the University as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.00%) or 1 percent higher (7.00%) than the current rate (*dollars in thousands*):

1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
\$ 38,970	\$ 30,891	\$ 24,169

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the University calculated using the current healthcare cost trend rates as well as what the University's net OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates (*dollars in thousands*):

1% Decrease	Current Trend Rate	1% Increase
\$ 24,653	\$ 30,891	\$ 38,392

3. Sick Leave Insurance Reserve Trust Funds

Plan Description

The PERSI administers the Sick Leave Insurance Reserve Fund (SLIRF), cost sharing, multiple-employer defined benefit OPEB plan that provides payments of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The SLIRF is classified as a trust fund. For State and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement 85, Omnibus 2017.

The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective OPEB Amounts' for the SLIRF, which can be found at

<https://www.persi.idaho.gov/Employers/gasb.cfm>.

The SLIRF is made up of two trust funds administered by the PERSI - a trust for payment of school district employee benefits and a trust for payment of State employee benefits. The SLIRF trust for payment of State employee benefits is governed by Idaho Code Sections 67-5333 and 59-1365.

The SLIRF is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for State and school district employees who separate from service by reason of retirement. The assets of the two trusts are commingled for investment purposes.

All State government employers are statutorily required to contribute to a sick leave account administered by the PERSI. Employer's contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The State is responsible for any unfunded benefit obligations through contribution rate adjustments.

The number of participating employers and membership in the State SLIRF as of June 30, 2019 is as follows:

Active	16,932
Retirees and Beneficiaries	5,232
Total	22,164
Number of Participating Employers	14

State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

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

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

Contributions for employers and the net OPEB liability (asset) are recognized on an accrual basis of accounting. The rate for State agency contributions was 0.65 percent of covered salary at June 30, 2019. Contribution percentages are based on the number of days of paid sick leave earned during the contract year. Employer contributions required and paid were \$6.6 million for the fiscal year ended June 30, 2019.

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Summary of Significant Accounting Policies

Generally speaking, significant accounting and investment policies for the SLIRF are the same as detailed for the PERSI pension plans as described in the beginning of Note 8 below the section 'Summary of Significant Accounting Policies'. For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB and additions/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERSI.

Actuarial Assumptions

The OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2017, rolled forward to June 30, 2018. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the State net OPEB liability (asset) are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future.

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	3.00 percent
Salary Increases	3.75 percent
Salary Inflation	3.75 percent
Investment Rate of Return (Net of Investment Expenses)	7.00 percent
Healthcare Trend Rate	N/A*
<p>*Healthcare trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement, and is calculated as a fixed dollar amount that can be applied to premiums.</p>	

Long-term Expected Rate of Return

The long-term expected rate of return on State OPEB Fund investments was determined using the building block approach and a forward-looking model in which best estimates ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For the years ended June 30, 2018 and June 30, 2019, the annual money-weighted rate of return on SLIRF investments, net of investment expense was 9.4 and 7.8 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Even though history provides a valuable perspective for setting the investment return assumption, the PERSI relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the PERSI's formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of the PERSI's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

Capital market assumptions is as follows:

SLIRF Long-Term Expected Rate of Return			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	3.05 %	0.80 %
Broad US Equities	55.00 %	8.30 %	6.05 %
Developed Foreign Equities	15.00 %	8.45 %	6.20 %
Actuarial Assumptions			
Assumed Inflation - Mean		2.25 %	2.25 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.75 %	4.50 %
Portfolio Standard Deviation		12.54 %	12.54 %
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13 %	3.77 %
Assumed Investment Expenses		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73 %	3.37 %
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19 %
Portfolio Standard Deviation			14.16 %
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05 %
Assumed Inflation			3.00 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

Discount Rate

The discount rate used to measure the OPEB liability (asset) was 7.05 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Fund employers will be made at the current contribution rate. Based on these assumptions, the OPEB Fund's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Fund investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Net OPEB Liability (Asset), OPEB Expense, and Deferrals

At June 30, 2019, the total net OPEB liability (asset) for all employers that contributed to the State's SLIRF was \$(114.8) million. At June 30, 2019, the State recognized a \$(101.5) million liability (asset) (88.4% percent proportion of the collective net OPEB liability (asset)), measured at June 30, 2018, a 0.6 percent decrease from its proportion measured at June 30, 2017. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2018.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The State recognized a \$(4.0) million expense (expense offset) and the following deferrals for the fiscal year ended June 30, 2019 (*dollars in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected & Actual Experience		\$ 4,279
Changes of Assumptions	\$ 139	
Changes in Proportion	1,943	1,829
Net difference between projected & actual investment earnings		2,821
Contributions Subsequent to the Measurement Date	6,574	
Total	\$ 8,656	\$ 8,929

The \$6.6 million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a decrease (increase) of the net OPEB liability (asset) in the year ended June 30, 2020. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows (*dollars in thousands*):

Fiscal Year	Expense (Revenue)
2020	\$ (1,480)
2021	(1,480)
2022	(1,480)
2023	(1,480)
2024	(774)
Thereafter	(155)
	\$ (6,849)

The State net OPEB liability (asset) is calculated using a discount rate of 7.05 percent, which is the expected rate of return on investments reduced by investment expenses.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate

The following presents the State net OPEB liability (asset) of the Fund's employers calculated using the discount rate of 7.05 percent as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (*in thousands*):

1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
\$ (98,018)	\$ (101,454)	\$ (104,713)

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 10. RISK MANAGEMENT

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Group Insurance and Risk Management internal service funds and various outside entity insurance providers.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs which are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 10 percent of the annual premiums for medical, 10 percent for dental, and is not responsible for any claims exceeding premium payments for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2019 refund reflects a favorable claims experience. Unpaid claim liabilities at fiscal year-end of \$5.0 million for Group Insurance are not discounted. The State maintains program and premium stabilization balances; these amounts are included with the restricted net position in the Group Insurance fund.

The Risk Management fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of \$500 thousand for each occurrence. Property damage claims are commercially insured up to \$500.0 million for all risk (subject to various sub-limits), \$100.0 million for earthquake, and \$100.0 million for flood, and are subject to an overall \$250 thousand per occurrence deductible with the exception of fine art which has a \$500 deductible. Energy systems are commercially insured up to \$100.0 million for equipment breakdown, \$5.0 million for demolition, \$2.5 million for perishable goods, \$5.0 million for service interruption, and \$2.5 million for hazardous

substances, and are subject to an underlying deductible of \$50 thousand. Employee bond/crime is commercially insured up to \$10.0 million for public employee dishonesty, \$10.0 million for computer fraud, \$10.0 million for wire transfer fraud, \$1.0 million for theft, disappearance and destruction, \$1.0 million for faithful performance, and \$1.0 million for robbery and safe burglary, and is subject to a \$175 thousand per occurrence deductible. Cyber liability is commercially insured up to \$25.0 million, \$500 thousand for payment card industry (PCI) fines and penalties in the aggregate for all cyber coverages, and is subject to a \$1.0 million per occurrence deductible. Physical damages to covered vehicles are self-insured for actual cash value. Physical damages to covered inland marine are self-insured for replacement value. The State purchases commercial insurance for claims not self-insured by the above coverages and for other identified risks of loss, including workers' compensation insurance.

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end \$15.6 million of unpaid claim liabilities for Risk Management are recorded at the present value of \$14.4 million, using a 3.5 percent discount interest rate.

All state entities may participate in the Group Insurance and Risk Management programs. Payments made to the Group Insurance fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably estimated. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered.

Changes in policy claim liabilities are as follows (*dollars in thousands*):

	Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimate	Claims (Payments) Refunds	Ending Balance
Group Insurance	2018	\$ (2,337)	\$ (9,969)	\$ 14,679	\$ 2,373
	2019	2,373	1,891	731	4,995
Risk Management	2018	11,138	7,603	(5,901)	12,840
	2019	12,840	7,801	(6,254)	14,387

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 11. LEASES

A. State as Lessee

The State leases land, buildings, vehicles, and office equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rentals are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease

expenditures/expenses for fiscal year 2019 were \$30.6 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

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

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

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 20		\$ 20
Buildings and Improvements	22,560		22,560
Machinery, Equipment, and Other	5,833	\$ 533	6,366
Accumulated Depreciation	(4,829)	(75)	(4,904)
Total Assets under Capital Leases	\$ 23,584	\$ 458	\$ 24,042

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

Fiscal Year	Operating Leases	Capital Leases		
	Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
2020	\$ 27,179	\$ 3,240	\$ 124	\$ 3,364
2021	20,960	3,248	102	3,350
2022	16,817	3,271	102	3,373
2023	11,660	3,243	29	3,272
2024	6,674	3,249	22	3,271
2025-2029	9,467	16,003		16,003
2030-2034	808			
2035-2039	11			
Total Payments	\$ 93,576	32,254	379	32,633
Executory Costs		(7,386)		(7,386)
Imputed Interest		(5,434)	(51)	(5,485)
Total Present Value of Minimum Lease Payments		\$ 19,434	\$ 328	\$ 19,762

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

B. State as Lessor

Operating Leases

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

Asset Class	Primary Government
Land	\$ 15,393
Buildings and Improvements	65,749
Improvements Other Than Buildings	814
Machinery, Equipment, and Other	
Accumulated Depreciation	(6,709)
Total Assets Held for Lease	\$ 75,247

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

Fiscal Year	Operating Leases
	Primary Government
2020	\$ 15,987
2021	14,695
2022	11,982
2023	12,025
2024	12,153
2025-2029	19,681
2030-2034	9,888
2035-2039	2,758
Total Rentals and Receivables	\$ 99,169

Service Concession Arrangements

Boise State University entered into a public/private partnership agreement with Education Realty Trust, Inc. (EdR) in 2015 to develop and operate a residential Honors College and additional freshman housing facility. The \$37 million project was funded with developer equity and is on land owned by the University and leased to EdR for a 50-year term. At the conclusion of the agreement, the building reverts to the University. EdR pays fixed annual rent and a share of the project's gross rental revenue to the University. EdR is responsible for the daily operations and maintenance of the facility and the University is responsible for campus life programming. The 236,000 square foot facility is located in the center of campus across from the Student Union Building and includes 656 beds, Honors College offices and classrooms, student common areas, and an approximately 15,000 square foot food service facility. The transaction qualifies as a service concession arrangement under GASB Statement No. 60 "Accounting and Financial Reporting for Service Concession Arrangements (SCA)." The University also invested net cash of \$3.6 million in the project.

The Honors College has an acquisition value of \$36.7 million. Capital asset, lease receivable and deferred inflow of resources related to the service concession arrangement is as follows (*dollars in thousands*):

Value of Assets and Deferred Inflows Related to the Honors College			
	Capital Asset	Lease Receivable	Deferred Inflow of Resources
Honors College, net of depreciation	\$ 35,107		
Receivable for ground lease		\$ 9,633	
Deferred Inflows of Resources:			\$ 41,586

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12. SHORT-TERM DEBT

Primary Government

Idaho Code Section 63-3201 authorizes the State Treasurer, upon approval by the State Board of Examiners, to borrow money in anticipation of current-year tax receipts. The State uses external tax anticipation notes to cover the shortfall between General Fund revenues and disbursements during the year. General Fund revenues are received in relatively uneven amounts throughout the fiscal year due to various factors affecting the timing of receipts; such factors include the collection of individual income taxes in April, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. During fiscal year 2019, the State anticipated that 46.4 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 66.6 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open market were issued on July 2, 2018 and were redeemed on June 28, 2019.

Component Units

The Idaho Housing and Finance Association utilizes short-term borrowing in the form of commercial paper to provide funds to purchase single-family mortgage loans on an interim basis and to finance multi-family construction loans. As of June 30, 2019, the Association has commercial paper outstanding, maturing within 15 to 89 days from date of issue, with a weighted average interest rate of 2.71 percent.

The Idaho Small Employer Health Reinsurance Program had a \$0.5 million line-of-credit with a local bank. The line-of-credit expired in June of 2018 and the remaining outstanding balance on the line was paid. As of December 31, 2018, the Program has a \$0.5 million line-of-credit from a different local bank. Interest on the advances is payable at prime rate plus 0.25 percent per annum and was 5.75 percent as of December 31, 2018. The line-of-credit matures July 10, 2019 and is not secured.

Short-term debt activity included the following (*dollars in thousands*):

	Balances at July 1, 2018		Issued/Draws		Redeemed/ Repayments		Balances at June 30, 2019
Primary Government							
Governmental Activities:							
External Tax Anticipation Notes	\$ 0	\$	540,000	\$	(540,000)	\$	0
Component Units							
Commercial Paper	\$ 100,000	\$	448,455	\$	(418,455)	\$	130,000
Line of Credit	\$ 117	\$	234	\$	(230)	\$	121



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 13. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Primary Government

Idaho’s compensated absences policy permits employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Employees earn vacation based on hours worked and years of service; compensatory time earned is based on hours worked in excess of 40 hours per week. Upon termination of employment, an employee is paid for unused vacation time and administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

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

B. Revenue Bonds

Primary Government

The Idaho State Building Authority is authorized by Idaho Code Title 67 Chapter 64 to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority payable from and secured by a pledge of lease revenues and other funds and reserves held under the bond resolutions. There is no debt service reserve requirements at June 30, 2019 for any of the outstanding bonds.

The State’s colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued \$548.1 million in bonds between 2004 and 2018. Annual principal and interest payments on the

bonds are expected to require 10 percent of the revenues.

The total principal and interest payments remaining on the bonds are \$653.1 million, payable through 2048. For the current year, principal and interest payments and total pledged revenues were \$40.5 million and \$404.2 million, respectively.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 67–6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments and the construction of highway transportation projects. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or any of its political subdivisions. The bonds have been issued in a variable-rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation bonds are secured by principal and interest payments from the Idaho Transportation Department.

The State’s college and university foundations debt service was paid in full during fiscal year 2018.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

Fiscal Year Ending June 30	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	Nonmajor Special Revenue		College and University			
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 13,090	\$ 14,938	\$ 19,765	\$ 19,284	\$ 32,855	\$ 34,222
2021	17,467	14,358	20,150	18,415	37,617	32,773
2022	17,752	13,669	20,235	17,526	37,987	31,195
2023	18,370	12,926	19,855	16,695	38,225	29,621
2024	20,625	13,526	22,435	16,893	43,060	30,419
2025-2029	57,765	52,189	77,715	65,930	135,480	118,119
2030-2034	64,190	41,093	92,420	46,386	156,610	87,479
2035-2039	74,555	27,168	93,220	24,166	167,775	51,334
2040-2044	49,520	13,248	42,605	7,142	92,125	20,390
2045-2049	46,040	4,751	11,180	1,043	57,220	5,794
2050	—	—	—	—	—	—
Total	\$ 379,375	\$ 207,866	\$ 419,580	\$ 233,480	\$ 798,954	\$ 441,346
Interest Rate	0.5% to 5.98%		0.67% to 6.52%			

Fiscal Year Ending June 30	Component Units					
	Idaho Housing and Finance Association		Idaho Bond Bank Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 66,650	\$ 32,705	\$ 17,365	\$ 12,381	\$ 84,015	\$ 45,086
2021	41,592	33,602	17,360	11,675	58,952	45,277
2022	50,233	31,797	18,045	10,916	68,278	42,713
2023	50,714	29,437	18,520	10,127	69,234	39,564
2024	50,722	27,239	17,990	9,318	68,712	36,557
2025-2029	331,604	99,110	81,485	34,764	413,089	133,874
2030-2034	118,260	39,205	67,795	19,206	186,055	58,411
2035-2039	120,120	11,926	36,235	7,865	156,355	19,791
2040-2044	8,774	713	12,090	2,014	20,864	2,727
2045-2049	—	—	5,140	353	5,140	353
Total	\$ 838,669	\$ 305,734	\$ 292,025	\$ 118,619	\$ 1,130,694	\$ 424,353
Interest Rate	1.66% to 5.9%		1.25% to 6.25%			

C. Advance and Current Refundings

Primary Government

In prior years, the Idaho State Building Authority defeased bonds by placing governmental securities into irrevocable trusts sufficient to provide for all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

In prior years, Idaho State University defeased 2004B and 2007 series bonds by issuing series 2016 bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

Component Units

The Idaho Bond Bank Authority defeased bonds in the amount of \$3.5 million. The Eagle Sewer District (the District) deposited \$4.0 million to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, \$3.5 million of the Series 2017A Bonds.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

As a result, the Series 2017A Bonds are considered partially defeased and the receivable from the District and the liability for the defeased bonds have been reduced by the

defeased amount. The District achieved cash flow savings of \$439,000 and an economic loss of \$1,074 as a result of the refunding.

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

Issuer	Debt Issue	Amount Defeased		Remaining Liability	
Idaho State Building Authority	2003 Series B Bonds	\$	4,765	\$	4,765
Idaho Bond Bank Authority	2017 Series A Bonds		3545		3545
Idaho Housing and Finance Association	2008 Series A Bonds		98,550		7,815
	2009 Series A Bonds		87,100		15,875

D. Notes Payable

Primary Government

The Idaho Transportation Department financed the improvement of various roads and related infrastructure within the State through borrowings from the Idaho Housing and Finance Association in the amount of \$793.9 million. The notes are related to GARVEE bonds issued by the Association and will be repaid by grant revenues received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require 17.1 percent of the revenues. The total principal and interest payments remaining on the notes are \$650.6 million, payable through 2038. For the current year, principal and interest payments and total pledged revenues were \$57.0 million and \$334.1 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

The Idaho State Building Authority issued a \$ 1.7 million note payable during 2009. The note was paid in full August 2018.

The Department of Administration purchased operating and capital equipment through the issuance of a note payable for \$3.8 million in 2004 with a remaining principal balance of \$1.4 million.

Component Units

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

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

The ISU Foundation redeemed 2001 multi-mode variable rate bonds in 2016 and were replaced with a note payable to a commercial lender in the amount of \$5.0 million. The remaining liability at June 30, 2019 is \$3.5 million. The Foundation also has a notes payable to establish tele-

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

pharmacies in neighboring communities, expanding health center operations to serve students, faculty, and administrators. The remaining liability at June 30, 2019 is \$0.2 million.

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

Fiscal Year Ending June 30	Governmental Activities							
	Transportation		Nonmajor Special Revenue		Internal Service		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 34,028	\$ 26,659	\$ 11	\$ 2	\$ 353	\$ 67	\$ 34,392	\$ 26,728
2021	34,654	26,928	11	1	388	48	35,053	26,977
2022	36,468	19,918	7	—	425	26	36,900	19,944
2023	38,284	17,641	—	—	228	5	38,512	17,646
2024	40,182	15,709	—	—	—	—	40,182	15,709
2025-2029	237,598	46,109	—	—	—	—	237,598	46,109
2030-2034	73,823	2,627	—	—	—	—	73,823	2,627
2035-2039	—	—	—	—	—	—	—	—
Total	\$ 495,037	\$ 155,591	\$ 29	\$ 3	\$ 1,394	\$ 146	\$ 496,460	\$ 155,740
Interest Rate	2.43% to 4.73%		3.45% to 6.75%		5.34%			

Fiscal Year Ending June 30	Business-Type Activities			
	Nonmajor Enterprise Funds		Total	
	Principal	Interest	Principal	Interest
2020	\$ 32	\$ 3	\$ 32	\$ 3
2021	24	1	24	1
2022	7	—	7	—
2023	2	—	2	—
Total	\$ 65	\$ 4	\$ 65	\$ 4
Interest Rate	6%			

Fiscal Year Ending June 30	Component Units					
	Idaho Housing and Finance Association*		College and University Foundations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 6,347	\$ 1,953	\$ 539	\$ 151	\$ 6,886	\$ 2,104
2021	6,281	1,706	530	130	6,811	1,836
2022	18,171	1,199	2,532	109	20,703	1,308
2023	1,184	825	534	69	1,718	894
2024	1,230	778	533	48	1,763	826
2025-2029	5,040	3,187	1,000	38	6,040	3,225
2030-2034	4,163	2,133	—	—	4,163	2,133
2035-2039	3,362	1,135	—	—	3,362	1,135
2040-2044	1,188	569	—	—	1,188	569
2045-2049	1,616	410	—	—	1,616	410
2048-2052	1,622	91	—	—	1,622	91
2053-2057	1,520	18	—	—	1,520	18
Total	\$ 51,724	\$ 14,004	\$ 5,668	\$ 545	\$ 57,392	\$ 14,549
Interest Rate	0.00% to 9.13%		1.00% to 6.00%			

*IHFA netted unamortized debt issuance costs of \$532 against their debt service requirements; however, the costs are not included in changes in Long-Term Liabilities schedule on page 111.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

E. Claims and Judgments

Primary Government

Claims and judgments are payable on behalf of the State and its agencies for various legal proceedings and claims.

In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State recorded the following claims and judgments:

The Department of Health and Welfare estimates Medicaid claims incurred in fiscal year 2019 but not reported at year end in the amount of \$174.9 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. The State recorded a liability of \$3.8 million.

The Department of Environmental Quality entered into a contract with the Environmental Protection Agency (EPA) in April 1995 for the purpose of environmental remediation within the Bunker Hill Superfund Site. Federal Superfund law requires the State to match 10 percent of federal funds spent on actual remediation work and to meet all costs of future site operation and maintenance costs. As of June 30, 2019 the amended remediation cost estimate was \$137.9 million, which was measured using the expected cash flow technique. The State's share was \$13.8 million. The State has expended \$16.7 million toward the required match leaving an overpayment of the match liability of \$2.2 million. The overpayment can be used to meet match requirements in the Coeur d'Alene Basin Superfund site. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002, the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission, which will direct cleanup of the Coeur d'Alene Basin in Idaho. The EPA issued a Record of Decision (ROD) in September 2002. The State and federal government signed the Coeur d'Alene Basin Superfund contract on October 2, 2003. The original estimate of the remediation cost was \$310.0 million. In 2012, an amended ROD was released with a revised estimated cleanup costs of \$635.0 million. The State has not agreed to match any additional cost. Idaho's match is 10 percent or \$31.0 million, which was measured using the expected cash flow technique. The State has expended \$3.7 million toward the required match, leaving a liability of \$27.3 million. Washington State will match the remainder of the liability. Work began in 2003 and will take 30 years to complete. Environmental liability estimates are subject to amendment due to changes in prices, technology, laws, regulations, and other factors. The State does not anticipate any recovery from other parties for the Coeur d'Alene Basin project.

Component Units

The component units recorded the following claims and judgments:

The Petroleum Clean Water Trust Fund had policy claim liabilities of \$4.3 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of \$12.1 million for unpaid claims.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

F. Changes in Long-Term Liabilities

The changes in long-term liabilities are summarized as follows (*dollars in thousands*):

Long-Term Liabilities	Balances at July 1, 2019 As Restated*	Increases	Decreases	Balances at June 30, 2019	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	\$ 351,184	\$ 35,475	\$ (7,284)	\$ 379,375	\$ 13,090
(Premiums)/Discounts/Other	5,150	5,260	(889)	9,521	
Notes Payable	524,263	6,655	(34,458)	496,460	34,392
Total Bonds and Notes Payable	880,597	47,390	(42,631)	885,356	47,482
Capital Leases	15,594	5,442	(1,603)	19,433	1,675
Compensated Absences	57,321	58,739	(60,304)	55,756	55,756
Policy Claim Liabilities	15,213	9,692	(5,523)	19,382	8,754
Claims and Judgments	195,016	178,691	(169,445)	204,262	179,361
Net Pension Liability	357,313	1,011	(32,590)	325,734	
Total OPEB Liability	42,103	881	(9,538)	33,446	
Other Long-Term Obligations	2,400		(2,400)		
Total Governmental Activity	\$ 1,565,557	\$ 301,846	\$ (324,034)	\$ 1,543,369	\$ 293,028
Business-Type Activities:					
Revenue Bonds	\$ 439,715		\$ (20,135)	\$ 419,580	\$ 19,765
(Premiums)/Discounts	32,999		(3,675)	29,325	657
Notes Payable	64	\$ 25	(24)	65	32
Total Bonds and Notes Payable	472,778	25	(23,834)	448,970	20,454
Capital Leases	302	108	(82)	328	103
Compensated Absences	23,616	23,926	(23,399)	24,143	24,143
Net Pension Liability	65,526		(6,366)	59,160	
Total OPEB Liability	55,838		(3,688)	52,150	
Net OPEB Liability - U of I	33,336		(2,445)	30,891	
Other Long-Term Obligations	596	8,227	(198)	8,625	1,624
Total Business-Type Activity	\$ 651,992	\$ 32,286	\$ (60,012)	\$ 624,267	\$ 46,324
Component Units:					
Revenue Bonds	\$ 1,163,118	\$ 114,090	\$ (146,514)	\$ 1,130,694	\$ 81,795
(Premiums)/Discounts	58,235	27,419	(9,348)	76,306	6,149
Notes Payable	61,180	5,555	(9,875)	56,860	6,885
Total Bonds and Notes Payable	1,282,533	147,064	(165,737)	1,263,860	94,829
Compensated Absences	74	233	(217)	90	90
Policy Claim Liabilities	4,473	20,839	(8,887)	16,425	15,067
Other Long-Term Obligations	518,203	156,517	(77,149)	597,571	
Total Component Unit Activity	\$ 1,805,283	\$ 324,653	\$ (251,990)	\$ 1,877,946	\$ 109,986

*Beginning balances were restated due to prior period adjustments. For FY19, the total OPEB and Pension liabilities in this table do not tie to the OPEB and Pension liabilities in Note 8, Note 9, and the Government-wide Statement of Net Position. This is primarily due to State Bar, the Dairy Commission, and the Potato Commission reporting on a different year-end than the State.

Internal service funds predominantly serve the governmental funds. Accordingly, \$1.4 million of notes payable, \$0.9 million of compensated absences, \$19.4 million of policy claim liabilities, \$4.9 million of net pension liability, and \$0.3 million of net OPEB liabilities were included in the governmental activities for internal service fund liabilities.

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

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

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the financed property and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the revenues pledged

under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Seven series of Water Resource bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of \$35.3 million.

Component Unit

The Idaho Housing and Finance Association has outstanding bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Forty series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of \$375.8 million.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 14. EQUITY

A. Restatement of Beginning Fund Balances and Net Position

The beginning net position of the nonmajor governmental fund increased by \$0.1 million due to an error in accounting for certain leases of the Idaho Fish and Wildlife Foundation.

The beginning net position of the Internal Service fund increased by \$7.6 million due to adjustments to capital assets and increased by \$0.9 million due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset.

The beginning net position of the nonmajor enterprise fund increased by \$0.8 million due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset.

The beginning net position of the College and University fund increased by \$26.6 million due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset and decreased by \$14.8 million due to a change in the reporting entity.

The beginning net position of the Component Units fund decreased by \$4.4 million due to a change in the reporting entity.

The government-wide Statement of Activities includes the above restatements in the Governmental and Business-Type Activities columns. In addition, Governmental Activities beginning net position decreased by \$13.3 million due to adjustments to infrastructure and construction-in-progress; increased by \$6.0 million due to an error in accounting for certain leases and capital assets; and decreased by \$27.4 million due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset.

B. Net Position Restricted by Enabling Legislation

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

The government-wide Statement of Net Position reported restricted net position of \$3.8 billion for governmental activities, \$1.7 billion for business-type activities, and \$957.8 million for component units. These amounts include \$688.7 million of net position restricted by enabling legislation for governmental activities and \$989.6 million of net position restricted by enabling legislation for business-type activities.

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

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to which the State is bound to honor limitations on the use of the funds' resources. When a fund has more than one revenue stream, equity is classified according to the materiality of any limitations on the fund.

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

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

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

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

The following schedule presents the nature and purpose of these fund balances at June 30, 2019:

Restricted, Committed, and Assigned Governmental Fund Balances				
<i>(dollars in thousands)</i>				
Funds	Restricted	Committed	Assigned	Total
General				
Economic Development	\$ 50	\$ 32,525	\$ 10,988	\$ 43,563
Education	39,605	130,539	1,941	172,085
Environmental Quality		22,508	(136)	22,372
Fire Suppression			35,891	35,891
General Government Administrative Costs	1,530	38,844	14,792	55,166
Health and Human Services		10,328	1,050	11,378
Millennium Endowment Fund	359,721			359,721
Municipal Revenue Sharing	28,486			28,486
Natural Resources			1,666	1,666
Opportunity College Scholarships		18,618		18,618
Public Safety	1,166		10,579	11,745
School Building Maintenance and Repair		27,605		27,605
State Building Construction and Maintenance		141,778		141,778
Transportation Projects		38,798		38,798
Veterans Recognition		16,449		16,449
Other Purposes	2,170	6,942	3,633	12,745
Total	\$ 432,728	\$ 484,934	\$ 80,404	\$ 998,066
Health and Welfare				
Health and Human Services		\$ 55		\$ 55
Total	\$ 0	\$ 55	\$ 0	\$ 55
Transportation and Transportation Infrastructure				
GARVEE Debt Service	\$ 45,088			\$ 45,088
Transportation Programs	216,201	\$ 46,189		262,390
Total	\$ 261,289	\$ 46,189	\$ 0	\$ 307,478
Land Endowments				
Endowment Fund Beneficiaries	\$ 713,959			\$ 713,959
Total	\$ 713,959	\$ 0	\$ 0	\$ 713,959
Nonmajor Special Revenue				
Agricultural Programs	\$ 63,015			\$ 63,015
Corrections	7,429	\$ 1,656		9,085
Courts	2,244	4,133		6,377
Economic Development	12,078			12,078
Education	731	6,770		7,501
Employment Administration and Training Programs	15,494	18,463		33,957
Environmental Quality	125,426	6,766	\$ 1,087	133,279
Professional Licensing and Monitoring	102,953			102,953
Public Recreation	6,131	46,712		52,843
Public Safety	8,017	18,991		27,008
State Building Debt Service	67,933			67,933
State Land Management	21,623			21,623
Tourism and Promotion	10,896			10,896
Transportation Infrastructure - Capital Projects	7			7
Wildlife Management	88,810			88,810
Workers Compensation	27,178			27,178
Other Purposes	4,526	600		5,126
Total	\$ 564,491	\$ 104,091	\$ 1,087	\$ 669,669

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

D. Budget Stabilization and Minimum Fund Balance

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

- The *Higher Education Budget Stabilization Fund* can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2019, the fund balance was \$7.7 million.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. Until May 31, 2019, Idaho Code required the transfer of 50 percent of any excess cash balance from the General Fund to the Budget Stabilization fund at the close of the current fiscal year. As of May 31, 2019, Idaho Code requires the money in the Budget Stabilization Fund shall not exceed 10 percent of the total General Fund receipts for the fiscal year just ending. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 10 percent of General Fund receipts. Idaho Code Section 57-814A authorizes the Board of

Examiners to transfer unencumbered moneys from the Budget Stabilization Fund to the General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. As of June 30, 2019, the fund balance was \$369.9 million.

- The *Public Education Stabilization Fund* may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. According to Idaho Code Sections 33-1018A and 33-1018B, the fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.334 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund per Idaho Code Section 33-907. Additions to the Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2019, the fund balance was \$81.7 million.
- Idaho Code Section 26-31-110 requires that the *Mortgage Recovery Fund*, part of the Regulatory nonmajor special revenue fund, maintain a minimum balance of \$1.5 million. The Mortgage Recovery Fund account, as defined in Idaho Code Section 26-31-109, is used to reimburse persons who have been awarded damages resulting from violations of the Idaho Residential Mortgage Practices Act.



NOTE 15. DONOR-RESTRICTED ENDOWMENTS

Primary Government

The Land Endowments fund has a non-expendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code Title 57 Chapter 7 and Title 67 Chapter 16. For the fiscal year ended June 30, 2019, net appreciation on investments of the donor-restricted endowments available for expenditure for the Land Endowments fund was \$27.6 million, which is included in net position restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. The EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Idaho Fish and Wildlife Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the Foundation. The Foundation board of directors spends the net appreciation in accordance with Idaho Code Title 68 Chapter 12. The endowments did not have any net appreciation during the fiscal year available for expenditure. Accumulated earnings are reported in net position restricted for permanent trust - non-expendable. The Foundation board of directors must approve spending of investment income. Limits are set by individual agreements for each endowment fund established.

The Department of Parks and Recreation has a \$1.4 million donor-restricted endowment for the preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a \$3.0 million donor-restricted endowment for the management of the Trail of the Coeur d'Alenes. Only earnings from investments may be expended by the Idaho Parks and Recreation Board, although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was \$1.2 million, which is reported in net position restricted for other purposes.

Component Units

Endowments for the Boise State University Foundation, Idaho State University Foundation, Lewis-Clark State

College Foundation, and University of Idaho Foundation are managed in accordance with Idaho Code Title 33 Chapter 50 and rules adopted by their boards as specified below.

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$2.4 million during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$1.8 million during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of appropriating for annual distribution 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the current fiscal year.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments had a net appreciation of \$0.4 million during the fiscal year for expenditures. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$9.8 million during the fiscal year for expenditure. Unrealized appreciation (depreciation) is included in net position restricted for permanent trust-expendable. The Foundation Board of Directors establishes an annual spending rate. For fiscal year 2019, the spending rate was set at 4.4 percent of the three-year rolling average of the endowment's monthly fair market value.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 16. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES

A. Litigation and Contingencies

Primary Government

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to: claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code Section 33-5303 requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distributions normally made to the school district to reimburse the State. As of June 30, 2019, the principal amount of qualified school district bonds outstanding was \$1.4 billion, and the interest amount outstanding was \$518.9 million

Idaho Code Section 67-8716 requires the State to guarantee the bonds of any municipality qualified by the State Treasurer. If the State is required to make the bond payment of any municipality, the State will redirect distributions normally made to the municipality to reimburse the State. As of June 30, 2019, the Idaho Bond Bank Authority had a principal amount of qualified municipal bonds outstanding of \$292.0 million, and the interest amount outstanding was \$118.6 million. Four water and sewer districts, two hospital districts, and one fire district do not have distributions to intercept in the event they are unable to make the bond payments. If the State is required to pay the obligation, the State will pursue legal action to recover the amount paid. The total principal outstanding for these districts is \$27.0 million, payable through 2047.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The State's opinion is that these questioned costs, if any, will not have a significant effect on the financial position of the State.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The State's opinion is that these refunds, if any, will not have a significant effect on the financial position of the State.

B. Commitments

Primary Government

The Idaho Transportation Department (ITD) has a total of \$446.8 million in outstanding commitments for infrastructure and \$37.4 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay the Idaho Housing and Finance Association principal and interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date, the ITD has borrowed \$793.9 million against the total; of that amount, \$298.9 million has been repaid, resulting in a \$495.0 million liability being recorded. Details can be found in Note 13.

The Department of Administration has a total of \$111.9 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The colleges and universities estimate costs of \$163.3 million to complete a variety of capital asset-related construction projects underway at year-end.

The Military Division has a total of \$18.3 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Parks and Recreation has a total of \$8.6 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Fish and Game has a total of \$7.0 million in outstanding commitments for services for IWILD (Idaho Wildlife Information and Licensing Data System) at year end.

The Department of Labor has a total of \$5.9 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Environmental Quality (DEQ) administers two revolving loan funds. The funds provide financing sources for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of \$133.7 million and the Drinking Water Loan fund had commitments of \$35.9 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose. The DEQ Cooperative Welfare fund had various service commitments of \$17.2 million

The Department of Correction had the following commitments at year-end:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

- A contract with Management and Training Corporation to operate a 432-bed substance abuse treatment prison facility. The Department has committed to pay monthly per diems based on offender count. The estimated cost for fiscal years 2020 through 2021 is \$19.5 million.
- An emergency contract with The GEO Group, for a 500-bed minimum prison facility. The Department has committed to pay a monthly base fixed rate and a per diem rate based on offender count. The estimated cost for fiscal year 2020 is \$16.3 million.
- Medical services contract with Corizon, Inc. had estimated costs for fiscal year 2020 of \$50.0 million
- Offender food services contract with Sysco had estimated costs for fiscal year 2020 of \$6.4 million
- Offender housing contracts with County jails throughout the state had estimated costs of \$14.6 million for fiscal year 2020
- Concessions contract with Keefe Group. The estimated annual contract value for fiscal year 2020 was \$1.3 million minimum annual guarantee for commissary sales to \$6.2 million, and forty percent of all sales over \$6.2 million.

the Southeast, Inc. dba Dairy West, a jointly governed organization, for Dairy West to provide dairy program and administrative services for the Commission. The Commission’s 2019 commitment is \$13.6 million.

The State Lottery negotiated a new 10 year contract with INTRALOT, Inc. through October 1, 2027 to pay an all-in price based on a percentage of sales, which is 2.3 percent of Total Net Sales. The State Lottery also has purchased prize annuities in the name of the individual winners, but is still liable in the event the insurance companies default on payments. The amount of payments for the year ended June 30, 2019 is \$9.9 million.

The Public Employee Retirement System of Idaho has a total of \$676.1 million and €88.9 million in outstanding commitments for investments to private equity partnerships.

Component Unit

The Idaho Housing and Finance Association has commitments to purchase \$1.2 billion of single-family mortgages. The Association has commitments to sell or secure \$122.2 million of single-family mortgages.

The University of Idaho Foundation has \$22.3 million in outstanding commitments for investments.

The Dairy Products Commission has entered into a contract for services with the Dairy and Food Nutrition Council of

C. Encumbrances

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

	General Fund	Health and Welfare	Transportation	Nonmajor Governmental
Encumbrances	\$ 43,858	\$ 6,041	\$ 39,243	\$ 78,400



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

NOTE 17. TAX ABATEMENTS

As of June 30, 2019, the State of Idaho provides tax incentives under four programs which meet the definition of tax abatements as provided in GASB Statement No. 77: Tax Reimbursement Incentives (TRI), Idaho Business Advantage, Broadband Income Tax credit, and Sales Tax Rebates.

Tax Reimbursement Incentives (TRI)

Pursuant to Idaho Code Sections 67-4737 through 67-4744, the tax reimbursement incentive program is designed to accelerate the growth of new business opportunities, encourage the creation of high-paying jobs, and diversify the state's and local community's economy. The Tax Reimbursement Incentive is a performance-based economic development tool that provides a refundable tax credit up to 30 percent for up to 15 years on new Business Entity income tax, sales tax, and payroll taxes paid as a result of the Meaningful Project. The TRI will perpetually generate the revenues needed to fund the incentive.

This credit is available to both existing and new companies, in any industry, seeking expansion in the state. The tax credit percentage and project term are negotiable based upon the quantity and quality of jobs created, state/regional economic impact, and return on taxpayer investment for Idaho, among others.

A company must complete an in-depth application and meet the following requirements to qualify for the Tax Reimbursement Incentive:

- Create 20 new jobs in rural communities (city population of 25,000 or less) or 50 in urban centers.
- New jobs must be full time (30 hours or more) and pay an average wage of equal to or greater than the average county wage.
- Demonstrate a meaningful community match.
- Confirm the company's stability and the projects' potential to be a significant economic impact in the community and Idaho.
- Prove that the incentive is a critical factor in the company's decision to expand in Idaho.

Idaho Business Advantage

Pursuant to Idaho Code Sections 63-4401 through 63-4409, the Idaho Business Advantage offers businesses that invest a minimum of \$500,000 in new facilities and create at least 10 new jobs averaging \$40,000 annually with benefits, may qualify for a variety of incentives.

The following incentives are available through this program: an enhanced investment tax credit of 3.75 percent up to \$750,000 or 62.5 percent of corporate income tax

liability in any one year, a new jobs tax credit from \$1,500-\$3,000 for new jobs paying \$24.04 per hour or more, and a 2.5 percent real property improvement corporate income tax credit up to \$125,000 in any one year along with a 25 percent rebate on sales tax paid on construction materials for the new facilities.

A company must meet the following requirements to qualify for the Idaho Business Advantage incentive:

- The business must invest \$500,000 in new facilities.
- The business must create at least 10 new jobs paying on average \$40,000/year (\$19.23/hour) plus benefits.
- The average wage of any additional new employee during project period must be \$15.50/hour plus benefits.
- Project period ends when the facilities put into service, but no later than December 31, 2020.

In the event that any person to whom a tax credit allowed by Idaho Code Sections 63-4403, 63-4404 or 63-4405, fails to meet the tax incentive criteria, the full amount of the credit shall be subject to recapture by the commission.

Broadband Income Tax Credit

Pursuant to Idaho Code Section 63-3029I, businesses that purchase qualified broadband equipment and infrastructure for the benefit of end users in Idaho may earn a 3 percent income tax credit up to \$750,000.

"Qualified broadband equipment" means equipment that qualifies for the credit for capital investment permitted by Idaho Code Section 63-3029B and is capable of transmitting signals at a rate of at least 200,000 bits per second to a subscriber and at least 125,000 bits per second from a subscriber. A taxpayer must apply to and obtain from the Idaho Public Utilities Commission an order confirming that the installed equipment is qualified broadband equipment.

Each taxpayer must retain and make available, on request, records for each item of property included in the computation of the broadband equipment investment credit claimed on an income tax return subject to examination. The records must include all of the following:

- The order from the Idaho Public Utilities Commission confirming that the installed equipment is qualified broadband equipment.
- A description of the property.
- The asset number assigned to the item of property, if applicable.
- The acquisition date and date placed in service.
- The basis of the property.
- The retirement, disposition, or date transferred out of Idaho, or date no longer used in Idaho, if applicable.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2019

In the event that qualified broadband equipment upon which the credit allowed by this section has been used ceases to qualify for the credit allowed by Idaho Code Section 63-3029B, or is subject to recapture of that credit, the recapture of credit under this section shall be in the same proportion and subject to the same provisions as the amount of credit required to be recaptured under Idaho Code Section 63-3029B.

Sales Tax Rebate

Pursuant to Idaho Code Section 63-3641, a developer of a retail complex shall receive a rebate of sales taxes collected and remitted to the State Tax Commission by qualified retailers within the retail complex to reimburse the developer for project expenses incurred for the installation of approved transportation improvements.

An “approved transportation improvement” means a highway project whose cost is in excess of \$6.0 million for the installation of an interchange from an interstate highway or expended on the improvement of an existing highway. To qualify as an approved highway improvement, the developer of a retail complex must enter into an agreement with the Idaho Transportation Board and/or political subdivision.

An approved highway improvement shall include those costs directly associated with the highway project but shall not include any improvement not within the right-of-way of the proposed public highway improvement, improvements not specifically authorized in the agreement entered into, or developer financed improvements required by state or local agencies as part of the permitting and development process not within the public highway right-of-way.

To obtain the rebate provided by Idaho Code Section 63-3641, the developer of a retail complex shall file a written claim within two (2) years of the developer's last

expenditure on approved transportation improvements, with the state tax commission. The claim shall:

- Identify the location and boundaries of the retail complex.
- Identify the qualified retailers making retail sales within the complex.
- Include verification that the developer has met the expenditure requirements of a minimum of \$4.0 million.
- Include certification from the Idaho Transportation Department or political subdivision of the amount expended on the approved transportation improvements related to the retail complex.
- Contain such additional information as the State Tax Commission may require by rule.

Upon approval by the State Tax Commission, the developer is entitled to receive a rebate of 60 percent of all sales and use taxes imposed by this chapter and remitted to the State Tax Commission after the date of approval by qualified retailers in the retail complex. Once a total of thirty-five million dollars (\$35,000,000) has been paid in as a rebate on a particular approved transportation improvement, no additional rebates shall be paid in regard to that approved transportation improvement.

The following table displays the total amount of taxes abated per program for the year ended June 30, 2019:

Tax Abatement Program	Amount of Taxes Abated (In Dollars)
Tax Reimbursement Incentive	\$ 1,132,795
Idaho Business Advantage	763,980
Broadband Income Tax Credit	1,151,793
Sales Tax Rebate	3,047,223



Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 18. SUBSEQUENT EVENTS

Subsequent to June 30, 2019, the following events occurred:

Primary Government

On July 1, 2019, the Office of the State Treasurer issued tax anticipation notes in the amount of \$546.2 million. The notes were issued to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2020 fiscal year. The notes mature on June 30, 2020.

On December 5, 2019 The Idaho State Building Authority (ISBA) issued \$39.2 million in Refunding Revenue Bonds, Series 2019A. The bonds will be used to refund the outstanding ISBA Refunding Revenue Bonds, Series 2012B and to pay the costs of issuing the 2019A bonds.

Component Unit

On September 15, 2019, the Idaho Bond Bank Authority's 2008C bond matured and was fully repaid.

On July 1, 2019, the Idaho Housing Finance Association (IHFA) issued the 2019AB Single Family Mortgage Bonds

to currently refund the 2009C and a portion of the 2013A Single Family Mortgage Bonds.

The 2019AB Bond is intended as a restructuring to provide an adequate asset base and meet indenture parity requirements to maintain the investment grade quality of IHFA's Single Family Mortgage Bond Program. No economic savings are intended to be achieved by this restructuring. The 2019 Series AB Bonds (2019 Indenture) was used to refund all of the 2009C issue for \$1.7 million, and a portion of the 2013A issue for \$11.0 million. Additionally, \$30.1 million in proceeds were used to purchase new mortgage-backed securities. In connection with such refunding, the issuer and Barclays Bank PLC (the "Interest Rate Contract Provider") have agreed to allocate and transfer the interest rate contracts related to such refunded variable rate bonds to the 2019 Series AB bonds. Bonds are intended as a restructuring to provide a better match of loan prepayment speeds and swap contract fixed rates and maturation dates.



Required Supplementary Information



Ponderosa State Park

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	General			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 1,880,253	\$ 1,880,253	\$ 1,880,253	
Individual and Corporate Taxes	2,311,601	2,311,601	2,311,601	
Other Taxes	62,994	62,994	62,994	
Licenses, Permits, and Fees	33,704	33,704	33,704	
Sale of Goods and Services	24,302	24,302	24,302	
Grants and Contributions	22,407	22,407	22,407	
Investment Income	58,104	58,104	58,104	
Tobacco Settlement	21,014	21,014	21,014	
Other Income	32,740	32,740	32,740	
Total Revenues	\$ 4,447,119	\$ 4,447,119	4,447,119	
EXPENDITURES				
General Government	\$ 1,085,311	\$ 1,087,475	947,301	\$ 140,174
Public Safety and Correction	395,678	398,375	379,314	19,061
Health and Human Services	37,309	41,367	39,876	1,491
Education	2,501,652	2,501,654	2,424,020	77,634
Economic Development	101,907	165,215	102,816	62,399
Natural Resources	51,855	51,885	71,274	(19,389)
Total Expenditures	\$ 4,173,712	\$ 4,245,971	3,964,601	\$ 281,370
Revenues Over (Under) Expenditures			482,518	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			3,837	
Sale of Capital Assets			677	
Transfers In			265,502	
Transfers Out			(1,193,417)	
Total Other Financing Sources (Uses)			(923,401)	
Revenues and Other Financing Sources Over (Under)			(440,883)	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(271,878)	
Changes Affected by Accrued Expenditures			787,369	
Fund Balances - Beginning of Year, as Restated			1,745,526	
Fund Balances - End of Year			\$ 1,820,134	

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				\$ 16,725	\$ 16,725	\$ 16,725	
\$ 27,685	\$ 27,685	\$ 27,685		352,083	352,083	352,083	
22,136	22,136	22,136		194,272	194,272	194,272	
188,363	188,363	188,363		6,331	6,331	6,331	
1,955,872	1,955,872	1,955,872		363,438	363,438	363,438	
329	329	329		2,566	2,566	2,566	
13,116	13,116	13,116		1,160	1,160	1,160	
<u>\$ 2,207,501</u>	<u>\$ 2,207,501</u>	<u>2,207,501</u>		<u>\$ 936,575</u>	<u>\$ 936,575</u>	<u>936,575</u>	
\$ 3,717	\$ 3,717	3,713	\$ 4				
3,039,219	3,091,714	2,987,150	104,564				
				\$ 1,328,603	\$ 1,420,165	949,345	\$ 470,820
<u>\$ 3,042,936</u>	<u>\$ 3,095,431</u>	<u>2,990,863</u>	<u>\$ 104,568</u>	<u>\$ 1,328,603</u>	<u>\$ 1,420,165</u>	<u>949,345</u>	<u>\$ 470,820</u>
		(783,362)				(12,770)	
		1,587					
		86				7,646	
		808,923					
		(7,009)				(19,160)	
		<u>803,587</u>				<u>(11,514)</u>	
		20,225				(24,284)	
		11,848				3,017	
		(16,902)				(14,699)	
		(56,515)				365,109	
		<u>\$ (41,344)</u>				<u>\$ 329,143</u>	

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

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2019**

NOTE TO BUDGETARY REPORTING

Budgetary Process and Control

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

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

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

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

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

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

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

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

Budgetary Basis of Accounting

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

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2019**

supplemental (positive or negative) appropriations, Governor’s holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial

reporting purposes, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov under "Transparency" and "Legal Basis Report."

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

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

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

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 12,273 lane miles.

Measurement Scale

The Idaho Transportation Department (ITD) determines the State’s roadway surface condition by use of the Pavement Management System. Idaho uses three measures to quantify performance: International Roughness Index (IRI), rutting depth, and Overall Condition Index (OCI). Developed as part of refinements to ITD’s Transportation Asset Management System (TAMS), the OCI is unique to Idaho. The roadway surface condition data is collected as follows:

The International Roughness Index (IRI) is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. IRI is measured in inches per mile. With IRI, the higher the value, the rougher the pavement.

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

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

Pavement distress (cracking) is the final important indicator of pavement condition. The profiler van used to collect roughness and rutting information also collects video of the entire state highway system each year. The video equipment records images of both the forward facing view and a downward facing view so that pavement distress is easily seen. New and innovative technology is in use at ITD that takes advantage of the data collected by the profiler van to automate the process of crack identification and classification. This process offers substantial advantages over traditional pavement rating methods. Among these are: improved safety because rating personnel are not required to enter roadway to survey cracks; reduced collection time because data and photos of the roadway are collected at up to 60 mph; improved crack detection, as the profiler van collects over 2.5-million data points from the roadway surface per second and can detect 0.5mm crack widths and depths which are not readily visible to the naked eye. The Auto Classification software offers improved consistency as its algorithm is not subject to personal interpretation and judgment, as is the visual survey. It is not inferred or implied that auto detection and auto classification will run as a “black box” solution; that is to say, autonomously with results accepted blindly, rather the Asset Management Engineer reviews and verifies the results.

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2019**

With respect to quantification of cracked pavement, ITD uses the Overall Condition Index (OCI) Method. The Overall Condition Index (OCI) provides an overall pavement serviceability measure. The OCI is the weighted average of many different pavement performance factors and there is flexibility to add other measures that are deemed relevant. The OCI varies between 100 representing the best possible pavement and zero (0) denoting the poorest possible pavement. The American Society for Testing & Materials (ASTM) has adopted this rating criteria as a standard for determining the pavement condition of a roadway.

The following table shows the various distresses that are considered and utilized during analysis.

OCI Pavement Distress Types	
Flexible	Rigid
Fatigue Cracking	Slab Cracking
Edge Cracking	Joint Seal Damage
Transverse Cracking	Joint Spalling
Block Cracking	Faulting
Patch Deterioration	Map Cracking
Raveling	Studded Tire Wear

Each distress type is quantified based on both the extent and severity. These values are then input, for each distress type, into an equation that yields an Individual Distress Index (IDI). When each individual distress type has been calculated, all of the IDI values are then input into the Overall Condition Index formula to compute the OCI for the pavement section. For each pavement type, two additional indices are computed with the methodology. Rigid pavement has the Slab Index and the Joint Index computed, while flexible pavements have the Structural Distress Index and the Non-Structural Index computed. The main function of these values is to assist in Pavement

Management System (PMS) decision tree configuration and treatment selection. A copy of the AgileAssets PMS Engineering Configuration Document is available upon request.

The surface condition is measured by International Roughness Index (IRI), Overall Condition Index (OCI) and Rutting Depth. Each category has its own thresholds, which differ slightly depending on the assigned functional class. The measurement ranges for each of these conditions is shown in the following chart:

Idaho Pavement Measures			
Pavement Rating	International Roughness Index (IRI)	Overall Condition Index (OCI)	Rutting Asphalt
Good	≤ 95	≥ 80	≤ 0.2 inches
Fair	96 - 170	79 - 60	0.21 - 0.4 inches
Poor	≥ 171	≤ 59	> 0.4 inches

Established Condition Level

Beginning in calendar year 2018, the ITD changed the rating system they use to measure surface condition, which included combining Poor and Very Poor categories. The effect of the change in the rating system served to make the evaluations more conservative and improves consistency and reduces variance due to interpretation and judgment. The new rating system was used to determine the condition assessments for 2018, as well as the estimated costs to preserve and maintain the roads at, or above, the established condition level for fiscal year 2020.

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor condition. In calendar year 2018, the assessed level was maintained at 9.3 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

Most Recent Five Complete Condition Assessments Percent of Total Lane Miles per Pavement Condition										
	2018		2017		2016		2015		2014	
Good	7,879	64.2 %	7,420	60.5 %	7,080	57.7 %	7,301	59.5 %	7,507	61.2 %
Fair	3,252	26.5 %	3,417	27.8 %	3,304	26.9 %	2,992	24.4 %	3,016	24.5 %
Poor*	1,142	9.3 %	1,248	10.2 %	1,688	13.8 %	1,736	14.1 %	1,480	12.1 %
Very Poor*			188	1.5 %	202	1.6 %	242	2.0 %	266	2.2 %
Total Lane Miles	12,273	100%	12,273	100%	12,274	100%	12,271	100%	12,269	100%

* Poor and Very Poor categories combined beginning Calendar Year 2018.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Estimated and Actual Costs to Maintain

The information below reflects the State's estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level, and the actual amount spent during the past six fiscal years (*dollars in thousands*).

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Estimated	\$ 134,408	\$ 128,923	\$ 100,691	\$ 112,537	\$ 111,475	\$ 90,905	\$ 122,831
Actual		\$ 184,973	\$ 179,193	\$ 128,776	\$ 73,499	\$ 89,972	\$ 107,718



Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

PENSION

PERSI Base Plan

Schedule of Net Pension Liability Proportionate Share*

(dollars in thousands)

	2015	2016	2017	2018**	2019
Proportion of Net Pension Liability (NPL)	25.5%	25.8%	25.5%	25.8%	24.8%
Proportionate Share of NPL	\$ 187,540	\$ 339,548	\$ 517,254	\$ 405,168	\$ 365,199
Covered Payroll	\$ 690,168	\$ 722,235	\$ 746,952	\$ 799,956	\$ 796,476
Proportionate Share of NPL as a Percentage of Covered Payroll	27.2%	47.0%	69.2%	50.6%	45.9%
Plan Fiduciary Net Position	\$ 13,833,143	\$ 13,956,663	\$ 13,884,164	\$ 15,296,682	\$ 16,274,830
Plan Total Pension Liability	\$ 14,569,300	\$ 15,273,500	\$ 15,911,317	\$ 16,868,511	\$ 17,749,848
Plan Fiduciary Net Position as a Percentage of Plan Total Pension Liability	94.9%	91.4%	87.3%	90.7%	91.7%

*As of the Measurement Date of the Net Pension Liability.

**'Covered payroll' and 'proportionate share of NPL as a percentage of covered payroll' figures are revised.

Schedule of Contributions

(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution*	(b) Contributions in Relation to Actuarially Determined Contribution*	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Payroll*	Contributions as a Percentage of Covered Payroll (b) : (d)
2015	\$ 81,757	\$ 81,757	\$ 0	\$ 722,235	11.32%
2016	84,555	84,555	0	746,952	11.32%
2017	90,555	90,555	0	799,956	11.32%
2018	90,161	90,161	0	796,476	11.32%
2019	94,206	94,206	0	832,204	11.32%

*Contributions and covered payroll for 2017 and 2018 are revised based on updated information.

Schedules above intended to show information for 10 years. Information for additional years will be displayed as they become available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019
Judges' Retirement Fund

Schedule of Changes in Employer's Net Pension Liability					
<i>(dollars in thousands)</i>					
	2015	2016	2017	2018	2019
Total Pension Liability					
Service Cost	\$ 3,251	\$ 3,111	\$ 3,179	\$ 2,963	\$ 3,178
Interest	6,590	6,889	7,056	7,329	7,502
Benefit Changes					
Economic/Demographic Gains (Losses)	285	(1,648)	266	(890)	(829)
Assumption Changes				489	3,456
Benefit Payments, Including Refunds	(5,577)	(5,975)	(6,173)	(6,692)	(7,168)
Net Change in Total Pension Liability	4,549	2,377	4,328	3,199	6,139
Total Pension Liability - Beginning	92,303	96,852	99,229	103,557	106,756
Total Pension Liability - Ending (a)	96,852	99,229	103,557	106,756	112,895
Plan Net Position					
Contributions - Employer	3,596	3,371	3,947	4,279	4,689
Contributions - Employee	629	624	630	715	779
Net Investment Income	2,052	1,094	9,157	6,938	6,937
Other Income					13
Transfer In					
Benefit Payments, Including Refunds	(5,577)	(5,975)	(6,173)	(6,692)	(7,168)
Administrative Expense	(96)	(133)	(74)	(105)	(121)
Net Change in Plan Net Position	604	(1,019)	7,487	5,135	5,129
Plan Fiduciary Net Position - Beginning	75,864	76,468	75,449	82,936	88,071
Plan Fiduciary Net Position - Ending (b)	76,468	75,449	82,936	88,071	93,200
Net Pension Liability - Ending (a) - (b)	\$ 20,384	\$ 23,780	\$ 20,621	\$ 18,685	\$ 19,695
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.95%	76.04%	80.09%	82.50%	82.55%
Covered Payroll	\$ 6,149	\$ 6,097	\$ 6,162	\$ 6,178	\$ 6,732
Net Pension Liability as a Percentage of Covered Payroll	331.50%	390.03%	334.63%	302.44%	292.58%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

**Required Supplementary Information
For the Fiscal Year Ended June 30, 2019**

Schedule of Employer Contributions (dollars in thousands)						
Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)	
2009	\$ 4,156	\$ 2,007	\$ 2,149	\$ 5,960	33.67%	
2010	3,735	2,023	1,712	5,645	35.84%	
2011	3,286	2,028	1,258	5,700	35.58%	
2012	2,979	1,973	1,006	5,847	33.74%	
2013	2,939	2,662	277	5,868	45.36%	
2014	2,949	2,717	232	5,634	48.23%	
2015	3,493	3,595	(102)	6,149	58.46%	
2016	3,463	3,370	93	6,097	55.27%	
2017	3,604	3,947	(343)	6,162	64.05%	
2018	3,273	4,279	(1,006)	6,178	69.26%	
2019	3,307	4,689	(1,382)	6,732	69.65%	

Schedule of Investment Returns								
	2013	2014	2015	2016	2017	2018	2019	
Annual Money Weighted Rate of Return, Net of Investment Expense	8.8%	16.9%	2.7%	1.5%	12.4%	8.5%	8.0%	

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Note to the Judges' Retirement Fund Schedules:

Assumptions Used to Calculate Actuarially Determined Contributions	
Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll - Open
Amortization Period	11.4 Years
Actuarial Assumptions:	
Investment Rate of Return - Gross	7.00%
Projected Salary Increases, Including Inflation	3.75%
Post-retirement Cost of Living Allowance Increases	1.00% or 3.75%
Implied Price Inflation Rate	3.00%



Required Supplementary Information
For the Fiscal Year Ended June 30, 2019
OTHER POSTEMPLOYMENT BENEFITS

Schedule of Changes in Employer's Total OPEB Liability		
Retiree Healthcare Plan		
<i>(dollars in thousands)</i>		
	2018	2019
Proportionate Share of Total OPEB Liability		
Service Cost	\$ 1,264	\$ 1,292
Interest	1,166	1,142
Benefit Changes		
Economic/Demographic Gains (Losses)		(145)
Assumption Changes		(10,711)
Expected Benefit Payments	(2,842)	(3,012)
Net Change in Total OPEB Liability	(412)	(11,434)
Total OPEB Liability - Beginning	32,738	32,326
Effects of Change in Proportion		(226)
Adjusted Total OPEB Liability - Beginning	32,738	32,100
Total OPEB Liability - Ending	<u>\$ 32,326</u>	<u>\$ 20,666</u>
Covered-Employee Payroll	\$ 1,007,857	\$ 1,004,716
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.21%	2.06%
State's Proportion of Total OPEB Liability	92.50%	91.85%

Schedule of Changes in Employer's Total OPEB Liability		
Long-Term Disability Healthcare Plan		
<i>(dollars in thousands)</i>		
	2018	2019
Proportionate Share of Total OPEB Liability		
Service Cost	\$ 199	\$ 203
Interest	101	65
Benefit Changes		
Economic/Demographic Gains (Losses)		774
Assumption Changes		(392)
Expected Benefit Payments	(1,515)	(1,042)
Net Change in Total OPEB Liability	(1,215)	(392)
Total OPEB Liability - Beginning	3,358	2,143
Effects of Change in Proportion		(15)
Adjusted Total OPEB Liability - Beginning	3,358	2,128
Total OPEB Liability - Ending	<u>\$ 2,143</u>	<u>\$ 1,736</u>
Covered-Employee Payroll	\$ 1,007,857	\$ 1,004,716
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.21%	0.17%
State's Proportion of Total OPEB Liability	92.50%	91.85%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019
Schedule of Changes in Employer's Total OPEB Liability
Long-Term Disability Life Insurance Plan
(dollars in thousands)

	2018	2019
Proportionate Share of Total OPEB Liability		
Service Cost		
Interest	\$ 99	\$ 84
Benefit Changes		
Economic/Demographic Gains (Losses)		(1)
Assumption Changes		(37)
Expected Benefit Payments	(561)	(468)
Net Change in Total OPEB Liability	(462)	(422)
Total OPEB Liability - Beginning	3,050	2,588
Effects of Change in Proportion		(19)
Adjusted Total OPEB Liability - Beginning	3,050	2,569
Total OPEB Liability - Ending	<u>\$ 2,588</u>	<u>\$ 2,147</u>
Covered-Employee Payroll	\$ 1,007,857	\$ 1,004,716
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.26%	0.21%
State's Proportion of Total OPEB Liability	92.50%	91.85%

Schedule of Changes in Employer's Total OPEB Liability
Long-Term Disability Income Plan
(dollars in thousands)

	2018	2019
Proportionate Share of Total OPEB Liability		
Service Cost		
Interest	\$ 71	\$ 61
Benefit Changes		
Economic/Demographic Gains (Losses)		46
Assumption Changes		(22)
Expected Benefit Payments	(366)	(330)
Net Change in Total OPEB Liability	(295)	(245)
Total OPEB Liability - Beginning	2,168	1,873
Effects of Change in Proportion		(13)
Adjusted Total OPEB Liability - Beginning	2,168	1,860
Total OPEB Liability - Ending	<u>\$ 1,873</u>	<u>\$ 1,615</u>
Covered-Employee Payroll	\$ 1,007,857	\$ 1,004,716
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.19%	0.16%
State's Proportion of Total OPEB Liability	92.50%	91.85%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Employer's Total OPEB Liability
Retiree Life Insurance Plan
(dollars in thousands)

	2018	2019
Total OPEB Liability		
Service Cost	\$ 2,097	\$ 2,113
Interest	2,114	2,178
Benefit Changes		
Economic/Demographic Gains (Losses)		(659)
Assumption Changes		(2,303)
Expected Benefit Payments	(1,136)	(1,210)
Net Change in Total OPEB Liability	3,075	119
Total OPEB Liability - Beginning	57,514	60,589
Effects of Change in Proportion		(1,278)
Adjusted Total OPEB Liability - Beginning	57,514	59,311
Total OPEB Liability - Ending	<u>\$ 60,589</u>	<u>\$ 59,430</u>
Covered-Employee Payroll	\$ 325,265	\$ 319,806
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.63%	18.58%
State's Proportion of Total OPEB Liability	100.00%	98.25%

Schedule above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

For the above OPEB plans, no assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Schedule of Changes in Employer's Net OPEB Liability		
University of Idaho Plan		
<i>(dollars in thousands)</i>		
	2018	2019
Total OPEB Liability		
Service Cost	\$ 505	\$ 505
Interest	3,606	3,698
Benefit Changes		
Economic/Demographic Gains (Losses)		3,654
Assumption Changes		(8,338)
Benefit Payments, Including Refunds	(2,676)	(3,189)
Net Change in Total OPEB Liability	1,435	(3,670)
Total OPEB Liability - Beginning	66,885	68,320
Total OPEB Liability - Ending (a)	68,320	64,650
Plan Net Position		
Contributions - Employer	2,961	3,895
Contributions - Employee		
Net Investment Income	3,528	(1,840)
Transfer In		
Benefit Payments, Including Refunds	(2,676)	(3,189)
Administrative Expense	(75)	(91)
Net Change in Plan Net Position	3,738	(1,225)
Plan Fiduciary Net Position - Beginning	31,247	34,984
Plan Fiduciary Net Position - Ending (b)	34,984	33,759
Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 33,336	\$ 30,891
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.21%	52.22%
Covered-Employee Payroll	\$ 159,935	\$ 165,468
Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	20.84%	18.67%

Schedule above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019
Schedule of Employer Contributions
University of Idaho Plan
(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contributions	(b) Contributions in Relation to Actuarially Determined Contributions¹	(c) Contributions Deficiency (Excess) (a) - (b)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
2010	\$ 5,863	\$ 6,801	\$ (938)	\$ 124,584	5.46%
2011	5,250	5,618	(368)	121,834	4.61%
2012	4,806	5,201	(395)	123,237	4.22%
2013	3,723	4,404	(681)	123,592	3.56%
2014	3,368	3,178	190	132,777	2.39%
2015	3,177	3,233	(56)	140,728	2.30%
2016	2,711	2,751	(40)	150,995	1.82%
2017	3,321	3,157	164	152,999	2.06%
2018	3,537	3,592	(55)	157,589	2.28%
2019	3,451	N/A	N/A	162,317	N/A

¹ For the years ending June 30, 2010 through 2011, the amount of actual contributions in relation to the Actuarially Determined Contribution were estimated based on the percentage contributed as shown in the footnotes of the University's Financial Statements for the years ended June 30, 2014 and 2013 and Report of Independent Auditors

Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Sick Leave Insurance Reserve Fund

Schedule of Net OPEB Liability Proportionate Share*		
<i>(dollars in thousands)</i>		
	2018	2019
Proportion of Net OPEB Liability (Asset)	89.01 %	88.40 %
Proportionate Share of Net OPEB Liability (Asset)	\$ (84,677)	\$ (101,454)
Covered-employee Payroll	\$ 977,312	\$ 980,674
Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	(8.66)%	(10.35)%
Plan Fiduciary Net Position	\$ 186,498	\$ 206,260
Plan Total OPEB Liability	\$ 91,368	\$ 91,490
Plan Fiduciary Net Position as a Percentage of Plan Total OPEB Liability	204.12 %	225.45 %

*As of the Measurement Date of the Net OPEB Liability.

Schedule of Employer Contributions					
<i>(dollars in thousands)</i>					
Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll (b) : (d)
2017	\$ 3,812	\$ 6,353	\$ (2,541)	\$ 977,312	0.65%
2018	3,727	6,374	(2,647)	980,674	0.65%
2019	3,875	6,628	(2,753)	1,019,651	0.65%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.



Combining Financial Statements



Priest Lake State Park



NONMAJOR GOVERNMENTAL FUNDS include nonmajor special revenue funds. The following provides a brief description of the nonmajor governmental funds.

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

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

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

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

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

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

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

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

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

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

(dollars in thousands)

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
ASSETS			
Cash and Cash Equivalents	\$ 6,489	\$ 1,168	\$ 4,546
Pooled Cash and Investments	110,631	80,577	26,652
Investments	21,506	22,773	12,735
Accounts Receivable, Net	6,024	3,562	1,476
Taxes Receivable, Net	4,566		
Interfund Receivables	5	28	15
Due from Other Entities	3,326		7,814
Inventories and Prepaid Items	3,016	589	9,786
Loans, Notes, and Pledges Receivable, Net	3,126		10
Other Assets	242	138	68
Restricted Assets:			
Cash and Cash Equivalents	10,464	1,031	6,526
Investments	118,323		40,955
Total Assets	\$ 287,718	\$ 109,866	\$ 110,583
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 4,218	\$ 130	\$ 1,977
Payroll and Related Liabilities	2,388	1,249	2,050
Interfund Payables	26	39	75
Due to Other Entities	46		
Unearned Revenue	4,280	992	1
Amounts Held in Trust for Others	1,325	136	5
Other Accrued Liabilities	1,410	804	1,734
Total Liabilities	13,693	3,350	5,842
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	339	2,974	380
Fund Balances			
Nonspendable:			
Permanent Trusts			5,765
Inventories and Prepaid Items	3,016	589	9,786
Restricted	216,105	102,953	88,810
Committed	53,478		
Assigned	1,087		
Total Fund Balances	273,686	103,542	104,361
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 287,718	\$ 109,866	\$ 110,583

		Capital Projects			
Federal	Miscellaneous	Building Authority	Transportation Infrastructure	Total	
		\$ 2,891		\$ 15,094	
\$ 42	\$ 104,840		\$ 7	322,749	
	22,989			80,003	
362	14,246		1,232	26,902	
	2,094			6,660	
135	880			1,063	
61,838				72,978	
813	4,101			18,305	
				3,136	
18	1,029			1,495	
15,239	845	70,735		104,840	
				159,278	
<u>\$ 78,447</u>	<u>\$ 151,024</u>	<u>\$ 73,626</u>	<u>\$ 1,239</u>	<u>\$ 812,503</u>	
\$ 48,595	\$ 1,251	\$ 5,693	\$ 1,232	\$ 63,096	
3,281	2,230			11,198	
4,676	79			4,895	
				46	
1,570	115			6,958	
				1,466	
535	88			4,571	
<u>58,657</u>	<u>3,763</u>	<u>5,693</u>	<u>1,232</u>	<u>92,230</u>	
9,508	13,333			26,534	
				5,765	
813	4,101			18,305	
9,469	79,214	67,933	7	564,491	
	50,613			104,091	
				1,087	
<u>10,282</u>	<u>133,928</u>	<u>67,933</u>	<u>7</u>	<u>693,739</u>	
<u>\$ 78,447</u>	<u>\$ 151,024</u>	<u>\$ 73,626</u>	<u>\$ 1,239</u>	<u>\$ 812,503</u>	

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
REVENUES			
Sales Tax	\$ 4,800		
Individual and Corporate Taxes	20		
Other Taxes	41,030	\$ 95,187	
Licenses, Permits, and Fees	49,097	64,600	\$ 49,662
Sale of Goods and Services	4,970	1,953	2,894
Grants and Contributions	26,896	194	56,043
Investment Income	10,088	1,734	11,354
Other Income	6,016	1,317	843
Total Revenues	142,917	164,985	120,796
EXPENDITURES			
Current:			
General Government		3,948	
Public Safety and Correction		2,890	
Education			
Economic Development	49,563	61,692	100
Natural Resources	70,305	950	97,383
Capital Outlay	8,731	1,787	16,694
Intergovernmental Revenue Sharing	17,667		
Debt Service:			
Principal Retirement		5	2,303
Interest and Other Charges		1	312
Total Expenditures	146,266	71,273	116,792
Revenues Over (Under) Expenditures	(3,349)	93,712	4,004
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			9,654
Issuance of Refunding Bonds			
Premium on Bonds Issued			
Payment to Refunded Bond Escrow Agent			
Capital Lease Acquisitions		11	
Sale of Capital Assets	96	131	870
Transfers In	21,622	37	408
Transfers Out	(2,561)	(86,546)	(141)
Total Other Financing Sources (Uses)	19,157	(86,367)	10,791
Net Changes in Fund Balances	15,808	7,345	14,795
Fund Balances - Beginning of Year, as Restated	257,878	96,197	89,566
Fund Balances - End of Year	\$ 273,686	\$ 103,542	\$ 104,361

Capital Projects

Federal	Miscellaneous	Building Authority	Transportation Infrastructure	Total
	\$ 1,579			\$ 6,379
				20
	32,926			169,143
\$ 3,230	26,710			193,299
99	17,974	\$ 14,447		42,337
488,025	872			572,030
581	7,660	2,247	\$ 3	33,667
171	12,945	403		21,695
492,106	100,666	17,097	3	1,038,570
78,124	7,288	425		89,785
8,143	59,423			70,456
243,719	5,267			248,986
71,028	25,247		221	207,851
4,556	7			173,201
49,347	6,142		6,430	163,650
42,539	15,557	74,519		75,763
16		6,498		8,822
1		15,168		15,482
497,473	118,931	96,610	6,651	1,053,996
(5,367)	(18,265)	(79,513)	(6,648)	(15,426)
		57,605	6,655	73,914
		(30,850)		(30,850)
		4,326		4,326
		(320)		(320)
	7			18
42	179			1,318
	26,438			48,505
(339)	(20)			(89,607)
(297)	26,604	30,761	6,655	7,304
(5,664)	8,339	(48,752)	7	(8,122)
15,946	125,589	116,685		701,861
\$ 10,282	\$ 133,928	\$ 67,933	\$ 7	\$ 693,739

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2019***(dollars in thousands)*

	Special Revenue			
	Agricultural and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 4,800	\$ 4,800	\$ 4,800	
Other Taxes	41,493	41,493	41,493	
Licenses, Permits, and Fees	49,910	49,910	49,910	
Sale of Goods and Services	5,008	5,008	5,008	
Grants and Contributions	25,751	25,751	25,751	
Investment Income	1,083	1,083	1,083	
Other Income	2,381	2,381	2,381	
Total Revenues	\$ 130,426	\$ 130,426	130,426	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	\$ 56,878	\$ 56,973	50,525	\$ 6,448
Natural Resources	134,924	134,963	96,267	38,696
Total Expenditures	\$ 191,802	\$ 191,936	146,792	\$ 45,144
Revenues Over (Under) Expenditures			(16,366)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Capital Lease Acquisitions				
Sale of Capital Assets			96	
Transfers In			21,622	
Transfers Out			(2,561)	
Total Other Financing Sources (Uses)			19,157	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			2,791	
Reconciling Items				
Changes Affected by Accrued Revenues			12,491	
Changes Affected by Accrued Expenditures			526	
Fund Balances - Beginning of Year, as Restated			257,878	
Fund Balances - End of Year			\$ 273,686	

continued

Special Revenue

Regulatory				Fish and Game			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 100,617	\$ 100,617	\$ 100,617		\$ 49,662	\$ 49,662	\$ 49,662	
64,524	64,524	64,524		2,894	2,894	2,894	
1,736	1,736	1,736		52,701	52,701	52,701	
103	103	103		270	270	270	
158	158	158		913	913	913	
1,271	1,271	1,271					
<u>\$ 168,409</u>	<u>\$ 168,409</u>	<u>168,409</u>		<u>\$ 106,440</u>	<u>\$ 106,440</u>	<u>106,440</u>	
\$ 3,950	\$ 3,950	3,950					
3,522	3,525	3,046	\$ 479				
69,667	72,501	65,215	7,286	\$ 100	\$ 100	100	
1,592	1,592	961	631	128,214	131,836	116,360	\$ 15,476
<u>\$ 78,731</u>	<u>\$ 81,568</u>	<u>73,172</u>	<u>\$ 8,396</u>	<u>\$ 128,314</u>	<u>\$ 131,936</u>	<u>116,460</u>	<u>\$ 15,476</u>
		<u>95,237</u>				<u>(10,020)</u>	
						9,654	
		11					
		131				870	
		37				408	
		(86,546)				(141)	
		<u>(86,367)</u>				<u>10,791</u>	
		8,870				771	
		(3,424)				14,356	
		1,899				(332)	
		96,197				89,566	
		<u>\$ 103,542</u>				<u>\$ 104,361</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2019***(dollars in thousands)*

	Special Revenue			
	Federal			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees	\$ 3,230	\$ 3,230	\$ 3,230	
Sale of Goods and Services	84	84	84	
Grants and Contributions	482,187	482,187	482,187	
Investment Income	349	349	349	
Other Income	181	181	181	
Total Revenues	<u>\$ 486,031</u>	<u>\$ 486,031</u>	<u>486,031</u>	
EXPENDITURES				
General Government	\$ 162,829	\$ 214,926	131,289	\$ 83,637
Public Safety and Correction	15,353	16,786	11,523	5,263
Health and Human Services				
Education	323,400	323,399	263,465	59,934
Economic Development	122,199	123,620	83,543	40,077
Natural Resources	19,759	19,759	8,870	10,889
Total Expenditures	<u>\$ 643,540</u>	<u>\$ 698,490</u>	<u>498,690</u>	<u>\$ 199,800</u>
Revenues Over (Under) Expenditures			<u>(12,659)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Capital Lease Acquisitions				
Sale of Capital Assets			42	
Transfers In				
Transfers Out			(339)	
Total Other Financing Sources (Uses)			<u>(297)</u>	
Revenues and Other Financing Sources Over (Under)			<u>(12,956)</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			6,075	
Changes Affected by Accrued Expenditures			1,217	
Fund Balances - Beginning of Year			<u>15,946</u>	
Fund Balances - End of Year			<u>\$ 10,282</u>	

continued

Special Revenue

Miscellaneous				Building Authority			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 1,592	\$ 1,592	\$ 1,592					
30,571	30,571	30,571					
26,857	26,857	26,857					
13,330	13,330	13,330		\$ 14,447	\$ 14,447	\$ 14,447	
1,644	1,644	1,644					
5,568	5,568	5,568		2,247	2,247	2,247	
13,057	13,057	13,057		403	403	403	
<u>\$ 92,619</u>	<u>\$ 92,619</u>	<u>92,619</u>		<u>\$ 17,097</u>	<u>\$ 17,097</u>	<u>17,097</u>	
\$ 16,244	\$ 16,244	12,795	\$ 3,449	\$ 96,610	\$ 96,610	96,610	
75,728	75,926	70,157	5,769				
7,113	7,113	5,206	1,907				
43,609	44,462	32,160	12,302				
37	37	7	30				
<u>\$ 142,731</u>	<u>\$ 143,782</u>	<u>120,325</u>	<u>\$ 23,457</u>	<u>\$ 96,610</u>	<u>\$ 96,610</u>	<u>96,610</u>	
		(27,706)				(79,513)	
						57,605	
						(30,850)	
						4,326	
						(320)	
		7					
		179					
		26,438					
		(20)					
		<u>26,604</u>				<u>30,761</u>	
		(1,102)				(48,752)	
		8,047					
		1,394					
		125,589				116,685	
		<u>\$ 133,928</u>				<u>\$ 67,933</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Capital Projects			
	Transportation Infrastructure			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes				
Licenses, Permits, and Fees				
Sale of Goods and Services				
Grants and Contributions				
Investment Income				
Other Income				
Total Revenues				
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	\$ 6,645	\$ 6,645	\$ 6,645	
Natural Resources				
Total Expenditures	<u>\$ 6,645</u>	<u>\$ 6,645</u>	<u>6,645</u>	
Revenues Over (Under) Expenditures			<u>(6,645)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			6,655	
Issuance of Refunding Bonds				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Capital Lease Acquisitions				
Sale of Capital Assets				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)			<u>6,655</u>	
Revenues and Other Financing Sources Over (Under)			<u>10</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			3	
Changes Affected by Accrued Expenditures			(6)	
Fund Balances - Beginning of Year				
Fund Balances - End of Year			<u>\$ 7</u>	

continued

Total

Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 6,392	\$ 6,392	\$ 6,392	
172,681	172,681	172,681	
194,183	194,183	194,183	
37,499	37,499	37,499	
562,386	562,386	562,386	
9,675	9,675	9,675	
18,206	18,206	18,206	
<u>\$ 1,001,022</u>	<u>\$ 1,001,022</u>	<u>1,001,022</u>	
\$ 279,633	\$ 331,730	244,644	\$ 87,086
94,603	96,237	84,726	11,511
330,513	330,512	268,671	61,841
299,098	304,301	238,188	66,113
284,526	288,187	222,465	65,722
<u>\$ 1,288,373</u>	<u>\$ 1,350,967</u>	<u>1,058,694</u>	<u>\$ 292,273</u>
		(57,672)	
		73,914	
		(30,850)	
		4,326	
		(320)	
		18	
		1,318	
		48,505	
		(89,607)	
		<u>7,304</u>	
		(50,368)	
		37,548	
		4,698	
		<u>701,861</u>	
		<u>\$ 693,739</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Major Permanent Fund

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Land Endowments			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sale of Goods and Services	\$ 72,053	\$ 72,053	\$ 72,053	
Investment Income	170,126	170,126	170,126	
Total Revenues	<u>\$ 242,179</u>	<u>\$ 242,179</u>	242,179	
EXPENDITURES				
Natural Resources	\$ 86,289	\$ 86,289	82,340	\$ 3,949
Total Expenditures	<u>\$ 86,289</u>	<u>\$ 86,289</u>	82,340	<u>\$ 3,949</u>
Revenues Over (Under) Expenditures			<u>159,839</u>	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			29,006	
Transfers In				
Transfers Out			(78,456)	
Total Other Financing Sources (Uses)			<u>(49,450)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			110,389	
Reconciling Items				
Changes Affected by Accrued Revenues			784	
Changes Affected by Accrued Expenditures			1,058	
Fund Balances - Beginning of Year, as Restated			<u>2,321,232</u>	
Fund Balances - End of Year			<u>\$ 2,433,463</u>	

State of Idaho

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

The State Lottery Fund accounts for the financial position and operations associated with lottery games. Established by the Legislature in 1988, the State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, to oversee lottery operations, and to maximize the net income of the lottery for the benefit of the State. Annually, on July 1, the State Lottery's surplus net income is distributed as follows: 3/8 of its net income to the permanent building account, 3/8 of its net income to the school district building account, and 1/4 of its net income to the bond levy equalization fund as dictated by Idaho Code Section 67-7434.

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

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

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2019

(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 3,055			\$ 3,055
Pooled Cash and Investments		\$ 25,635	\$ 8,470	34,105
Accounts Receivable, Net	2,034		707	2,741
Interfund Receivables			183	183
Inventories and Prepaid Items	207	17,050	1,212	18,469
Other Current Assets		206	4	210
Total Current Assets	5,296	42,891	10,576	58,763
Noncurrent Assets				
Restricted Cash and Cash Equivalents	61,972			61,972
Other Noncurrent Assets	230	760	137	1,127
Capital Assets, Net	383	8,775	3,113	12,271
Total Noncurrent Assets	62,585	9,535	3,250	75,370
Total Assets	67,881	52,426	13,826	134,133
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	447	1,587	319	2,353
Total Assets and Deferred Outflows of Resources	\$ 68,328	\$ 54,013	\$ 14,145	\$ 136,486
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,415	\$ 11,641	\$ 136	\$ 13,192
Payroll and Related Liabilities	130	452	93	675
Interfund Payables		8,566	446	9,012
Due to Other Entities		9,380		9,380
Unearned Revenue			207	207
Other Accrued Liabilities	4,229	1		4,230
Compensated Absences Payable	152	564	104	820
Bonds, Notes, and Capital Leases Payable	51		19	70
Total Current Liabilities	5,977	30,604	1,005	37,586
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	33		87	120
Other Long-Term Obligations	1,079	3,637	641	5,357
Total Noncurrent Liabilities	1,112	3,637	728	5,477
Total Liabilities	7,089	34,241	1,733	43,063
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	215	903	252	1,370
NET POSITION				
Net Investment in Capital Assets	299	8,775	3,007	12,081
Restricted for:				
Other Purposes	60,725	10,094	9,153	79,972
Total Net Position	61,024	18,869	12,160	92,053
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 68,328	\$ 54,013	\$ 14,145	\$ 136,486

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2019***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Licenses, Permits, and Fees		\$ 3		\$ 3
Sale of Goods and Services	\$ 288,555	225,608	\$ 12,556	526,719
Other Income	35	361	311	707
Total Operating Revenues	288,590	225,972	12,867	527,429
OPERATING EXPENSES				
Personnel Costs	2,943	12,617	2,228	17,788
Services and Supplies	34,834	124,396	6,760	165,990
Benefits, Awards, and Premiums	190,047			190,047
Depreciation	150	737	332	1,219
Other Expenses	373	6,520	2,823	9,716
Total Operating Expenses	228,347	144,270	12,143	384,760
Operating Income (Loss)	60,243	81,702	724	142,669
NONOPERATING REVENUES (EXPENSES)				
Investment Income	7	683	253	943
Interest Expense	(5)		(2)	(7)
Intergovernmental Distributions		(40,480)		(40,480)
Gain (Loss) on Sale of Capital Assets	20	(5)		15
Other Nonoperating Revenues (Expenses)		(1)		(1)
Total Nonoperating Revenues (Expenses)	22	(39,803)	251	(39,530)
Income (Loss) Before Transfers	60,265	41,899	975	103,139
Transfers Out	(53,500)	(40,488)		(93,988)
Change in Net Position	6,765	1,411	975	9,151
Total Net Position - Beginning of Year, as Restated	54,259	17,458	11,185	82,902
Total Net Position - End of Year	\$ 61,024	\$ 18,869	\$ 12,160	\$ 92,053

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 288,477	\$ 225,354	\$ 7,961	\$ 521,792
Receipts from Interfund Services		1	4,773	4,774
Payments to Employees	(3,259)	(12,256)	(2,307)	(17,822)
Payments to Suppliers	(35,380)	(129,568)	(9,059)	(174,007)
Payments for Interfund Services		(550)	(217)	(767)
Payments for Benefits, Awards, and Claims	(189,528)			(189,528)
Other Receipts		26	23	49
Other Payments		(54)	(10)	(64)
Net Cash Provided (Used) by Operating Activities	60,310	82,953	1,164	144,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(39,005)		(39,005)
Transfers Out	(53,500)	(39,085)		(92,585)
Net Cash Provided (Used) by Noncapital Financing Activities	(53,500)	(78,090)		(131,590)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING				
Proceeds from Bonds and Notes				
Principal Payments	(43)		(2)	(45)
Interest Payments	(5)		(2)	(7)
Proceeds from Disposition of Capital Assets	20			20
Acquisition and Construction of Capital Assets	(87)	(420)	(761)	(1,268)
Net Cash Provided (Used) by Capital and Related Financing Activities	(115)	(420)	(765)	(1,300)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	7	698	246	951
Net Cash Provided (Used) by Investing Activities	7	698	246	951
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	6,702	5,141	645	12,488
Beginning Cash, Cash Equivalents, and Pooled Cash	58,325	20,494	7,825	86,644
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 65,027	\$ 25,635	\$ 8,470	\$ 99,132
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 60,243	\$ 81,702	\$ 724	\$ 142,669
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by				
Depreciation and Amortization	150	737	332	1,219
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	(111)	91	(101)	(121)
Inventories and Prepaid Items		192	152	344
Other Assets	(118)	(186)	(122)	(426)
Accounts Payable/Interfund Payables	463	551	178	1,192
Unearned Revenue			(57)	(57)
Compensated Absences		26	21	47
Other Accrued Liabilities	(258)	(416)	10	(664)
Net Changes in Deferred Outflows/Inflows of Resources	(59)	256	27	224
Net Cash Provided (Used) by Operating Activities	\$ 60,310	\$ 82,953	\$ 1,164	\$ 144,427
Noncash Transactions (dollars in thousands):				

State Liquor recorded an interfund payable of \$1,409 due on July 1, 2019. Disposal of capital assets at a loss of \$6 in State Liquor. Restated net position by \$633 for State Liquor and by \$121 for Correctional Industries due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset.

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

The Group Insurance Fund, created by Idaho Code Section 67-5771, accounts for health insurance for all state employees and optional coverage for dependents and retirees. The fund also provides life insurance and short and long-term disability coverage.

The Risk Management Fund, created by Idaho Code Section 67-5776, accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using a combination of self-insurance and insurance purchased from commercial carriers.

The General Services Fund, created by Idaho Code Sections 67-5703, 67-5744, and 67-3516, accounts for statewide auditing, human resources, treasury, surplus property redistribution and sale, copying, purchasing, mail, and voice and data communication services.

The Data Processing Services Fund, created by Idaho Code Section 67-1021, accounts for data processing services provided by the Office of the State Controller to the various state agencies.

Combining Statement of Net Position

Internal Service Funds

June 30, 2019

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	\$ 47,703	\$ 1,974	\$ 19,562	\$ 3,542	\$ 72,781
Accounts Receivable, Net			470		470
Interfund Receivables	27		348	122	497
Inventories and Prepaid Items		101	2,262	1,895	4,258
Other Current Assets	229	39	10	2	280
Total Current Assets	47,959	2,114	22,652	5,561	78,286
Noncurrent Assets					
Restricted Cash and Cash Equivalents	32,248				32,248
Investments	42,625	8,392			51,017
Other Noncurrent Assets	35	43	803	332	1,213
Capital Assets, Net	5	7	13,041	542	13,595
Total Noncurrent Assets	74,913	8,442	13,844	874	98,073
Total Assets	122,872	10,556	36,496	6,435	176,359
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	71	77	1,594	692	2,434
Total Assets and Deferred Outflows of Resources	\$ 122,943	\$ 10,633	\$ 38,090	\$ 7,127	\$ 178,793
LIABILITIES					
Current Liabilities					
Accounts Payable		\$ 1	\$ 1,186		\$ 1,187
Payroll and Related Liabilities	\$ 17	22	534	\$ 161	734
Unearned Revenue	15,888			643	16,531
Other Accrued Liabilities	3		72		75
Compensated Absences Payable	29	31	650	222	932
Bonds, Notes, and Capital Leases Payable			353		353
Policy Claim Liabilities	4,995	3,759			8,754
Total Current Liabilities	20,932	3,813	2,795	1,026	28,566
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			1,041		1,041
Policy Claim Liabilities		10,628			10,628
Other Long-Term Obligations	171	162	3,256	1,566	5,155
Total Noncurrent Liabilities	171	10,790	4,297	1,566	16,824
Total Liabilities	21,103	14,603	7,092	2,592	45,390
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	36	40	848	457	1,381
NET POSITION					
Net Investment in Capital Assets	6	7	11,648	542	12,203
Restricted for:					
Claims and Judgments	32,248				32,248
Other Purposes	69,550	(4,017)	4,495	3,536	73,564
Unrestricted			14,007		14,007
Total Net Position	101,804	(4,010)	30,150	4,078	132,022
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 122,943	\$ 10,633	\$ 38,090	\$ 7,127	\$ 178,793

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Internal Service Funds****For the Fiscal Year Ended June 30, 2019***(dollars in thousands)*

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Sale of Goods and Services	\$ 289,452	\$ 10,091	\$ 43,040	\$ 7,336	\$ 349,919
Grants and Contributions			224		224
Other Income	(91)	23	(115)	25	(158)
Total Operating Revenues	289,361	10,114	43,149	7,361	349,985
OPERATING EXPENSES					
Personnel Costs	458	587	11,439	4,352	16,836
Services and Supplies	351	3,860	26,818	2,748	33,777
Benefits, Awards, and Premiums	290,352	7,800			298,152
Depreciation	1	1	1,038	316	1,356
Other Expenses	(427)	138	6,025	11	5,747
Total Operating Expenses	290,735	12,386	45,320	7,427	355,868
Operating Income (Loss)	(1,374)	(2,272)	(2,171)	(66)	(5,883)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	7,472	526	578	107	8,683
Interest Expense			(115)		(115)
Gain (Loss) on Sale of Capital Assets			161		161
Other Nonoperating Revenues (Expenses)			15		15
Total Nonoperating Revenues (Expenses)	7,472	526	639	107	8,744
Income (Loss) Before Transfers	6,098	(1,746)	(1,532)	41	2,861
Transfers In			1,828		1,828
Transfers Out	(13,139)		(3,974)		(17,113)
Change in Net Position	(7,041)	(1,746)	(3,678)	41	(12,424)
Total Net Position - Beginning of Year, as Restated	108,845	(2,264)	33,828	4,037	144,446
Total Net Position - End of Year	\$ 101,804	\$ (4,010)	\$ 30,150	\$ 4,078	\$ 132,022

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 21,457	\$ 269	\$ 14,278	\$ 1	\$ 36,005
Receipts from Interfund Services	265,157	9,858	29,400	7,906	312,321
Receipts from Grants and Contributions			224		224
Payments to Employees	(464)	(592)	(11,485)	(4,533)	(17,074)
Payments to Suppliers	(422)	(3,891)	(29,984)	(2,457)	(36,754)
Payments for Interfund Services	(61)	(168)	(2,394)	(71)	(2,694)
Payments for Benefits, Awards, and Claims	(287,730)	(6,253)			(293,983)
Other Receipts	466	21			487
Other Payments	(96)	(2)	(60)	(5)	(163)
Net Cash Provided (Used) by Operating Activities	(1,693)	(758)	(21)	841	(1,631)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In			1,828		1,828
Transfers Out	(13,139)		(3,974)		(17,113)
Interest Payments			(20)		(20)
Net Cash Provided (Used) by Noncapital Financing Activities	(13,139)		(2,166)		(15,305)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments			(320)		(320)
Interest Payments			(113)		(113)
Proceeds from Disposition of Capital Assets			171		171
Acquisition and Construction of Capital Assets			7,166	(219)	6,947
Net Cash Provided (Used) by Capital and Related Financing	0	0	6,904	(219)	6,685
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of Interest and Dividends	6,618	345	575	110	7,648
Purchase of Investments	(954)	(190)			(1,144)
Redemption of Investments	245				245
Other Investing Activities			(8)		(8)
Net Cash Provided (Used) by Investing Activities	5,909	155	567	110	6,741
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(8,923)	(603)	5,284	732	(3,510)
Beginning Cash, Cash Equivalents, and Pooled Cash	88,874	2,577	14,278	2,810	108,539
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 79,951	\$ 1,974	\$ 19,562	\$ 3,542	\$ 105,029
Reconciliation of Operating Income (Loss) to Net Cash					
Operating Income (Loss)	\$ (1,374)	\$ (2,272)	\$ (2,171)	\$ (66)	\$ (5,883)
Adjustments to Reconcile Operating Income to Net Cash Provided					
Depreciation and Amortization	1	1	1,038	316	1,356
Net Changes in Assets and Liabilities:					
Accounts Receivable/Interfund Receivables	91	11	708	231	1,041
Inventories and Prepaid Items		(41)	358	(304)	13
Other Assets	28	(8)	(198)	(42)	(220)
Accounts Payable/Interfund Payables	(93)	1	70	530	508
Unearned Revenue	(2,934)			316	(2,618)
Compensated Absences		4	83	(21)	66
Policy Claim Liabilities	2,622	1,547			4,169
Other Accrued Liabilities	(34)	(1)	91	(119)	(63)
Net Cash Provided (Used) by Operating Activities	\$ (1,693)	\$ (758)	\$ (21)	\$ 841	\$ (1,631)
Noncash Transactions (dollars in thousands):					

Investments increased in fair value by \$942 for Group Insurance and by \$184 for Risk Management. Restated net position by \$28 for Group Insurance, \$35 for Risk Management, \$584 for General Services, and \$291 for Data Processing due to a correction to the allocation of the proportionate share of the State Sick Leave Reserve Fund asset. Restated net position by \$7,575 for General Services due to a correction in capital assets.

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

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

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

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

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

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

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

The University of Idaho Retiree Benefit Trust Fund provides medical and dental benefits to eligible University of Idaho retirees, disabled employees, spouses, and survivors. Employees hired prior to January 1, 2002, are eligible to participate in this plan.

The University of Idaho Health Benefit Trust Fund provides medical, mental health, dental, and vision benefits to active and retired University of Idaho employees.

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

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

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

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

The Custodial Fund accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for the receipts and disbursements of monies collected by the State and distributed to entities or individuals. This includes deposits of securities by banks and insurance companies doing business in the State.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2019

(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414 (k)
ASSETS					
Cash and Cash Equivalents	\$ 1,391	\$ 34			\$ 62
Pooled Cash and Investments	8,430	204	\$ 546		
Investments:					
Pooled Short Term	308,644	7,474	1,665		
Fixed Income Investments	3,902,261	94,500	21,045	\$ 216,578	
Marketable Securities	10,438,791	252,794	56,298		
Mutual Funds and Private Equities	1,005,801	24,357	5,424	246,758	58,249
Mortgages and Real Estate	1,552,483	37,596	8,373		
Other Investments				1,963	
Receivables:					
Investments Sold	104,741	2,568	565	3,169	
Contributions	8,722	62		205	11
Interest and Dividends	61,464	1,507	332		147
Interfund Receivables	11				
Other Receivables					
Other Assets	75,996				
Capital Assets, Net	10,018				
Total Assets	17,478,753	421,096	94,248	468,673	58,469
LIABILITIES					
Accounts Payable	438	11			
Interfund Payables	2,052	50			1
Unearned Revenue					
Investments Purchased	182,322	4,414	984		
Policy Claim Liabilities					
Other Accrued Liabilities	12,508	295	65		8
Total Liabilities	197,320	4,770	1,049	0	9
NET POSITION					
Held in Trust for:					
Net Position Restricted for Pensions	17,281,433	416,326	93,199	468,673	58,460
Net Position Restricted for OPEB					
Trust Beneficiaries					
Total Net Position	\$ 17,281,433	\$ 416,326	\$ 93,199	\$ 468,673	\$ 58,460

Defined Contribution 401 (k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
\$ 861			\$ 1,190	\$ 144	\$ 3,682
	\$ 29	\$ 45			9,254
1,762			26,314		345,859
	73,398	99,607	3,581	5,183	4,416,153
	150,784	242,490			11,141,157
978,604			2,673		2,321,866
					1,598,452
					1,963
					111,043
1,645					10,645
2,780			2	37	66,269
	615	1,487			2,113
	379	883			77,258
					10,018
985,652	225,205	344,512	33,760	5,364	20,115,732
				596	1,045
10					2,113
					187,720
				2,443	2,443
276	19	29			13,200
286	19	29		3,039	206,521
985,366					19,303,457
	225,186	344,483	33,760		603,429
				2,325	2,325
\$ 985,366	\$ 225,186	\$ 344,483	\$ 33,760	\$ 2,325	\$ 19,909,211

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Define Contribution 414(k)
ADDITIONS					
Contributions:					
Member	\$ 257,061	\$ 5	\$ 779	\$ 18,324	
Employer	390,081	8,248	4,689		
Transfers In from Other Plans				7,212	
Total Contributions	647,142	8,253	5,468	25,536	
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	1,009,441	24,806	5,357	(16,312)	\$ 4,308
Interest, Dividends, and Other	342,388	8,414	1,846	8,357	129
Less Investment Expense:					
Investment Activity Expense	(49,259)	(1,210)	(266)		(11)
Net Investment Income	1,302,570	32,010	6,937	(7,955)	4,426
Miscellaneous Income	330		13		
Total Additions	1,950,042	40,263	12,418	17,581	4,426
DEDUCTIONS					
Benefits and Refunds Paid to Plan Members	975,232	18,931	7,169		3,839
Administrative Expense	9,277	55	121	302	344
Participant Withdrawals				24,398	
Total Deductions	984,509	18,986	7,290	24,700	4,183
Change in Net Position Held in Trust for:					
Employee Pension Benefits	965,533	21,277	5,128	(7,119)	243
Employee Postemployment Healthcare Benefits					
Trust Beneficiaries					
Net Position - Beginning of Year	16,315,900	395,049	88,071	475,792	58,217
Net Position - End of Year	\$ 17,281,433	\$ 416,326	\$ 93,199	\$ 468,673	\$ 58,460

Defined Contribution 401 (k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
\$ 59,427				\$ 5,649	\$ 341,245
6,517	\$ 7,498	\$ 16,433	\$ 615	23,902	457,983
13,949					21,161
79,893	7,498	16,433	615	29,551	820,389
54,408	16,172	24,824	(1,734)	99	1,121,369
18,039					379,173
(2,218)	(88)	(135)			(53,187)
70,229	16,084	24,689	(1,734)	99	1,447,355
	2	3			348
150,122	23,584	41,125	(1,119)	29,650	2,268,092
43,320	4,611	11,933		26,170	1,091,205
1,571	47	72	106	4,214	16,109
					24,398
44,891	4,658	12,005	106	30,384	1,131,712
105,231					1,090,293
	18,926	29,120	(1,225)		46,821
				(734)	(734)
880,135	206,260	315,363	34,985	3,059	18,772,831
\$ 985,366	\$ 225,186	\$ 344,483	\$ 33,760	\$ 2,325	\$ 19,909,211

Combining Statement of Fiduciary Net Position

Investment Trust Funds

June 30, 2019

(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Investments:			
Pooled Short Term	\$ 720,307	\$ 31,946	\$ 752,253
Fixed Income Investments	2,113,832	73,658	2,187,490
Mortgages and Real Estate		67,317	67,317
Receivables:			
Interest and Dividends	4,880	772	5,652
Other Receivables	8,209		8,209
Total Assets	2,847,228	173,693	3,020,921
LIABILITIES			
Accounts Payable	26	4	30
Other Accrued Liabilities	5,670	293	5,963
Total Liabilities	5,696	297	5,993
NET POSITION			
Held in Trust for:			
External Investment Pool Participants	2,841,532	173,396	3,014,928
Total Net Position	\$ 2,841,532	\$ 173,396	\$ 3,014,928

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds**For the Fiscal Year Ended June 30, 2019***(dollars in thousands)*

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions			
Participant Deposits	\$ 5,462,932	\$ 14,124	\$ 5,477,056
Total Contributions	<u>5,462,932</u>	<u>14,124</u>	<u>5,477,056</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	34,089	(14,239)	19,850
Interest, Dividends, and Other	21,972	4,831	26,803
Less Investment Expense:			
Investment Activity Expense	(297)	(61)	(358)
Net Investment Income	<u>55,764</u>	<u>(9,469)</u>	<u>46,295</u>
Miscellaneous Income	8,128		8,128
Total Additions	<u>5,526,824</u>	<u>4,655</u>	<u>5,531,479</u>
DEDUCTIONS			
Earnings Distribution	60,962	4,221	65,183
Participant Withdrawals	5,035,751	16,946	5,052,697
Total Deductions	<u>5,096,713</u>	<u>21,167</u>	<u>5,117,880</u>
Change in Net Position Held in Trust for:			
External Investment Pool Participants	430,111	(16,512)	413,599
Total Net Position - Beginning of Year	<u>2,411,421</u>	<u>189,908</u>	<u>2,601,329</u>
Total Net Position - End of Year	<u>\$ 2,841,532</u>	<u>\$ 173,396</u>	<u>\$ 3,014,928</u>

Combining Statement of Assets and Liabilities

Agency Fund

June 30, 2019

(dollars in thousands)

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 23,491
Pooled Cash and Investments	30,245
Investments:	
Fixed Income Investments	448,056
Receivables:	
Interest and Dividends	15
Total Assets	<u>\$ 501,807</u>
LIABILITIES	
Accounts Payable	\$ 2,367
Due to Other Entities	2,245
Amounts Held in Trust to Others	493,066
Amounts Held for Project Beneficiaries	5,374
Other Accrued Liabilities	(1,245)
Total Liabilities	<u>\$ 501,807</u>

Combining Statement of Changes in Assets and Liabilities

Agency Fund

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	Balances June 30, 2018 As Restated	Additions	Deductions	Balances June 30, 2019
CUSTODIAL				
Assets				
Cash and Cash Equivalents	\$ 27,343	\$ 26,798	\$ 30,650	\$ 23,491
Pooled Cash and Investments	29,083	80,500	79,338	30,245
Investments:				
Fixed Income Investments	428,854	448,056	428,854	448,056
Receivables:				
Unsettled Trades Receivable	57		57	
Interest and Dividends	60	135	180	15
Interfund Receivables		12	12	
Due from Other Entities		149	149	
Total Assets	\$ 485,397	\$ 555,650	\$ 539,240	\$ 501,807
Liabilities				
Accounts Payable	\$ 446	\$ 2,367	\$ 446	\$ 2,367
Due to Other Entities	2,170	8,704	8,629	2,245
Amounts Held for Others	471,579	512,864	491,377	493,066
Amounts Held for Project Beneficiaries	12,477	8,564	15,667	5,374
Other Accrued Liabilities	(1,275)	23,383	23,353	(1,245)
Total Liabilities	\$ 485,397	\$ 555,882	\$ 539,472	\$ 501,807

Statistical Section



Malad Gorge State Park

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

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

Schedule 1 - Net Position by Component

Fiscal Years 2010-2019

(accrual basis of accounting, dollars in thousands)

	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)
Governmental Activities						
Net Investment in Capital Assets	\$ 4,883,824	\$ 5,115,567	\$ 5,218,008	\$ 5,325,732	\$ 5,447,960	\$ 5,638,703
Restricted ¹	1,783,407	2,086,004	2,134,426	2,291,548	2,619,433	2,885,392
Unrestricted ²	576,666	444,322	529,948	748,869	737,576	893,542
Total Governmental Activities Net Position	\$ 7,243,897	\$ 7,645,893	\$ 7,882,382	\$ 8,366,149	\$ 8,804,969	\$ 9,417,637
Business-Type Activities						
Net Investment in Capital Assets	\$ 607,694	\$ 656,020	\$ 695,405	\$ 736,734	\$ 746,473	\$ 749,873
Restricted ³	604,851	769,555	901,322	986,730	1,130,154	1,222,537
Unrestricted ^{4,5}	193,029	194,366	251,804	261,432	226,545	291,420
Total Business-Type Activities Net Position	\$ 1,405,574	\$ 1,619,941	\$ 1,848,531	\$ 1,984,896	\$ 2,103,172	\$ 2,263,830
Primary Government						
Net Investment in Capital Assets	\$ 5,491,518	\$ 5,771,587	\$ 5,913,413	\$ 6,062,466	\$ 6,194,433	\$ 6,388,576
Restricted	2,388,258	2,855,559	3,035,748	3,278,278	3,749,587	4,107,929
Unrestricted	769,695	638,688	781,752	1,010,301	964,121	1,184,962
Total Primary Government Net Position	\$ 8,649,471	\$ 9,265,834	\$ 9,730,913	\$ 10,351,045	\$ 10,908,141	\$ 11,681,467

¹In fiscal year (FY) 2010 and FY2011, net position increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In FY2012, net position increased due to lower Medicaid and rehabilitation service costs. In FY2013-2017, net position increased primarily due to the increase in fair market value of investments, primarily related to the Land Endowment fund.

²Large fluctuations in governmental activities unrestricted net position balances occurred primarily as income tax and sales tax revenues increased and decreased due to significant changes in economic conditions.

³Increases and decreases of business-type activities restricted net position were primarily due to increases in unemployment compensation assessment collections and/or decreases in unemployment claims related to changes in economic conditions.

⁴FY2012 and FY2015 net position increased primarily due to increased student tuition and fees for the colleges and universities.

⁵FY2019 net position decreased due to removal of Eastern Idaho Technical College (EITC) from the reporting entity and prior period adjustments due to OPEB.

2016 (as restated)	2017 (as restated)	2018 (as restated)	2019
\$ 5,777,987	\$ 6,018,594	\$ 6,215,298	\$ 6,504,003
3,043,809	3,406,489	3,767,494	3,849,394
947,045	1,122,934	1,229,977	1,277,840
\$ 9,768,841	\$ 10,548,017	\$ 11,212,769	\$ 11,631,237

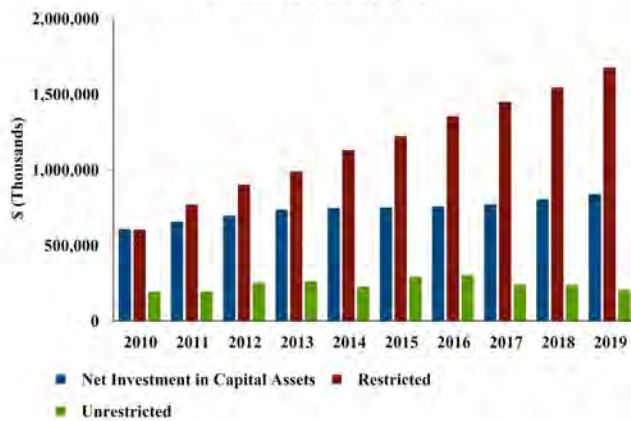
\$ 758,031	\$ 772,823	\$ 804,989	\$ 838,384
1,353,036	1,449,554	1,544,643	1,675,978
303,825	239,141	237,345	204,554
\$ 2,414,892	\$ 2,461,518	\$ 2,586,977	\$ 2,718,916

\$ 6,536,018	\$ 6,791,417	\$ 7,020,287	\$ 7,342,387
4,396,845	4,856,043	5,312,137	5,525,372
1,250,870	1,362,075	1,467,322	1,482,394
\$ 12,183,733	\$ 13,009,535	\$ 13,799,746	\$ 14,350,153

**Governmental Activities Net Position by Component
Fiscal Years 2010-2019**



**Business-Type Activities Net Position by Component
Fiscal Years 2010-2019**



**Primary Government Net Position by Component
Fiscal Years 2010-2019**



Schedule 2 - Changes in Net Position

Fiscal Years 2010-2019

(accrual basis of accounting, dollars in thousands)

	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)
Governmental Activities:						
Expenses						
General Government ^{1,2}	\$ 548,757	\$ 426,506	\$ 413,832	\$ 440,769	\$ 848,508	\$ 548,518
Public Safety and Correction ¹	320,423	296,034	335,493	352,409	364,998	387,694
Health and Human Services ³	2,092,319	2,577,700	2,396,437	2,545,283	2,595,727	2,751,283
Education ¹	1,830,608	1,777,026	1,712,567	1,707,233	1,756,231	1,845,144
Economic Development ⁹	799,054	829,130	820,530	806,801	810,023	761,384
Natural Resources	241,508	241,203	264,080	244,032	236,614	269,706
Interest Expense ¹²	45,782	50,773	50,372	49,961	51,600	46,860
Total Expenses	5,878,451	6,198,372	5,993,311	6,146,488	6,663,701	6,610,589
Program Revenues						
Charges for Services:						
General Government ¹⁰	79,833	109,387	97,411	104,973	90,314	227,915
Economic Development	239,107	248,199	266,320	252,221	271,894	287,525
Natural Resources	127,037	133,317	159,633	151,126	175,271	256,344
Other Activities ⁴	76,575	163,505	118,255	127,082	161,452	181,054
Operating Grants and Contributions ⁵	2,935,393	3,160,919	2,664,743	2,828,808	2,941,720	2,851,144
Capital Grants and Contributions	4,660	6,058	2,568	10,492	5,317	2,832
Total Program Revenues	3,462,605	3,821,385	3,308,930	3,474,702	3,645,968	3,806,814
Total Governmental Activities Net Program Expense	(2,415,846)	(2,376,987)	(2,684,381)	(2,671,786)	(3,017,733)	(2,803,775)
General Revenues and Other Changes in Net Position						
Taxes:						
Sales Tax ⁶	1,127,013	1,165,095	1,213,623	1,315,002	1,400,547	1,444,781
Individual and Corporate Taxes ⁶	1,242,032	1,296,558	1,390,226	1,533,850	1,739,957	1,686,455
Fuel Tax	221,142	231,732	216,249	237,647	262,479	243,826
Other Taxes	186,130	227,075	240,757	220,507	213,434	220,442
Tobacco Settlement	26,120	24,576	21,103	24,912	27,450	24,183
Unrestricted Investment Earnings	16,800	18,516	17,365	19,142	14,374	10,452
Transfers	(206,246)	(184,569)	(178,453)	(195,507)	(201,688)	(213,696)
Total General Revenues and Other Changes in Net Position	2,612,991	2,778,983	2,920,870	3,155,553	3,456,553	3,416,443
Total Governmental Activities Change in Net Position	\$ 197,145	\$ 401,996	\$ 236,489	\$ 483,767	\$ 438,820	\$ 612,668
Business-Type Activities:						
Expenses						
College and University	\$ 898,012	\$ 923,760	\$ 969,419	\$ 989,412	\$ 1,054,726	\$ 1,015,707
Unemployment Compensation ⁶	666,808	482,087	358,283	251,016	142,524	110,597
Loan	9,624	14,571	7,112	6,480	7,565	9,604
State Lottery	110,204	112,003	134,055	150,599	163,295	165,445
State Liquor	118,022	117,039	123,656	134,117	141,467	143,469
Correctional Industries	6,553	6,727	8,030	7,560	8,755	8,155
Total Expenses	1,809,223	1,656,187	1,600,555	1,539,184	1,518,332	1,452,977
Revenues						
Charges for Services:						
College and University	368,504	405,450	436,208	445,649	459,380	489,740
Unemployment Compensation ⁷	255,278	337,479	351,781	314,630	258,072	203,794
State Lottery ¹¹	147,931	147,849	176,547	198,169	209,642	210,940
Other Activities ^{11,13}	156,407	160,749	175,435	180,645	185,082	196,043
Operating Grants and Contributions ⁸	637,456	606,597	485,777	383,575	305,150	282,646
Capital Grants and Contributions	44,094	27,861	24,944	38,364	17,594	16,776
Total Revenues	1,609,670	1,685,985	1,650,692	1,561,032	1,434,920	1,399,939
Total Business-Type Activities Net Program Revenue (Expense)	(199,553)	29,798	50,137	21,848	(83,412)	(53,038)
General Revenues and Other Changes in Net Position						
Special Item						
Transfers	206,246	184,569	178,453	195,507	201,688	213,696
Total General Revenues and Other Changes in Net Position	206,246	184,569	178,453	114,517	201,688	213,696
Total Business-Type Activities Change in Net Position	\$ 6,693	\$ 214,367	\$ 228,590	\$ 136,365	\$ 118,276	\$ 160,658
Total Primary Government Change in Net Position	\$ 203,838	\$ 616,363	\$ 465,079	\$ 620,132	\$ 557,096	\$ 773,326

¹In fiscal year (FY) 2011 most expenses decreased due to effects of the national recession.

²In FY2013 expenses increased primarily due to an increase in lease payments to the Idaho State Building Authority. In FY2014 prior period adjustments were made due to the implementation of GASB Statements No. 68 & 71 in FY2015.

³In FY2011-2016 expenses for health and human services fluctuated due to changes in medical assistance payments related to Medicaid and rehabilitation services payments.

⁴In FY2010 and FY2011 fluctuations in other activities revenue were caused by a change in the way revenue is recorded. In FY2012 Department of Health & Welfare grant revenue decreased due to a reduction in American Recovery and Reinvestment Act funding.

⁵In FY2010-2012 amounts shifted primarily because of changes in the American Recovery and Reinvestment Act stimulus funding. In FY2013 revenues from operating grants and contributions increased primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income. In FY2016 operating grant revenue decreased primarily due to decreased federal highway funds, slippages in the fair market value of Endowment Fund Investment Board investments, and decreased health and human services grant revenue due to the timing of federal reimbursements for expenses.

2016 (as restated)	2017 (as restated)	2018 (as restated)	2019
\$ 505,318	\$ 559,044	\$ 542,391	\$ 644,708
402,437	410,975	439,116	466,263
2,697,385	2,668,755	3,079,063	3,048,267
1,956,032	2,090,661	2,229,172	2,325,261
866,345	903,462	1,068,663	1,047,957
287,853	305,400	303,441	314,839
45,271	15,879	52,271	87,846
6,760,641	6,954,176	7,714,117	7,935,141
178,132	252,281	103,489	149,788
333,616	343,285	384,872	348,716
217,958	225,920	232,380	244,634
197,393	192,525	173,492	124,372
2,676,844	2,869,284	3,180,624	3,250,723
11,021	12,425	4,321	3,144
3,614,964	3,895,720	4,079,178	4,121,377
(3,145,677)	(3,058,456)	(3,634,939)	(3,813,764)

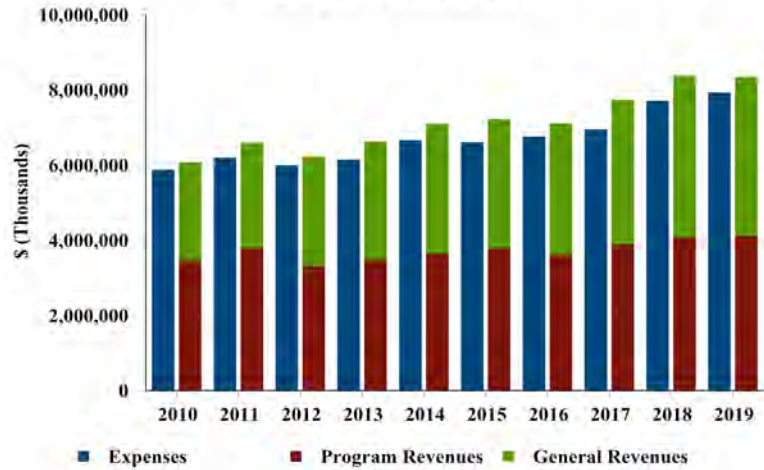
1,580,542	1,636,125	1,805,363	1,899,088
1,518,740	1,848,281	2,091,958	1,958,640
357,858	331,399	350,134	341,559
229,430	231,294	246,585	249,696
25,297	22,964	23,639	21,014
18,735	14,869	37,352	42,239
(233,721)	(247,300)	(255,340)	(280,004)
3,496,881	3,837,632	4,299,691	4,232,232
\$ 351,204	\$ 779,176	\$ 664,752	\$ 418,468

\$ 1,063,222	\$ 1,185,061	\$ 1,155,209	\$ 1,169,944
108,187	108,022	86,600	89,446
7,537	8,119	6,448	10,122
185,115	192,314	211,916	228,352
153,901	163,270	172,786	184,756
8,960	9,112	9,429	12,145
1,526,922	1,665,898	1,642,388	1,694,765

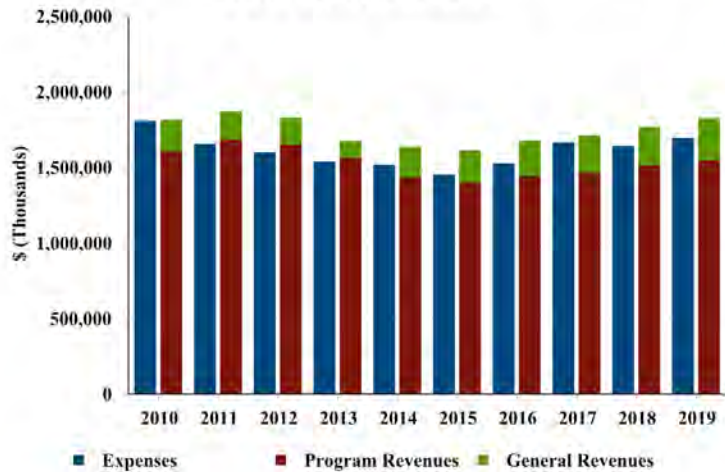
491,169	489,375	506,484	515,194
189,219	189,816	163,839	150,267
236,819	240,686	265,811	288,617
218,024	227,837	231,065	257,696
291,830	293,977	301,757	305,727
17,200	23,533	43,551	29,199
1,444,261	1,465,224	1,512,507	1,546,700
(82,661)	(200,674)	(129,881)	(148,065)

233,723	247,300	255,340	280,004
233,723	247,300	255,340	280,004
\$ 151,062	\$ 46,626	\$ 125,459	\$ 131,939
\$ 502,266	\$ 825,802	\$ 790,211	\$ 550,407

Expenses and Revenues - Governmental Activities Fiscal Years 2010-2019



Expenses and Revenues - Business-Type Activities Fiscal Years 2010-2019



⁶Increases and decreases are due to the degradation and improvement of economic conditions and the changes in employment and personal income levels.

⁷In FY2010-2012 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits. In FY2013-2014 revenues decreased due to a lower employer contribution rate.

⁸In FY2010 operating grants and contributions grew because of increased federal grant revenue for unemployment benefits.

⁹In FY2016 economic development expenses rose primarily due to an increased number of state and local highway infrastructure improvements.

¹⁰In FY2015 the increase was due, in part, to a building transfer from the Idaho State Building Authority to the Idaho Department of Administration and due to the state receiving significant revenue from court settlements. In FY2016 the decrease in general government program revenues are due, in part, to falling revenue from charges for services.

¹¹In FY2016 nonmajor enterprise funds net position improved primarily in consequence of increased lottery ticket and liquor sales.

¹²In FY2019 interest expense increased due to recording of the current interest payable for GARVEE notes payable.

¹³In FY2019 revenues increased primarily due to liquor sales.

Schedule 3 - Fund Balances - Governmental Funds

Fiscal Years 2010-2019

(modified accrual basis of accounting, dollars in thousands)

	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)
General Fund						
Nonspendable		\$ 7,922	\$ 8,837	\$ 9,292	\$ 12,012	\$ 10,294
Restricted ¹	\$ 130,261	169,753	184,437	219,270	252,627	274,121
Committed ²	154,168	162,583	185,098	195,479	263,443	339,169
Assigned ⁷	45,936	55,778	57,271	63,806	53,086	51,357
Unassigned ³	320,487	269,251	251,023	412,738	387,161	489,495
Total General Fund	650,852	665,287	686,666	900,585	968,329	1,164,436
All Other Governmental Funds						
Nonspendable ⁴	1,043,787	1,097,816	1,135,746	1,255,497	1,443,868	1,503,337
Restricted ⁵	462,036	709,985	735,879	742,849	851,410	1,027,465
Committed	86,434	78,794	85,124	77,505	76,970	87,298
Assigned	1,320	1,651	2,238	2,689	5,271	2,201
Unassigned ⁶		(57,026)		(4,262)	(6,533)	(18,822)
Total All Other Governmental Funds	1,593,577	1,831,220	1,958,987	2,074,278	2,370,986	2,601,479
Total Fund Balances - Governmental Funds	\$ 2,244,429	\$ 2,496,507	\$ 2,645,653	\$ 2,974,863	\$ 3,339,315	\$ 3,765,915

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

¹Increases and decreases in the General Fund restricted fund balance in each fiscal year occurred primarily due to changes in sales tax revenue caused by prevailing economic conditions.

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

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

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

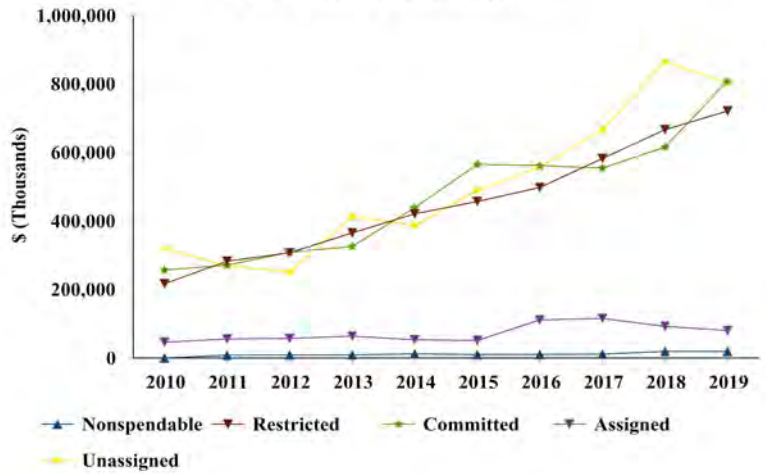
⁵In FY2011 the fund balance increased largely due to receiving American Recovery and Reinvestment Act funds for the Idaho Transportation Department. In FY2016 the fund balance increased primarily due to mandated increases to personal and commercial vehicle registration fees and in the motor fuels tax rate as a result of House Bill 312 passing in 2015.

⁶In FY2011 and FY2013-2019 the Department of Health and Welfare reported a negative unassigned fund balance due to increased expenditures for health and human services.

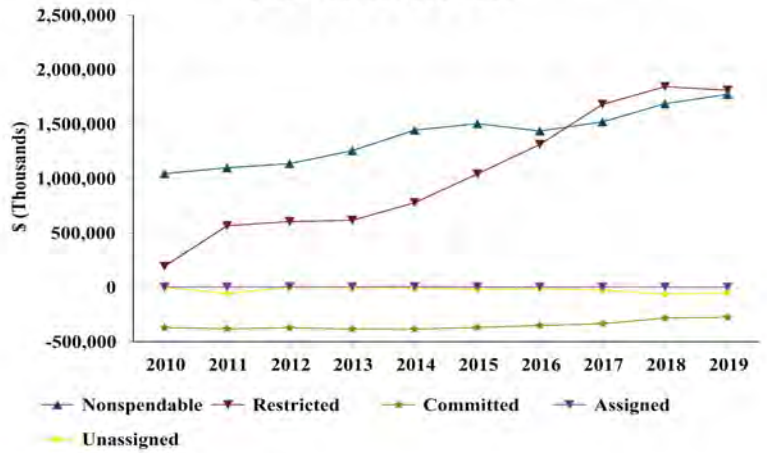
⁷In FY2016 the assigned fund balance increased primarily due to significant amount of funds that were allocated to the Fire Suppression - Deficiency fund. In FY2019, the assigned fund balance decreased primarily due to a decrease in the Fire Suppression - Deficiency fund.

2016 (as restated)	2017 (as restated)	2018 (as restated)	2019
\$ 10,580	\$ 11,307	\$ 19,289	\$ 18,791
298,798	349,697	399,972	432,728
337,231	332,704	369,516	484,934
111,168	115,618	92,124	80,404
557,280	666,848	864,625	803,277
1,315,057	1,476,174	1,745,526	1,820,134
1,435,060	1,519,909	1,686,989	1,773,347
1,208,118	1,453,421	1,562,178	1,539,739
99,202	110,143	144,873	150,335
1,949	1,655	1,507	1,087
(13,597)	(26,550)	(63,860)	(49,507)
2,730,732	3,058,578	3,331,687	3,415,001
\$ 4,045,789	\$ 4,534,752	\$ 5,077,213	\$ 5,235,135

**Fund Balances - General Funds
Fiscal Years 2010-2019**



**Fund Balances - All Other Governmental Funds
Fiscal Years 2010-2019**



Schedule 4 - Changes in Fund Balances - Governmental Funds

Fiscal Years 2010-2019

(modified accrual basis of accounting, dollars in thousands)

	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)	2015 (as restated)
Revenues						
Sales Tax ¹	\$ 1,122,384	\$ 1,163,526	\$ 1,214,491	\$ 1,318,383	\$ 1,379,105	\$ 1,462,022
Individual and Corporate Taxes ²	1,228,463	1,288,869	1,389,291	1,531,975	1,497,935	1,684,680
Other Taxes ⁹	409,924	459,162	456,720	458,291	470,226	469,780
Licenses, Permits, and Fees	275,018	296,827	310,828	317,854	325,172	354,894
Sale of Goods and Services	137,947	168,369	198,438	237,268	260,489	288,388
Grants and Contributions ³	2,808,307	2,850,294	2,638,570	2,695,371	2,658,143	2,706,506
Investment Income ⁴	191,596	302,488	51,264	217,357	324,835	78,412
Tobacco Settlement	25,990	24,445	24,922	24,912	27,450	24,183
Other Income	78,565	65,361	101,828	69,185	61,016	151,062
Total Revenues	6,278,194	6,619,341	6,386,352	6,870,596	7,004,371	7,219,927
Expenditures						
General Government ⁵	208,784	172,779	157,283	168,253	197,639	195,667
Public Safety and Correction	284,457	284,208	302,809	324,717	338,865	359,132
Health and Human Services ⁶	2,111,265	2,346,165	2,329,848	2,544,890	2,561,572	2,573,782
Education ⁵	1,810,276	1,768,616	1,687,084	1,685,252	1,733,263	1,821,633
Economic Development	416,776	418,866	392,242	420,668	418,525	414,307
Natural Resources	214,291	213,912	215,354	210,376	223,017	237,478
Capital Outlay ^{5,7,13}	677,097	574,305	501,522	497,087	468,817	485,276
Intergovernmental Revenue Sharing	459,716	448,249	453,799	471,269	488,585	505,017
Debt Service:						
Principal	33,222	45,871	47,954	49,679	52,334	48,362
Interest	46,648	51,689	50,804	49,100	48,926	48,458
Total Expenditures	6,262,532	6,324,660	6,138,699	6,421,291	6,531,543	6,689,112
Revenues Over (Under) Expenditures	15,662	294,681	247,653	449,305	472,828	530,815
Other Financing Sources (Uses)						
Bonds and Notes Issued ^{10,12}	163,562	125,862	146,219	61,347	65,457	53,935
Issuance of Refunding Bonds				10,945		
Premium/(Discount) on Bonds Issued			7,219	1,304		
Payment to Refunded Bond Escrow Agent ⁸			(88,044)	(11,441)		
Capital Lease Acquisitions	23,745	2,603		178	9	90
Sale of Capital Assets ¹¹	13,436	14,462	16,871	15,414	30,382	57,988
Transfers In	630,563	678,794	815,041	858,585	855,318	872,222
Transfers Out	(836,960)	(864,324)	(995,813)	(1,056,427)	(1,059,542)	(1,088,450)
Total Other Financing Sources (Uses)	(5,654)	(42,603)	(98,507)	(120,095)	(108,376)	(104,215)
Net Changes in Fund Balances	\$ 10,008	\$ 252,078	\$ 149,146	\$ 329,210	\$ 364,452	\$ 426,600
Debt Service as a Percentage of Noncapital Expenditures	1.3	1.7	1.7	1.6	1.6	1.5

¹Sales tax revenue changed in response to fluctuating levels of employment and personal income.

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

³In FY2010-2011 grants and contributions increased primarily due to American Recovery and Reinvestment Act funds for health, transportation, and education.

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

⁵In FY2011 and FY2012 decreases in expenditures were necessary to balance the State's budget.

⁶In FY2010-2013 health and human services expenditures increased and decreased due to changes in medical assistance payments related to Medicaid and rehabilitation services.

2016 (as restated)	2017 (as restated)	2018 (as restated)	2019
\$ 1,579,729	\$ 1,637,840	\$ 1,805,640	\$ 1,898,996
1,696,834	1,854,375	2,086,130	2,001,934
587,439	562,787	596,308	592,109
390,258	405,663	418,807	442,549
272,024	250,403	263,897	203,106
2,678,121	2,703,724	2,884,057	3,087,193
34,552	311,974	259,196	288,921
25,297	22,964	23,639	21,014
88,132	54,481	66,367	79,893
7,352,386	7,804,211	8,404,041	8,615,715
203,783	208,067	224,707	238,615
369,982	383,070	407,550	436,675
2,622,307	2,672,573	2,858,524	2,945,767
1,938,123	2,064,432	2,210,786	2,307,345
425,407	445,357	491,977	464,069
248,671	256,845	271,792	279,452
441,430	443,857	699,051	799,927
547,772	580,565	637,531	707,365
38,946	40,564	41,680	42,961
47,409	44,397	52,855	62,143
6,883,830	7,139,727	7,896,453	8,284,319
468,556	664,484	507,588	331,396
12,270		229,040	73,914
			(30,850)
		1,765	4,326
			(320)
7	19	292	5,442
47,642	73,498	60,858	38,733
902,365	977,802	1,007,860	1,122,930
(1,150,966)	(1,226,840)	(1,264,942)	(1,387,649)
(188,682)	(175,521)	34,873	(173,474)
\$ 279,874	\$ 488,963	\$ 542,461	\$ 157,922

1.3 1.2 1.2 1.3

⁷In FY2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.

⁸In FY2012 and FY2013 the Idaho State Building Authority defeased bond debt to achieve better interest rates.

⁹In FY2016 other taxes increased mainly due to an increase in the motor fuels tax rate as a result of the passage of House Bill 312 in 2015. The additional funds are to be used exclusively for the maintenance of bridges and roads and replacement projects at the state and local levels.

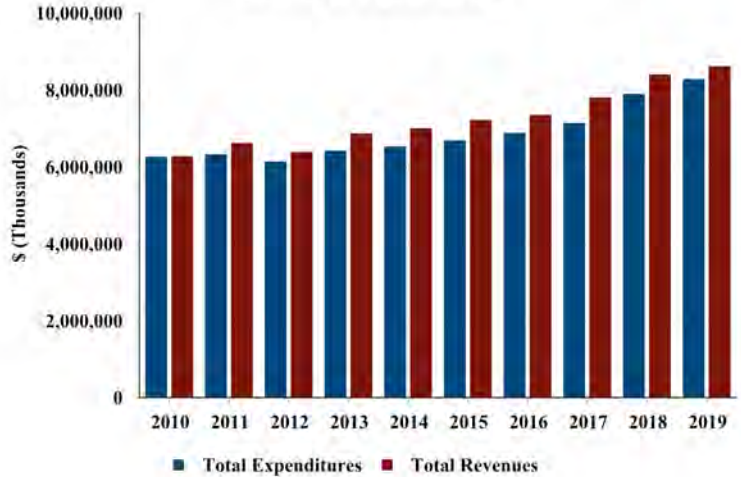
¹⁰In FY2016 the decrease in bonds and notes issued is primarily due to a large decrease in issued GARVEE bonds revenue.

¹¹In FY2017 the increase in sale of capital assets is primarily due to the sale of state owned commercial properties. In FY2019 the decrease is primarily due to the state slowing the sale of its commercial properties.

¹²In FY2019 ISBA decreased the amount of bonds issued.

¹³In FY2019 capital outlay expenditures increased primarily due to land endowments.

**Revenues and Expenditures - Governmental Funds
Fiscal Years 2010-2019**



Schedule 5 - Revenue Base

Fiscal/Calendar Years 2010-2019 (dollars in thousands)

Taxable Sales by Industry ¹	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Commercial Farms ²	\$ 9,005	\$ 10,847	\$ 14,204	\$ 11,733	\$ 11,756	\$ 16,197
Agricultural/Forestry, Fishing, and Other	101,936	94,138	100,206	106,731	112,719	124,776
Mining	43,224	43,947	47,130	52,671	55,851	53,947
Construction	427,769	409,010	489,893	434,218	422,849	490,734
Manufacturing	755,948	996,988	819,403	807,950	844,024	924,586
Transportation and Public Utilities	361,995	700,557	546,466	705,692	543,205	555,498
Wholesale Trade	1,632,262	1,641,485	1,765,478	2,033,097	2,281,830	2,573,395
Retail Trade	13,360,965	12,752,289	13,221,360	14,568,624	15,057,644	16,080,503
Information ³						
Finance, Insurance, and Real Estate	136,907	133,522	136,687	142,282	157,134	183,317
Services	2,213,003	2,099,385	2,101,112	2,225,229	2,367,364	2,584,259
State and Local Government	680,446	657,345	646,121	751,309	811,377	868,951
Unclassified						
Unpermitted ⁴						
Total Taxable Sales	\$ 19,723,460	\$ 19,539,513	\$ 19,888,060	\$ 21,839,536	\$ 22,665,753	\$ 24,456,163
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Personal Income by Industry ⁵	Calendar Year					
	2010	2011	2012	2013	2014	2015
Farm Earnings	\$ 1,420,080	\$ 2,040,643	\$ 2,061,286	\$ 2,357,028	\$ 2,446,452	\$ 2,274,358
Agricultural/Forestry, Fishing, and Other	384,458	383,019	410,976	454,523	476,689	502,537
Mining	531,304	565,870	541,288	506,360	464,521	384,509
Construction/Utilities	2,361,747	2,298,462	2,407,101	2,787,455	3,124,165	3,379,855
Manufacturing	3,464,004	3,588,720	3,817,700	4,371,537	4,851,561	4,913,024
Transportation	1,065,976	1,144,504	1,237,328	1,271,597	1,358,091	1,471,471
Wholesale Trade	1,536,841	1,604,406	1,700,530	1,837,311	1,909,022	2,053,007
Retail Trade	3,004,178	2,938,835	3,119,842	3,325,557	3,514,383	3,728,293
Finance, Insurance, and Real Estate	1,869,484	2,058,931	2,080,909	2,248,488	2,260,506	2,594,773
Services	11,901,292	12,148,133	12,501,932	13,125,559	13,764,881	14,680,468
Federal, Civilian	1,104,979	1,105,101	1,119,263	1,097,979	1,114,508	1,174,028
Military	531,786	501,634	499,131	485,981	472,455	448,710
State and Local Government	4,861,937	4,788,200	4,884,810	5,087,358	5,109,962	5,532,332
Other ⁶	16,158,518	17,916,167	19,757,741	19,381,240	20,959,854	22,687,872
Total Personal Income	\$ 50,196,584	\$ 53,082,625	\$ 56,139,837	\$ 58,337,973	\$ 61,827,050	\$ 65,825,237
Total Direct Personal Income Tax Rate	7.6%	7.6%	7.3%	7.3%	7.3%	7.3%
Corporate Income by Category ⁷	Calendar Year					
	2010	2011	2012	2013	2014	2015
Corporations	\$ (28,603)	\$ 49,806	\$ 502,747	\$ 316,558	\$ 124,853	\$ 1,145,583
Sub-S Corporations	43,487	24,196	106,971	49,630	54,694	125,936
Partnerships	(115,646)	(287,303)	(352,035)	(127,839)	(29,224)	2,769
Fiduciary	6,843	(28,687)	61,134	(14,541)	(10,847)	(3,278)
Total Corporate Income	\$ (93,919)	\$ (241,988)	\$ 318,817	\$ 223,808	\$ 139,476	\$ 1,271,010
Direct Corporate Income Tax Rate	7.6%	7.6%	7.4%	7.4%	7.4%	7.4%
Vehicle Fuel Sales by Category (in thousands of gallons)	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Diesel	\$ 236,002	\$ 239,708	\$ 242,617	\$ 250,299	\$ 255,171	\$ 267,381
Gasoline	632,004	633,337	629,252	631,697	643,806	691,065
Propane	32	79	23	61	151	115
Natural Gas ⁸			33	97	1,392	2,916
Aviation	1,814	1,797	1,811	1,720	1,678	1,592
Jet	23,347	23,225	25,903	28,995	27,389	15,537
Total Fuel Sales	\$ 893,199	\$ 898,146	\$ 899,639	\$ 912,869	\$ 929,587	\$ 978,606
Total Direct Fuel Tax Rate (per gallon of fuel)	\$ 0.245	\$ 0.245	\$ 0.244	\$ 0.244	\$ 0.244	\$ 0.247

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho State Tax Commission.
¹In 2016, the Tax Commission changed from using U.S. Standard Industrial Classification System (SIC) codes to using North American Industry Classification System (NAICS) codes. The change provides industry groupings that are more meaningful and useful for economic analysis. Some industry categories shown have significant variances due to the change in classification codes.
²Under the NAICS, commercial farming is combined with agriculture/forestry, fishing, and other.
³The information sector includes the publishing industries, the motion picture and sound recording industries, the broadcasting industries, and data processing, hosting, and related services.
⁴Taxable sales by individuals and businesses without a sales and use tax permit.

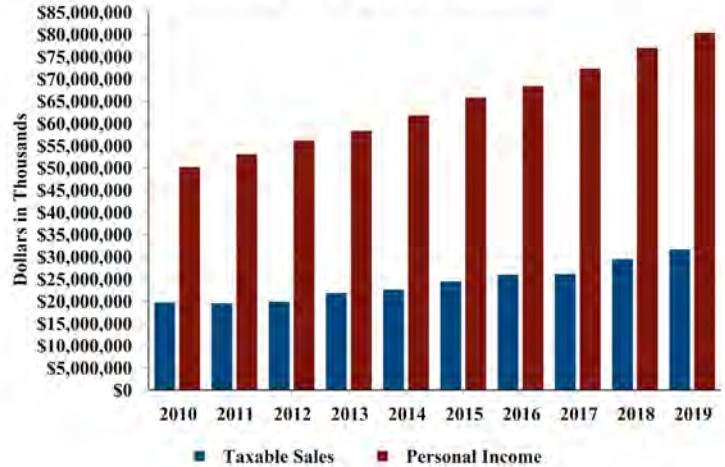
	2016	2017	2018	2019
\$	82,925	\$ 74,482	\$ 91,049	\$ 98,077
	59,177	44,035	57,534	59,340
	464,888	242,718	515,407	589,035
	1,101,280	884,684	1,256,853	1,414,472
	166,992	49,072	218,973	201,361
	2,995,810	3,000,366	3,290,114	3,588,765
	14,000,015	14,576,989	16,058,752	17,054,413
	518,717	507,973	564,405	580,011
	608,493	653,214	724,105	831,961
	4,975,587	5,094,919	5,550,830	6,007,029
	861,772	953,088	1,058,807	1,109,683
	148,683	62,257	112,950	105,911
	14,739	231	2,470	2,473
\$	25,999,078	26,144,028	29,502,249	31,642,531
	6.0%	6.0%	6.0%	6.0%

	2016	2017	2018	2019
\$	2,012,410	\$ 1,675,319	\$ 1,615,093	\$ 1,823,745
	473,513	496,069	521,762	539,329
	315,710	241,598	252,441	250,097
	3,653,904	4,006,010	4,373,791	4,680,073
	5,103,066	5,830,407	6,066,232	6,022,121
	1,487,178	1,571,540	1,672,739	1,729,877
	2,147,913	2,225,933	2,275,112	2,404,481
	3,793,290	3,948,641	4,050,494	4,129,301
	2,846,522	2,916,233	3,110,875	3,313,930
	15,504,199	16,417,585	17,666,453	18,605,773
	1,227,137	1,276,838	1,343,453	1,379,918
	456,893	462,019	490,718	508,616
	5,679,405	5,932,746	6,224,331	6,436,350
	23,743,400	25,354,211	27,348,810	28,593,981
\$	68,444,540	72,355,149	77,012,304	80,417,592
	7.4%	7.4%	NA	NA

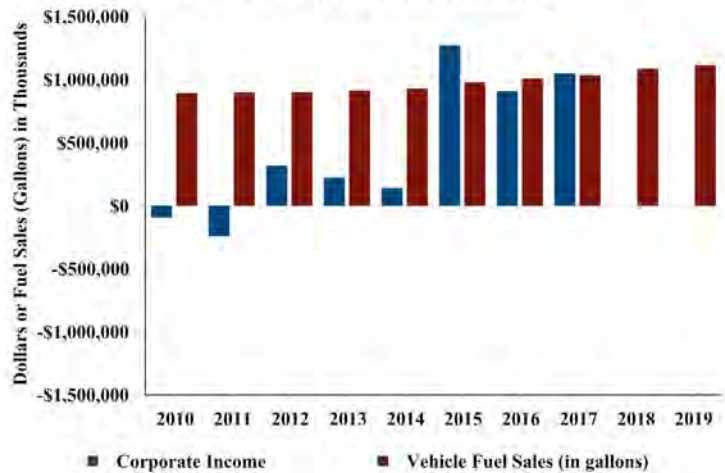
	2016	2017	2018	2019
\$	785,071	\$ 853,242	NA	NA
	135,698	136,752	NA	NA
	31,080	49,732	NA	NA
	(43,298)	10,056	NA	NA
\$	908,551	1,049,782	NA	NA
	7.4%	7.4%	6.9%	6.9%

	2016	2017	2018	2019
\$	273,136	\$ 291,576	\$ 295,988	\$ 313,640
	712,309	706,415	763,344	755,165
	221	(21)	26	67
	2,312	1,698	1,576	1,945
	1,696	1,495	1,653	1,666
	19,818	33,496	23,626	41,464
\$	1,009,492	1,034,659	1,086,213	1,113,947
\$	0.314	\$ 0.311	\$ 0.314	\$ 0.310

**Taxable Sales and Personal Income
Fiscal/Calendar Years 2010-2019**



**Corporate Income and Vehicle Fuel Sales
Calendar/Fiscal Years 2010-2019**



³Personal income data for calendar years 2010-2019 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts for all calendar years shown to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

⁶Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

⁷The large increase in corporate income in 2015 is primarily due to more corporate entities reporting positive taxable income rather than losses as a result of an improving economy. Corporate income data is currently not available for calendar years 2018 and 2019.

⁸The natural gas distributors reported no vehicle fuel sales for fiscal years (FY) 2007-2011. FY14 through FY16 saw a shift towards using/producing cleaner fuel types.

Schedule 6 - Revenue Rates
Fiscal/Calendar Years 2010-2019
Personal Income Tax Rates¹

	Calendar Year					
	2010	2011	2012	2013	2014	2015
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS) ²	\$0-1,315	\$0-1,337	\$0-1,379	\$0-1,408	\$0-1,428	\$0-1,451
Income Levels (MFJ, HoH, QW) ²	\$0-2,632	\$0-2,675	\$0-2,759	\$0-2,817	\$0-2,857	\$0-2,903
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	\$1,316-2,631	\$1,338-2,675	\$1,380-2,759	\$1,409-2,817	\$1,429-2,857	\$1,452-2,903
Income Levels (MFJ, HoH, QW)	\$2,633-5,264	\$2,676-5,351	\$2,760-5,519	\$2,818-5,635	\$2,858-5,715	\$2,904-5,807
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	\$2,632-3,947	\$2,676-4,013	\$2,760-4,139	\$2,818-4,226	\$2,858-4,286	\$2,904-4,355
Income Levels (MFJ, HoH, QW)	\$5,265-7,896	\$5,352-8,027	\$5,520-8,279	\$5,636-8,453	\$5,716-8,573	\$5,808-8,711
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	\$3,948-5,263	\$4,014-5,351	\$4,140-5,519	\$4,227-5,635	\$4,287-5,715	\$4,356-5,807
Income Levels (MFJ, HoH, QW)	\$7,897-10,528	\$8,028-10,703	\$8,280-11,039	\$8,454-11,271	\$8,574-11,431	\$8,712-11,615
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	\$5,264-6,579	\$5,352-6,689	\$5,520-6,899	\$5,636-7,044	\$5,716-7,144	\$5,808-7,259
Income Levels (MFJ, HoH, QW)	\$10,529-13,160	\$10,704-13,379	\$11,040-13,799	\$11,272-14,089	\$11,432-14,289	\$11,616-14,519
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	\$6,580-9,869	\$6,690-10,034	\$6,900-10,349	\$7,045-10,567	\$7,145-10,717	\$7,260-10,889
Income Levels (MFJ, HoH, QW)	\$13,161-19,740	\$13,380-20,069	\$13,800-20,699	\$14,090-21,135	\$14,290-21,435	\$14,520-21,779
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	\$9,870-26,319	\$10,035-26,759	\$10,350+	\$10,568+	\$10,718+	\$10,890+
Income Levels (MFJ, HoH, QW)	\$19,741-52,640	\$20,070-53,519	\$20,700+	\$21,136+	\$21,436+	\$21,780+
Tax Rate ³	7.8%	7.8%				
Income Levels (S, MFS)	\$26,320+	\$26,760+				
Income Levels (MFJ, HoH, QW)	\$52,641+	\$53,520+				

Total Direct Rate⁴ 7.6% 7.6% 7.3% 7.3% 7.3% 7.3%

Vehicle Fuel Tax Rates per Gallon

	Fiscal Year					
	2010	2011	2012	2013	2014	2015
Diesel	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.070	0.070	0.070	0.070	0.070	0.070
Jet	0.060	0.060	0.060	0.060	0.060	0.060

Total Direct Rate (per gallon of fuel) \$0.245 \$0.245 \$0.244 \$0.244 \$0.244 \$0.247

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation; no vote of the populace is required per Idaho Constitution Art. VII Section 16, and Idaho Code Sections 63-3024 and 63-2402.

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

²Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of Household, QW = Qualifying Widower.

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

⁴Personal Income data is currently not available for calendar years 2018 and 2019.

2016	2017	2018	2019
1.6% \$0-1,453 \$0-2,907	1.6% \$0-1,471 \$0-2,943	1.1% \$0-1,503 \$0-3,007	1.1% \$0-1,540 \$0-3,081
3.6% \$1,454-2,907 \$2,908-5,815	3.6% \$1,472-2,944 \$2,944-5,889	3.1% \$1,504-3,007 \$3,008-6,015	3.1% \$1,541-3,081 \$3,082-6,161
4.1% \$2,908-4,361 \$5,816-8,723	4.1% \$2,945-4,416 \$5,890-8,833	3.6% \$3,008-4,510 \$6,016-9,021	3.6% \$3,082-4,621 \$6,162-9,243
5.1% \$4,362-5,815 \$8,724-11,631	5.1% \$4,417-5,889 \$8,834-11,779	4.6% \$4,511-6,014 \$9,022-12,029	4.6% \$4,622-6,161 \$9,244-12,323
6.1% \$5,816-7,269 \$11,632-14,539	6.1% \$5,890-7,361 \$11,780-14,723	5.6% \$6,015-7,518 \$12,030-15,037	5.6% \$6,162-7,702 \$12,324-15,405
7.1% \$7,270-10,904 \$14,540-21,809	7.1% \$7,362-11,042 \$14,724-22,085	6.6% \$7,519-11,278 \$15,038-22,557	6.6% \$7,703-11,553 \$15,406-23,107
7.4% \$10,905+ \$21,810+	7.4% \$11,043+ \$22,086+	6.9% \$11,279+ \$22,558+	6.9% \$11,554+ \$23,108+

Personal Taxable Income Level for Top Rate Payers Calendar Years 2010-2019



7.4% 7.4% NA NA

2016	2017	2018	2019
\$0.320	\$0.320	\$0.320	\$0.320
0.320	0.320	0.320	0.320
0.232	0.232	0.232	0.232
0.349	0.349	0.349	0.349
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
\$0.314	\$0.311	\$0.314	\$0.310

State of Idaho

Schedule 7 - Revenue Payers by Industry/Category
Historical Comparison and Most Current Fiscal/Calendar Year

(dollars in thousands)

Sales Tax ^{1,4}	As of June 30, 2010				As June 30, 2019			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings ⁵	487	0.8	\$ 517	0.0				
Agricultural/Forestry, Fishing, and Other	1,059	1.7	5,552	0.5	1,349	1.9	\$ 5,428	0.3
Mining	157	0.3	2,437	0.2	166	0.2	3,467	0.2
Construction	4,215	6.8	21,916	2.0	3,669	5.2	29,939	1.7
Manufacturing	5,273	8.5	41,651	3.8	6,746	9.5	75,420	4.2
Transportation & Public Utilities	1,235	2.0	21,656	2.0	543	0.8	12,481	0.7
Wholesale trade	3,675	6.0	93,195	8.4	4,531	6.4	199,701	11.2
Retail trade	23,954	38.8	754,152	68.1	17,882	25.2	972,889	54.6
Information	0	0	0	0	1,511	2.1	33,594	1.9
Finance, Insurance, and Real Estate	836	1.4	7,738	0.7	2,431	3.4	43,969	2.5
Services	19,906	32.2	122,857	11.1	23,390	33.0	335,810	18.9
State and Local Government	933	1.5	35,662	3.2	381	0.5	61,617	3.5
Unclassified	0	0	0	0	8,381	11.8	5,218	0.3
Unpermitted ⁶	0	0	0	0	3	0	3	0
Total	61,730	100.0	\$ 1,107,333	100.0	70,983	100.0	\$ 1,779,536	100.0

Personal Income Tax	As of December 31, 2008				As of December 31, 2017			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Income Level								
Under \$50,000	597,728	85.9	\$ 412,653	32.5	667,981	81.1	\$ 462,779	24.3
\$50,000 - \$99,999	70,785	10.2	337,262	26.6	101,679	12.3	474,610	24.9
\$100,000 - \$249,999	21,801	3.1	227,801	17.9	44,056	5.3	442,546	23.3
\$250,000 - \$999,999	5,056	0.7	160,088	12.6	9,805	1.2	295,279	15.5
\$1,000,000 and higher	667	0.1	132,476	10.4	1,223	0.1	228,073	12.0
Total	696,037	100.0	\$ 1,270,280	100.0	824,744	100.0	\$ 1,903,287	100.0

Corporate Income Tax	As December 31, 2008				As December 31, 2017			
	Number of Filers	Percent of Total	Tax Liability ²	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	13,783	17.0	\$ (759,563)	84.6	155,373	64.9	\$ 155,422	83.4
Sub-S Corporations	29,893	36.8	(35,677)	4.0	35,984	15.0	11,780	6.3
Partnerships	28,075	34.6	(125,039)	13.9	36,520	15.3	5,486	2.9
Fiduciary	9,449	11.6	22,495	(2.5)	11,449	4.8	13,884	7.4
Total	81,200	100.0	\$ (897,784)	100.0	239,326	100.0	\$ 186,572	100.0

Vehicle Fuel Tax	As of June 30, 2010				As of June 30, 2019			
	Number of Filers ³	Percent of Total	Tax Liability	Percent of Total	Number of Filers ³	Percent of Total	Tax Liability	Percent of Total
Diesel	109	42.9	\$ 59,000	27.0	87	41.4	\$ 100,372	29.0
Gasoline	103	40.6	158,001	72.3	86	41.0	241,655	70.1
Propane	19	7.5	26	0	10	4.8	15	0
Natural Gas		0	7	0	3	1.4	629	0.2
Aviation	8	3.1	127	0.1	7	3.3	117	0
Jet	15	5.9	1,401	0.6	17	8.1	2,488	0.7
Total	254	100.0	\$ 218,562	100.0	210	100.0	\$ 345,276	100.0

Source: Idaho State Tax Commission.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2017.

¹In 2019, the Idaho State Tax Commission provided the sales tax liability data for July 1, 2018 to June 30, 2019.

²The corporate tax liability amounts for tax years 2006 through 2010 are revised due to updated data provided by the Idaho State Tax Commission.

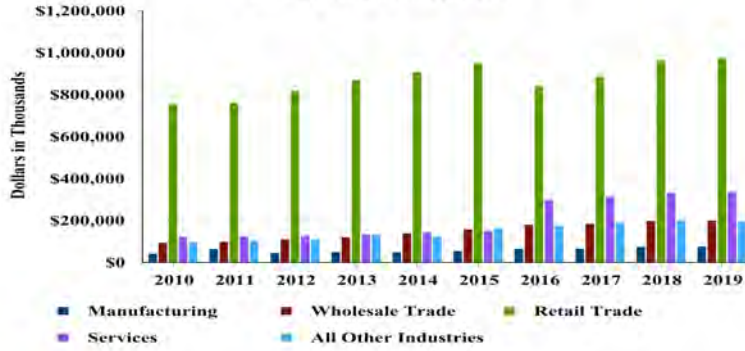
³The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.

⁴In 2016, the Tax Commission changed from using U.S. Standard Industrial Classification System (SIC) codes to using North American Industry Classification System (NAICS) codes. The change provides industry groupings that are more meaningful and useful for economic analysis. Some industry categories shown have significant variances due to the change in classification codes.

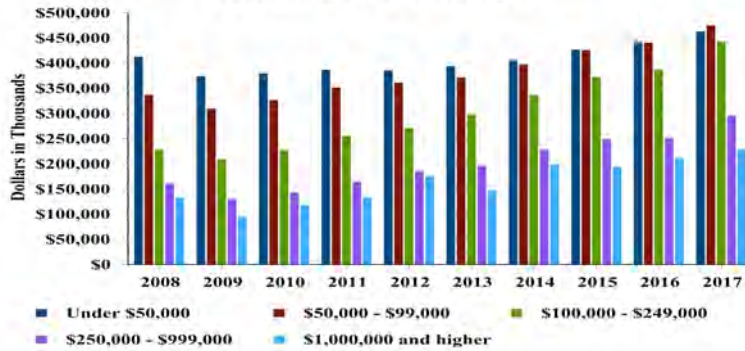
⁵Under the NAICS, commercial farming is combined with agriculture/forestry, fishing, and other.

⁶Taxable sales by individuals and businesses without a sales and use tax permit.

**Sales Tax Liabilities by Industry
Fiscal Years 2010-2019**



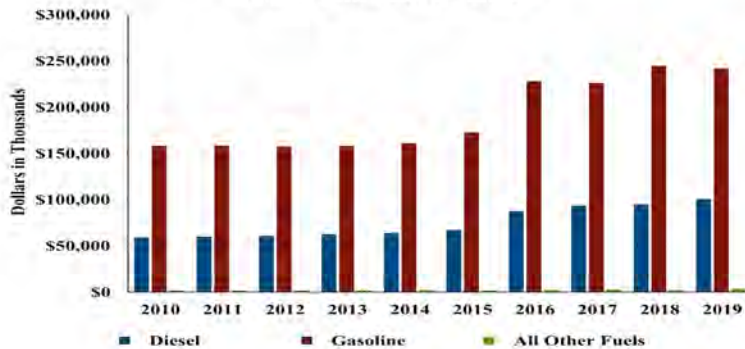
**Personal Income Tax Liabilities by Income Level
Calendar Years 2008-2017**



**Corporate Income Tax Liabilities
Tax Years 2008 - 2017**



**Vehicle Fuel Tax Liabilities
Fiscal Years 2010 - 2019**



State of Idaho

Schedule 8 - Outstanding Debt Ratios

Fiscal Years 2010-2019

(dollars in thousands, except per capita amount)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	
Governmental Activities										
Revenue Bonds ¹	\$ 257,088	\$ 233,246	\$ 207,106	\$ 197,624	\$ 170,640	\$ 150,379	\$ 146,516	\$ 136,844	\$ 356,334	\$ 388,896
Capital Leases	33,229	32,761	28,967	27,394	25,862	24,319	17,462	16,419	15,594	19,433
Notes Payable ²	375,344	480,064	524,813	554,892	595,362	621,767	595,116	564,331	524,263	496,460
Total Governmental Activities	\$ 665,661	\$ 746,071	\$ 760,886	\$ 779,910	\$ 791,864	\$ 796,465	\$ 759,094	\$ 717,594	\$ 896,191	\$ 904,789
Business-Type Activities										
Revenue Bonds ³	\$ 473,667	\$ 457,631	\$ 457,113	\$ 464,334	\$ 445,651	\$ 477,546	\$ 462,572	\$ 474,094	\$ 472,714	\$ 448,905
Capital Leases ⁴	2,845	2,353	2,316	1,663	1,158	780	4,995	4,148	302	328
Notes Payable ⁵	216,183	214,144	204,745	156,449	105,919	55,117	2,157	73	64	65
Total Business-Type Activities	\$ 692,695	\$ 674,128	\$ 664,174	\$ 622,446	\$ 552,728	\$ 533,443	\$ 469,724	\$ 478,315	\$ 473,080	\$ 449,298
Total Primary Government	\$ 1,358,356	\$ 1,420,199	\$ 1,425,060	\$ 1,402,356	\$ 1,344,592	\$ 1,329,908	\$ 1,228,818	\$ 1,195,909	\$ 1,369,271	\$ 1,354,087
Debt as a Percentage of Personal Income⁶	2.7%	2.7%	2.5%	2.4%	2.2%	2.0%	1.8%	1.7%	1.8%	1.7%
Amount of Debt Per Capita⁶	\$ 864.8	\$ 896.7	\$ 893.2	\$ 870.2	\$ 824.1	\$ 805.3	\$ 730.2	\$ 695.7	\$ 780.6	\$ 758.5

Note: The Idaho Constitution Article VIII Section 1 amended in 1998 specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 13 to the financial statements.

¹ In FY2018 and FY2019 the Idaho State Building Authority issued revenue bonds for the State to acquire the HP Campus in Boise to be used by the State, for the Idaho State Board of Education to design and construct new facilities in Idaho Falls for research and related uses by the Idaho National Laboratory in collaboration with Idaho universities and colleges, and other parties, and for the Department of Health and Welfare to design and construct a new skilled nursing facility on the campus of Idaho's State Hospital South in Blackfoot.

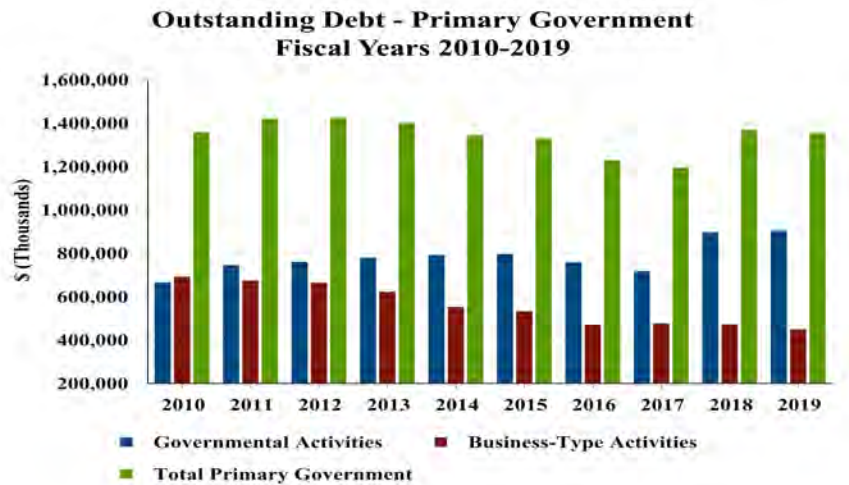
² From FY2010-FY2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association for road and infrastructure improvements.

³ From FY2010-FY2018 the colleges and universities issued revenue bonds for various projects.

⁴ In FY2016 the increase in capital leases is primarily due to Boise State University entering into two new capital lease agreements with the Boise State University Foundation.

⁵ From FY2012-FY2017 the changes in notes payable resulted from repayment of loans from the Idaho Housing and Financing Association.

⁶ These ratios are calculated using personal income and population for the current calendar year. See Schedule 11 for personal income and population data.



Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2010-2019

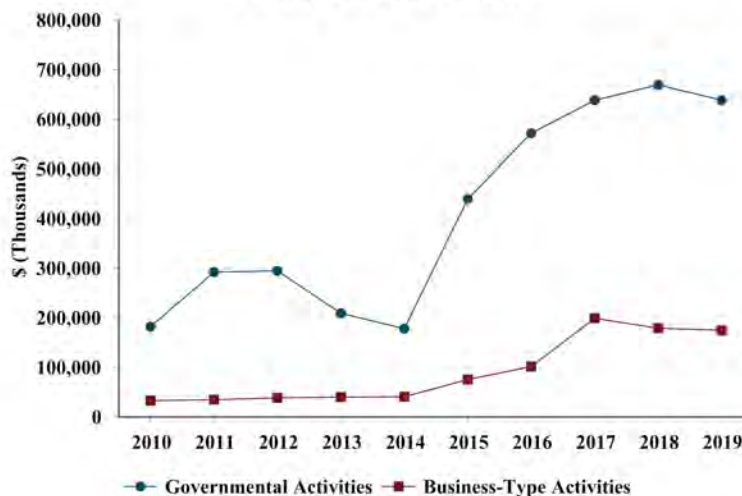
(dollars in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	
Governmental Activities										
Compensated Absences	\$ 51,996	\$ 61,095	\$ 62,775	\$ 56,470	\$ 49,466	\$ 49,874	\$ 54,058	\$ 55,172	\$ 57,321	\$ 55,756
Policy Claim Liabilities	16,956	13,869	15,450	17,963	14,305	11,304	10,804	11,138	15,213	19,382
Claims and Judgments ^{1,2}	79,970	180,773	178,173	96,324	69,495	170,841	169,115	72,812	195,016	204,262
Net Pension Obligation ^{3,6}	11,140	12,508	13,596	13,989	14,271					
Net Pension Liability ⁴						176,577	306,439	452,474	357,313	325,734
Net OPEB Obligation	22,169	23,851	24,720	24,520	24,491	25,458	25,917			
Total OPEB Liability								43,185	42,103	33,446
Other Long-Term Liabilities					6,114	5,468	5,633	3,756	2,400	0
Total Governmental Activities	\$ 182,231	\$ 292,096	\$ 294,714	\$ 209,266	\$ 178,142	\$ 439,522	\$ 571,966	\$ 638,537	\$ 669,366	\$ 638,580
Business-Type Activities										
Compensated Absences	\$ 20,882	\$ 21,041	\$ 22,648	\$ 22,239	\$ 20,844	\$ 21,640	\$ 21,373	\$ 22,670	\$ 23,616	\$ 24,143
Claims and Judgments ²	1									
Net Pension Liability ⁴						31,898	56,602	85,399	65,526	59,160
Net OPEB Obligation	11,267	13,707	15,513	17,143	18,847	20,982	22,973			
Total OPEB Liability ⁷								55,643	55,838	52,150
Net OPEB Liability - U of I ⁷								34,737	33,336	30,891
Voluntary Termination Benefits ⁵	894									
Other Long-Term Liabilities	124	416	633	968	1309	1139	928	785	596	8625
Total Business-Type Activities	\$ 33,168	\$ 35,164	\$ 38,794	\$ 40,350	\$ 41,000	\$ 75,659	\$ 101,876	\$ 199,234	\$ 178,912	\$ 174,969
Total Primary Government	\$ 215,399	\$ 327,260	\$ 333,508	\$ 249,616	\$ 219,142	\$ 515,181	\$ 673,842	\$ 837,771	\$ 848,278	\$ 813,549

Note: Details regarding the liabilities listed above can be found in Note 13 to the financial statements.

- ¹ Changes between fiscal year (FY) 2010-FY2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.
- ² Claims and judgments include arbitrage liabilities for FY2010-FY2015. Decrease to claims and judgments resulted from a decrease in Medicaid claims, and between FY2016 and FY2017 there was a timing difference of Medicaid payments. In FY2015 there was an increase due to a change in calculation method by the Department of Health and Welfare.
- ³ In FY2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.
- ⁴ Net pension liability was not required to be reported prior to FY2015.
- ⁵ In FY2010 the University of Idaho established a voluntary Exit Incentive Program for eligible employees to leave University employment with an economic incentive.
- ⁶ Due to the implementation of GASB Statement No. 68 in FY2015, the net pension obligation was removed and a net pension liability recorded.
- ⁷ Due to the implementation of GASB Statement No. 75 in FY2018, the net OPEB obligation was removed and a total and net OPEB liability recorded.

Other Long-Term Liabilities - Primary Government
Fiscal Years 2010-2019



Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2010-2019

(dollars in thousands)

	2010	2011	2012	2013	2014	2015
Governmental Activities						
Notes Payable - Idaho Transportation Department¹						
Revenue:						
Federal Highway Grants ²	\$ 355,288	\$ 399,049	\$ 334,747	\$ 292,619	\$ 294,620	\$ 324,598
State Funds	3,255	3,509	3,829	4,033	4,329	4,598
Available Revenue	\$ 358,543	\$ 402,558	\$ 338,576	\$ 296,652	\$ 298,949	\$ 329,196
Debt Service:						
Principal	\$ 8,176	\$ 20,936	\$ 19,957	\$ 21,975	\$ 24,203	\$ 27,180
Interest	\$ 19,074	\$ 25,862	\$ 26,836	\$ 28,188	\$ 28,417	\$ 30,740
Coverage	13.2	8.6	7.2	5.9	5.7	5.7
Business-Type Activities						
Revenue Bonds - Colleges and Universities						
Revenue:						
Student Fees Pledged	\$ 212,768	\$ 236,690	\$ 257,850	\$ 268,014	\$ 276,964	\$ 295,818
Sale of Goods and Services Pledged	91,258	84,978	90,136	93,356	89,031	94,327
Other Income Pledged ³	22,641	36,803	35,990	35,828	38,158	45,505
Less: Operating Expenses	(61,226)	(61,342)	(65,802)	(69,901)	(69,339)	(66,212)
Net Available Revenue	\$ 265,441	\$ 297,129	\$ 318,174	\$ 327,297	\$ 334,814	\$ 369,438
Debt Service:						
Principal	\$ 13,190	\$ 15,085	\$ 14,090	\$ 16,585	\$ 16,714	\$ 17,704
Interest	\$ 20,339	\$ 20,243	\$ 21,524	\$ 19,440	\$ 20,018	\$ 18,836
Coverage	7.9	8.4	8.9	9.1	9.1	10.1
Revenue Bonds - Idaho Water Resources Board^{6,7}						
Revenue:						
Sale of Goods and Services	\$ 983	\$ 990	\$ 1,059	\$ 993	\$ 983	\$ 1,261
Less: Operating Expenses	(117)	(124)	(136)	(161)	(123)	(214)
Net Available Revenue	\$ 866	\$ 866	\$ 923	\$ 832	\$ 860	\$ 1,047
Debt Service:						
Principal	\$ 340	\$ 360	\$ 380	\$ 400	\$ 425	\$ 450
Interest	\$ 259	\$ 240	\$ 220	\$ 198	\$ 175	\$ 151
Coverage	1.4	1.4	1.5	1.4	1.4	1.7
Notes Payable - Colleges and Universities⁴						
Revenue:						
Student Fees Pledged	\$ 142	\$ 169	\$ 1,001	\$ 1,062	\$ 1,108	\$ 1,085
Housing Fees Pledged	445	430	429	441	469	468
Other Income Pledged		76	110	101	81	88
Less: Operating Expenses	(154)	(107)	(410)	(402)	(442)	(428)
Net Available Revenue	\$ 433	\$ 568	\$ 1,130	\$ 1,202	\$ 1,216	\$ 1,213
Debt Service:						
Principal ⁵	\$ 114	\$ 366	\$ 334	\$ 786	\$ 1,366	\$ 900
Interest	\$ 25	\$ 176	\$ 138	\$ 171	\$ 118	\$ 84
Coverage	3.1	1.0	2.4	1.3	0.8	1.2

Note: Details regarding the State's outstanding bonds can be found in Note 13 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

¹ For fiscal years (FY) 2010-2015 and 2019 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

² In FY2012 and FY2013 grants decreased due to the near-term completion of the American Recovery and Reinvestment Act stimulus program.

³ In FY2015 other pledged income increased due to an increase in student tuition and fees by the University of Idaho.

⁴ In FY2012 and FY2013 LCSC issued notes payable to refinance Student Fee Refunding Revenue Bonds. The LCSC issued notes payable were paid in full in FY2017.

⁵ In FY2013-2014 the increase resulted from LCSC's principal only payments.

⁶ The Series 2006 Refunding Bonds were paid in full in FY2016.

⁷ The Idaho Water Resources Board revenue bonds were paid in full in FY2017.

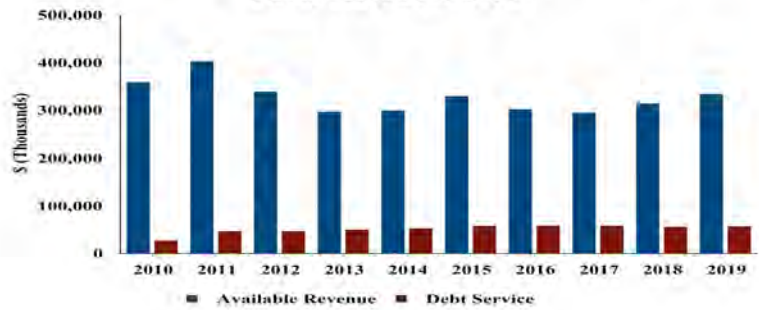
2016	2017	2018	2019
\$ 297,093	\$ 294,499	\$ 313,887	\$ 334,095
4,540			
<u>\$ 301,633</u>	<u>\$ 294,499</u>	<u>\$ 313,887</u>	<u>\$ 334,095</u>
\$ 29,186	\$ 30,365	\$ 31,061	\$ 32,559
\$ 29,207	\$ 27,810	\$ 24,955	\$ 24,392
5.2	5.1	5.6	5.9

\$ 301,659	\$ 305,823	\$ 321,224	\$ 342,944
88,135	88,847	78,686	82,971
45,051	49,951	54,682	53,563
(68,803)	(65,110)	(77,481)	(75,270)
<u>\$ 366,042</u>	<u>\$ 379,511</u>	<u>\$ 377,111</u>	<u>\$ 404,208</u>
\$ 20,682	\$ 18,002	\$ 18,109	\$ 20,135
\$ 16,450	\$ 19,852	\$ 20,329	\$ 20,338
9.9	10.0	9.8	10.0

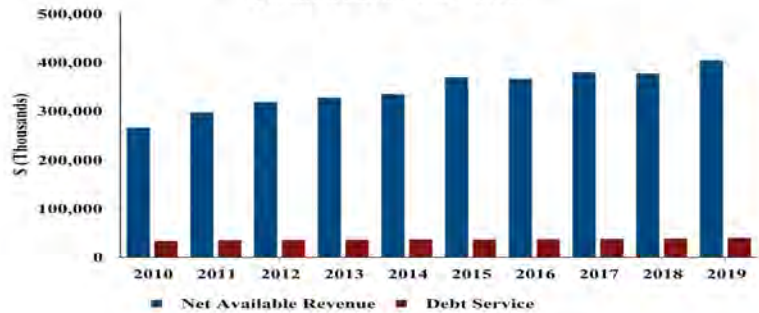
\$ 897			
(292)			
<u>\$ 605</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 2,065			
\$ 125			
0.3			
\$ 1,031			
489			
87			
(480)			
<u>\$ 1,127</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

\$ 1,284			
\$ 60			
0.8			

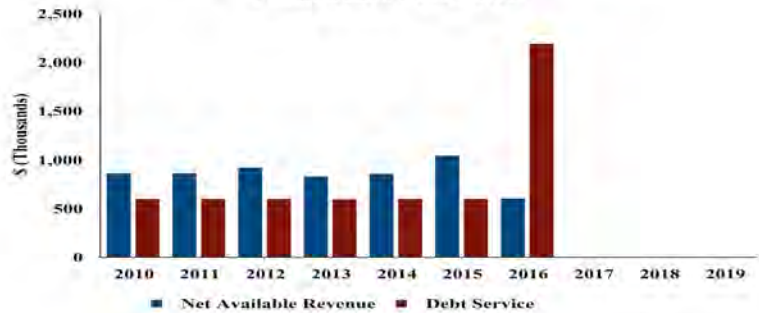
**Idaho Transportation Department, Notes Payable
Revenue and Debt Service
Fiscal Years 2010-2019**



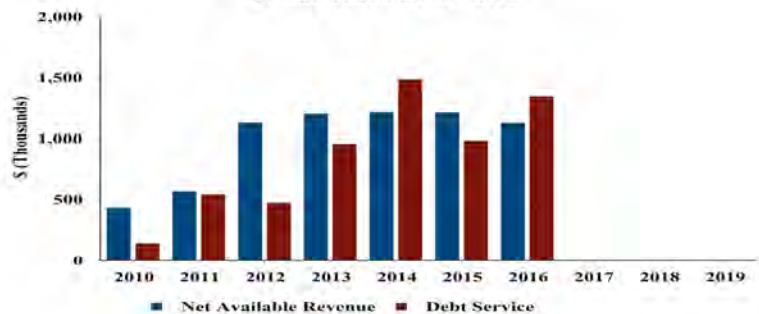
**Colleges and Universities, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2010-2019**



**Idaho Water Resources Board, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2010-2019**



**Colleges and Universities, Notes Payable
Revenue and Debt Service
Fiscal Years 2010-2019**



Schedule 11 - Demographic and Economic Indicators
Calendar Years 2010-2019

	2010	2011	2012	2013	2014	2015
Population						
Idaho (in thousands)	1,571	1,584	1,595	1,612	1,632	1,652
Change	1.1%	0.8%	0.7%	1.0%	1.2%	1.2%
National (in thousands)	310,072	312,315	314,530	316,698	319,008	321,317
Change	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
Total Personal Income ¹						
Idaho (in billions)	\$ 50	\$ 53	\$ 56	\$ 58	\$ 62	\$ 66
Change	3.5%	5.7%	5.8%	3.9%	6.0%	6.5%
National (in billions)	\$ 12,552	\$ 13,327	\$ 14,010	\$ 14,181	\$ 14,992	\$ 15,718
Change	4.1%	6.2%	5.1%	1.2%	5.7%	4.8%
Per Capita Personal Income						
Idaho	\$ 31,955	\$ 33,515	\$ 35,186	\$ 36,199	\$ 37,894	\$ 39,856
Change	2.5%	4.9%	5.0%	2.9%	4.7%	5.2%
National	\$ 40,479	\$ 42,670	\$ 44,542	\$ 44,777	\$ 46,993	\$ 48,916
Change	3.2%	5.4%	4.4%	0.5%	4.9%	4.1%
Median Age - Idaho ²						
	34.7	35.0	35.2	35.7	35.9	35.8
Educational Attainment ³						
8th Grade or Less	4.2%	4.5%	4.1%	4.3%	3.9%	3.7%
Some High School, No Diploma	7.5%	6.9%	6.1%	6.3%	6.0%	6.3%
High School Diploma	28.6%	27.5%	27.7%	27.4%	28.2%	27.5%
Some College, No Degree	27.0%	26.9%	27.6%	26.7%	27.6%	27.0%
Associate, Bachelor or Graduate Degree	32.7%	34.2%	34.5%	35.3%	34.4%	35.6%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	761,056	765,178	769,256	770,833	779,631	795,983
Employed	692,826	701,466	713,704	723,636	742,636	762,279
Unemployed	68,230	63,712	55,552	47,197	37,684	33,704
Unemployment Rate	9%	8.3%	7.2%	6.1%	4.8%	4.2%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	2,294	2,623	2,779	2,629	2,519	2,451
Logging and Wood Products	5,732	6,120	6,408	7,034	7,048	7,332
Computer and Electronics	10,574	11,191	11,625	11,266	11,425	11,899
Construction	31,297	30,361	31,432	33,644	35,863	38,263
Manufacturing-Durable Goods ⁴	14,805	15,281	16,080	17,462	17,587	18,260
Manufacturing-Nondurable Goods	23,261	23,364	24,019	25,256	25,531	26,123
Total Goods Producing Industries	87,963	88,940	92,343	97,291	99,973	104,328
Non-Goods Producing Industries						
Trade	99,639	100,623	103,623	106,155	108,415	111,725
Service	296,759	303,156	308,056	316,182	326,723	336,157
State and Local Government	104,900	104,563	104,576	104,991	105,852	106,621
Federal Government	13,691	12,654	12,640	12,411	12,337	12,583
Total Non-Goods Producing Industries	514,989	520,996	528,895	539,739	553,327	567,086
Total Nonfarm Wage and Salary Employment	602,952	609,936	621,238	637,030	653,300	671,414

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

Note: Amounts for calendar years 2017-2019 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

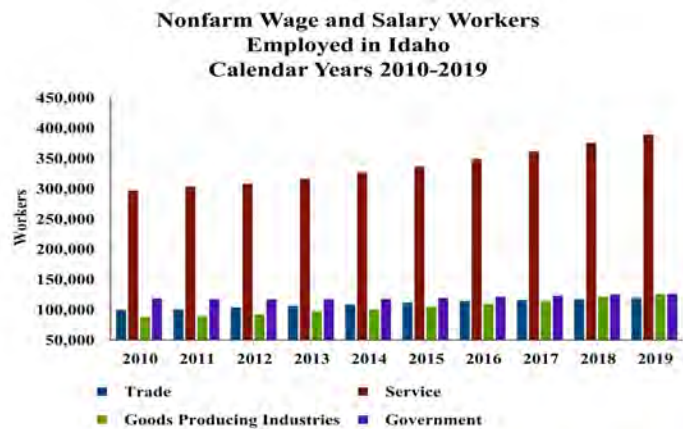
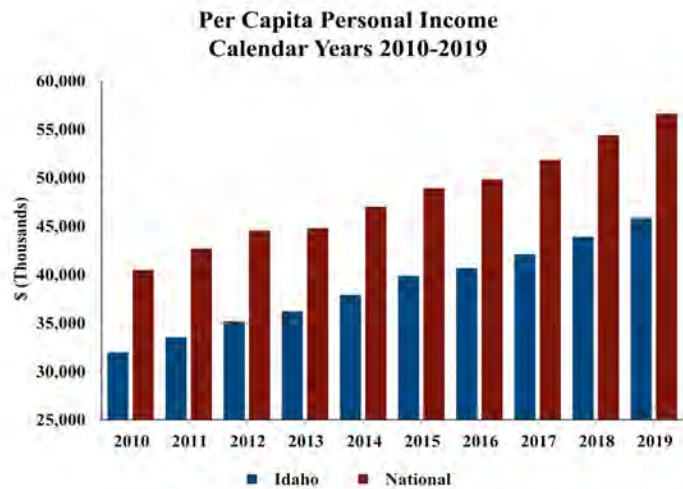
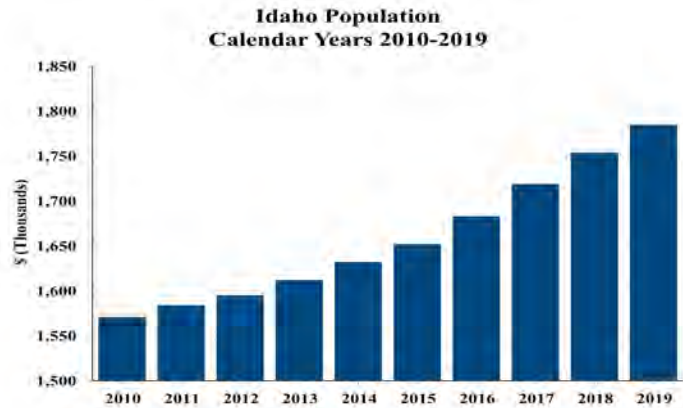
¹Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

²Median age data for Idaho is not currently available for calendar year 2019.

³Educational attainment information is not currently available for calendar year 2019.

⁴"Manufacturing-Durable Goods" amounts are net of "Logging and Wood Products" and "Computer and Electronics" amounts, which are presented separately in this schedule.

2016	2017	2018	2019
1,683	1,719	1,754	1,785
1.9%	2.1%	2.1%	1.8%
323,593	325,662	327,716	330,051
0.7%	0.6%	0.6%	0.7%
\$ 68	\$ 72	\$ 77	\$ 80
4.0%	5.7%	6.4%	6.3%
\$ 16,121	\$ 16,879	\$ 17,819	\$ 18,684
2.6%	4.7%	5.6%	4.9%
\$ 40,669	\$ 42,091	\$ 43,900	\$ 45,843
2.0%	3.5%	4.3%	4.4%
\$ 49,819	\$ 51,828	\$ 54,373	\$ 56,609
1.8%	4.0%	4.9%	4.1%
36.1	35.7	35.9	NA
3.2%	3.3%	3.6%	N/A
6.4%	5.9%	5.5%	N/A
27.9%	28.2%	27.8%	N/A
25.3%	26.3%	25.5%	N/A
37.2%	36.4%	37.6%	N/A
815,077	834,698	857,049	873,886
784,172	807,819	832,732	848,905
30,905	26,879	24,317	24,981
3.8%	3.2%	2.8%	2.9%
2,467	2,216	2,249	2,316
7,699	7,854	8,139	8,339
12,124	12,232	12,728	12,380
41,636	44,993	49,208	52,445
18,852	19,495	20,203	20,576
27,108	28,111	28,614	29,204
109,886	114,901	121,141	125,260
114,152	115,714	117,173	119,423
348,757	361,482	375,468	389,186
108,301	110,128	111,820	112,949
12,832	12,974	13,078	13,384
584,042	600,298	617,539	634,942
693,928	715,199	738,680	760,202



State of Idaho

**Schedule 12 - Principal Employers
Current Year and Nine Years Ago**

Major Idaho Employers	As of June 30, 2010			As of June 30, 2019		
	Number of Employees	Rank	Percent of Total State Employment	Number of Employees	Rank	Percent of Total State Employment
State of Idaho ¹	18,500-19,000	1	2.7	30,200-30,299	1	3.5
Federal Government	13,000-13,500	2	1.9	13,100-13,199	2	1.5
St Luke's Health System	7,500-8,000	3	1.1	13,500-13,599	3	1.6
Walmart	6,500-7,000	4	1.0	8,100-8,199	4	0.9
Micron Technology, Inc.	5,500-6,000	5	0.8	6,500-6,599	5	0.8
Brigham Young University -Idaho	3,500-4,000	10	0.5	5,400-5,499	6	0.6
St Alphonsus Regional Medical Center				5,400-5,499	7	0.6
West Ada School District #2	4,500-5,000	6	0.7	4,600-4,699	8	0.5
Albertsons	4,000-4,500	7	0.6	4,400-4,499	9	0.5
Battelle Energy Alliance	3,500-4,000	8	0.5	4,400-4,499	10	0.5
Independent School District of Boise City	3,500-4,000	9	0.5			
Total	72,500		10.3	96,100		11.0

Source: Idaho Department of Labor, except state employee data, which comes from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

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

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2009/2010-2018/2019

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Elementary	154,333	153,262	154,671	156,715	157,554	161,015	162,131	163,519	164,180	166,060
Secondary	124,189	125,193	126,094	127,526	128,651	130,007	132,340	135,268	138,289	141,168
Total All Grades	278,522	278,455	280,765	284,241	286,205	291,022	294,471	298,787	302,469	307,228

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount¹ (Calendar Years 2010-2019)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Boise State University	19,993	19,664	22,638	21,981	22,239	22,086	23,854	24,121	25,504	26,216
Idaho State University	12,595	12,587	13,860	13,351	13,455	13,032	12,928	12,505	12,372	12,425
University of Idaho	12,302	12,312	12,493	11,884	11,534	11,372	11,780	12,072	11,841	11,926
Lewis-Clark State College	3,822	3,761	3,830	3,585	3,616	3,635	3,909	3,733	3,677	3,748
Eastern Idaho Technical College (EITC) ²	862	829	709	725	686	687	676	809	1,384	
Total Colleges and Universities	49,574	49,153	53,530	51,526	51,530	50,812	53,147	53,240	54,778	54,315

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

¹Figures are based on fall enrollment numbers for each year.

²In FY19 EITC became a community college (College of Eastern Idaho) and is no longer a state entity.

State of Idaho

Schedule 14 - State Employees by Function

Fiscal Years 2010-2019

Full-Time Employees

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Tax Commission	368	373	406	426	425	425	422	436	428	429
Department of Administration	139	141	137	136	137	136	128	132	109	111
All Other	1,133	1,098	1,058	1,091	1,127	1,139	1,132	1,171	1,207	1,255
Public Safety and Correction										
Department of Correction	1,543	1,529	1,517	1,550	1,544	1,879	1,928	1,897	1,840	1,877
Idaho State Police	465	452	458	479	480	488	490	518	514	535
Department of Juvenile Corrections	381	382	387	384	387	398	391	405	398	400
All Other	327	362	354	373	566	417	428	421	437	440
Health and Human Services										
Department of Health and Welfare	2,887	2,642	2,606	2,611	2,647	2,614	2,650	2,648	2,668	2,670
Education										
Colleges and Universities	6,242	6,093	6,436	6,548	6,721	6,842	6,984	7,396	7,318	7,342
All Other	469	473	361	371	376	362	384	401	401	401
Economic Development										
Idaho Transportation Department	1,772	1,742	1,714	1,683	1,642	1,581	1,516	1,479	1,550	1,559
Department of Labor	506	532	514	547	547	539	497	477	459	459
Department of Agriculture	279	245	249	253	261	257	269	272	293	297
All Other	909	981	966	992	990	999	1,011	1,078	1,092	1,094
Natural Resources										
Department of Environmental Quality	340	328	331	332	328	322	329	337	353	353
Department of Fish and Game	504	535	545	534	534	533	530	528	547	546
Department of Lands	235	227	231	239	238	253	252	269	276	276
Department of Parks and Recreation	147	131	132	136	132	135	135	135	139	136
All Other	182	174	171	167	162	159	161	174	172	174
State Total	18,828	18,440	18,573	18,852	19,244	19,478	19,637	20,174	20,201	20,354

Part-Time and Temporary Employees¹

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	385	362	388	342	349	323	440	420	368	392
Public Safety and Correction	159	174	202	178	203	206	162	173	179	171
Health and Human Services	286	256	229	257	243	253	255	263	258	266
Education	2,532	2,509	2,587	2,655	2,514	2,441	2,578	2,742	2,377	2,176
Economic Development	838	884	774	732	705	643	632	647	548	507
Natural Resources ²	518	440	433	431	465	477	476	888	581	430
State Total	4,718	4,625	4,613	4,595	4,479	4,343	4,543	5,133	4,311	3,942

Source: Office of the Idaho State Controller.

¹ Part-time and temporary employees are those working less than full-time, including board and commission members.

² The increase in the hiring of part-time and temporary employees in fiscal year 2017 is primarily due to the Department of Lands receiving additional appropriation to add needed fire fighting positions in response to the 2015 fire season. Also, the Department of Fish and Game hired more seasonal workers during the peak visitation period to serve the more than five million annual visitors to the State Parks.

Schedule 15 - Operating Indicators by Function
Fiscal/Calendar Years 2010-2019

	2010	2011	2012	2013	2014	2015
General Government						
Tax Commission						
Number of Returns Filed (<i>in thousands</i>)	2,226	2,260	2,316	2,350	2,390	2,415
Number of Returns Filed Electronically (<i>in thousands</i>)	492	543	568	587	616	695
Department of Administration						
Construction Projects Administered	431	399	345	293	296	311
Employees Covered by Benefit Plans	19,343	18,942	19,018	19,247	19,592	19,831
Public Safety and Correction						
Department of Correction¹						
Incarcerated Offenders	7,504	7,578	8,097	8,221	8,120	8,157
Supervised Offenders	13,902	14,595	14,530	14,705	15,433	15,970
Idaho State Police						
Drug Related Arrests ²	982	1,021	1,454	1,411	1,559	1,456
DUI Arrests ²	2,441	2,003	1,845	1,659	1,304	1,197
All Other Arrests ²	1,163	1,262	1,145	1,101	1,071	876
Department of Juvenile Corrections						
Number of Juveniles in the System	568	529	553	550	498	467
Rate of Recombitment to DJC Custody	17.0%	15.0%	12.0%	18.2%	13.0%	14.0%
Health and Human Services						
Department of Health and Welfare¹						
Medicaid Enrollees	209,126	227,991	238,165	247,151	261,639	289,303
Percent of Population	13.3%	14.4%	14.9%	15.3%	16.0%	17.5%
Food Stamp Recipients	179,074	223,370	235,502	229,586	217,553	201,094
Percent of Population	11.4%	14.1%	14.8%	14.2%	13.3%	12.2%
Education						
Colleges and Universities¹						
Enrollment	49,574	49,153	53,530	51,526	51,530	50,812
Number of Certificates and Degrees Awarded	8,760	9,306	9,980	10,382	10,356	10,518
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient ¹	18.0%	16.0%	13.0%	14.0%	14.0%	14.0%
Vehicles Weighed (<i>in thousands</i>)	2,400	2,400	2,314	2,281	2,433	2,514
Department of Labor						
Individuals Registered for Employment ^{5,6}	334,896	331,449	301,338	277,111	255,891	200,771
Job Openings Received	47,956	69,323	57,189	80,283	101,897	107,353
Department of Agriculture						
Conduct Disease Tests on Animals ³	362,905	676,604	100,454	110,944	105,090	99,276
Inspections of Dairy Farms	6,932	7,653	8,024	8,786	8,854	8,688
Natural Resources						
Department of Environmental Quality						
Air Quality Sites Monitored	41	43	39	40	40	40
Water Sites Monitored	128	101	237	237	290	231
Department of Fish and Game						
Citations and Warnings Issued	4,799	4,053	4,175	3,480	4,868	4,348
Hatchery Fish Raised (<i>in thousands</i>) ²	27,085	32,351	23,007	23,837	35,253	30,774
Hunting and Fishing Licenses Sold ²	548,949	523,698	573,714	566,460	576,063	600,328
Department of Lands¹						
Forest Products Harvested (<i>in million board feet</i>)	212	273	287	290	274	222
Fires Responded to on IDL Land	183	249	187	322	351	321
Department of Parks and Recreation						
Park Visitation (<i>in thousands</i>) ^{1, 2, 4}	4,389	4,783	4,638	4,777	4,821	4,465
Recreational Registrations (<i>in thousands</i>) ⁴	272	268	262	275	270	277

Sources: Idaho Division of Financial Management, Idaho State Tax Commission, Office of the Idaho State Controller, Idaho State Police, Idaho State Board of Education, Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Environmental Quality, Fish and Game, Lands, and Parks and Recreation

Note: Operating indicators for fiscal years (FY) 2018 and FY2019 are estimates unless otherwise noted below

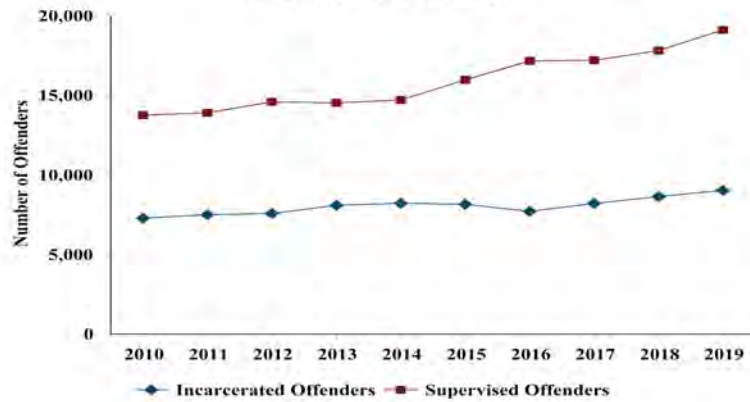
¹ Operating indicators for FY2019 are actual amounts, not estimates.

² Operating indicators are reported on a calendar year basis.

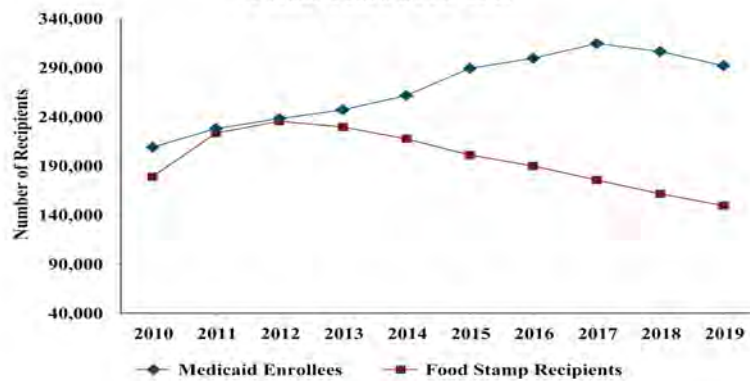
³ In FY2011 and FY2012 the increase and decrease in disease testing on animals is attributed to brucellosis testing.

2016	2017	2018	2019
2,484	2,531	2,680	2,844
731	764	797	831
366	359	428	473
20,019	20,549	20,557	20,768
7,715	8,212	8,645	9,030
17,162	17,205	17,814	19,115
1,389	1,948	2,098	2,224
1,089	1,316	1,410	1,518
702	710	826	911
433	444	447	421
14.0%	15.0%	14.0%	16.0%
299,611	314,584	306,459	291,990
17.8%	18.3%	17.5%	16.4%
189,910	175,644	161,694	149,537
11.3%	10.2%	9.2%	8.4%
53,147	53,240	54,778	54,315
10,648	10,983	11,386	11,341
16.0%	15.0%	12.0%	9.3%
2,078	3,108	3,452	2,947
121,672	84,933	75,310	61,431
279,856	165,004	178,129	197,022
102,251	132,236	432,002	480,418
8,419	7,378	7,535	7,518
39	39	35	35
284	230	264	260
2,635	3,387	3,752	4,060
33,573	33,853	30,042	29,011
584,871	569,563	588,632	593,782
201	173	179	NA
168	213	259	NA
4,819	5,426	5,726	NA
288	282	290	NA

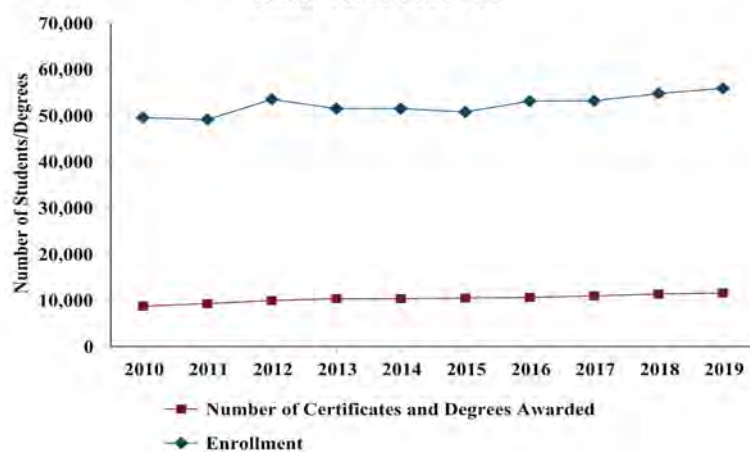
**Department of Correction - Adult Offenders
Fiscal Years 2010-2019**



**Department of Health and Welfare
Medicaid Enrollees and Food Stamp Recipients
Fiscal Years 2010-2019**



**Colleges and Universities - Enrollment and Degrees Awarded
Fiscal Years 2010-2019**



⁴Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

⁵In FY2016, the increase in job openings is due to an improving Idaho economy. A substantial decrease in unemployment has contributed to a decrease in the number of individuals registered for employment.

⁶A new federal program was implemented in federal fiscal year 2016 which significantly changed the way the department reports Employment Service (ES) job seekers. The department now divides ES job seekers into two groups, those that use self-services (reportable individuals) and those receiving staff assisted services (participants). For FY2018 and FY2019, the count shown is the assumed total of the two groups.

State of Idaho

Schedule 16 - Capital Assets by Function
Fiscal Years 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Department of Administration										
Buildings (square footage in thousands) ¹	728	728	728	728	719	754	754	754	754	754
Public Safety and Correction										
Department of Correction										
Buildings	101	104	105	80	84	87	84	80	83	84
Vehicles	359	367	384	401	394	402	457	455	477	491
Idaho State Police										
Vehicles ²	431	459	419	430	466	493	497	514	538	574
Machinery and Equipment ²	810	915	857	886	1084	1,138	1,210	1,288	1,312	1,677
Department of Juvenile Corrections										
Buildings (square footage in thousands)	239	239	242	224	224	224	242	244	244	244
Vehicles	56	56	54	56	60	56	62	64	60	60
Health and Human Services										
Department of Health and Welfare										
Buildings (square footage in thousands) ³	1705	1,700	1,698	1,715	1,726	1,487	1,487	1,463	1,463	1,260
Vehicles	501	485	480	431	494	501	492	487	498	506
Education										
Colleges and Universities										
Buildings (square footage in thousands)	13,931	14,198	15,024	15,098	15,161	15,117	15,252	15,382	15,414	15,311
Economic Development										
Idaho Transportation Department										
Highway Lane Miles ⁴	11,989	11,998	12,222	12,222	12,236	12,269	12,271	12,274	12,273	12,273
Vehicles ⁵	848	823	841	823	766	748	680	705	712	705
Heavy Equipment ⁵	1,536	1,532	1,543	1,407	1,192	1,098	898	838	836	872
Department of Agriculture										
Scientific and Laboratory Equipment ⁶	165	153	160	152	156	100	106	112	114	112
Vehicles ⁶	196	177	195	203	223	206	210	237	237	237
Natural Resources										
Department of Environmental Quality										
Air Monitoring Instruments ⁶	167	171	196	185	185	156	148	158	165	177
Water Sampling/Quality Equipment ⁶	78	78	80	81	81	27	29	33	39	43
Department of Fish and Game										
Hatcheries	23	23	23	23	23	23	23	22	22	23
Vehicles	636	638	665	682	704	707	702	730	768	751
Boats ⁶	281	280	279	287	284	84	83	82	85	86
Wildlife Management Areas	32	32	32	32	32	32	32	31	31	31
Department of Lands										
Acres of Land (in thousands) ⁴	2,446	2,449	2,448	2,448	2,442	2,442	2,442	2,442	2,445	2,445
Vehicles	356	343	362	359	371	375	412	415	422	435
Department of Parks and Recreation										
State Parks	30	30	30	30	30	30	30	30	30	30
Acres of State Park Land (in thousands) ⁷	60	60	60	60	60	60	60	60	60	60
Buildings	351	349	365	368	372	348	356	364	366	372
Vehicles	329	320	313	327	318	314	317	322	321	337

Sources: Office of the Idaho State Controller, Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Environmental Quality, Fish and Game, Lands, Parks and Recreation, and Idaho colleges and universities.

Note: The Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital-asset intensive

Note: In fiscal year (FY) 2015 a change in methodology for calculating capital assets resulted in a variance from FY2014

¹ In FY2015, a new 35,000 square foot parking garage was built in Boise to provide additional parking for state employees.

² In FY2014-2019, Idaho State Police ordered more vehicles and related equipment than in prior years.

³ Beginning in FY2010, leased buildings are included.

⁴ Highway lane miles and acres of land for FY2019 are based on estimates.

⁵ Idaho Department of Transportation (ITD) vehicles and heavy equipment have been restated for FY2008-2013. During FY2014 ITD actively reduced the amount of heavy equipment.

⁶ For FY2015-2019, assets under \$5,000 are not included in capital assets.

⁷ Includes land under water.



Schedule 17 - Assets, Liabilities, and Fund Balances

General Fund Accounts

June 30, 2019

(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	\$ 2				
Pooled Cash and Investments	112,108	\$ 40,968	\$ 377,505	\$ 62,296	\$ 128,015
Investments		103,687			38
Accounts Receivable, Net	247	58		12,500	
Taxes Receivable, Net	398,278	2,765			359
Interfund Receivables	11,952	10,073			22
Inventories and Prepaid Items	3,664			280	57
Loans, Notes, and Pledges Receivable, Net					
Other Assets	157	466	177	315	60
Restricted Assets:					
Cash and Cash Equivalents				37	
Investments				343,662	
Total Assets	\$ 526,408	\$ 158,017	\$ 377,682	\$ 419,090	\$ 128,551
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 18,828			\$ 532	\$ 252
Payroll and Related Liabilities	13,614	\$ 83		4	13
Interfund Payables	124			9	952
Due to Other Entities					
Unearned Revenue		12,410			
Amounts Held in Trust for Others	2,254				
Other Accrued Liabilities	420	3,553	\$ 10	2	3
Total Liabilities	35,240	16,046	10	547	1,220
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	102,286	193		12,607	20
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	3,664			280	57
Noncurrent Receivables					
Restricted				359,721	
Committed		141,778			127,254
Assigned	5,508		40		
Unassigned	379,710		377,632	45,935	
Total Fund Balances	388,882	141,778	377,672	405,936	127,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 526,408	\$ 158,017	\$ 377,682	\$ 419,090	\$ 128,551

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
					\$ 1,192	\$ 1,194
\$ 58,479	\$ 2,259	\$ 10,193	\$ 3,417	\$ 32,437	233,306	1,060,983
					20,990	124,715
				17,033	1,422	31,260
23,279	59,234				555	484,470
					123	22,170
				8,331	6,409	18,741
					665	665
					220	1,395
7,284					1,517	8,838
					1,469	345,131
\$ 89,042	\$ 61,493	\$ 10,193	\$ 3,417	\$ 57,801	\$ 267,868	\$ 2,099,562
	\$ 91			\$ 217	\$ 4,434	\$ 24,354
			\$ 108	235	1,224	15,281
						1,085
\$ 58,625						58,625
					200	12,610
					9,027	11,281
					87	4,075
58,625	91	0	108	452	14,972	127,311
1,931	21,797			13,251	32	152,117
				8,331	6,409	18,741
					50	50
28,486	39,605				4,916	432,728
		\$ 10,193			205,709	484,934
			3,309	35,767	35,780	80,404
						803,277
28,486	39,605	10,193	3,309	44,098	252,864	1,820,134
\$ 89,042	\$ 61,493	\$ 10,193	\$ 3,417	\$ 57,801	\$ 267,868	\$ 2,099,562

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances

General Fund Accounts

For the Fiscal Year Ended June 30, 2019

(dollars in thousands)

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	\$ 1,589,030	\$ 5,000			
Individual and Corporate Taxes	1,892,368	8,097			\$ 414
Other Taxes	33,061	6,444		\$ 30	4,300
Licenses, Permits, and Fees	12,961				1,123
Sale of Goods and Services	53	275			3,623
Grants and Contributions	47		\$ 1		21
Investment Income	26,870	13,817	3,334	14,541	6,649
Tobacco Settlement				21,014	
Other Income	298	15	(451)		(92)
Total Revenues	3,554,688	33,648	2,884	35,585	16,038
EXPENDITURES					
Current:					
General Government	111,349	9,576	(818)	251	67
Public Safety and Correction	348,168		93	2,392	2,356
Health and Human Services				7,424	6,246
Education	161,896				1,846,502
Economic Development	30,315				857
Natural Resources	22,413				
Capital Outlay	16,199	35,761	393	5	1,071
Intergovernmental Revenue Sharing	29,648			23	
Debt Service:					
Principal Retirement	1,442				
Interest and Other Charges	22,335				
Total Expenditures	743,765	45,337	(332)	10,095	1,857,099
Revenues Over (Under) Expenditures	2,810,923	(11,689)	3,216	25,490	(1,841,061)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	3,837				
Sale of Capital Assets	254	1			7
Transfers In	3,779,420	94,458	62,725	29,068	2,008,466
Transfers Out	(6,687,455)	(28,048)	(40,807)	(29,068)	(138,954)
Total Other Financing Sources (Uses)	(2,903,944)	66,411	21,918	0	1,869,519
Net Change in Fund Balances	(93,021)	54,722	25,134	25,490	28,458
Fund Balances - Beginning of Year	481,903	87,056	352,538	380,446	98,853
Fund Balances - End of Year	\$ 388,882	\$ 141,778	\$ 377,672	\$ 405,936	\$ 127,311

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
\$ 270,104	\$ 5,766				\$ 5,992		\$ 1,875,892
	96,904				4,131		2,001,914
	12,874				5,961		62,670
		\$ 59		\$ 94	19,378		33,615
				28	23,567		27,546
					23,336		23,405
		379			6,829		72,419
							21,014
		3,517		11,552	41,927		56,766
270,104	115,544	3,955		11,674	131,121		4,175,241
			\$ 7,890	34	20,481		148,830
					9,491		362,500
		17,710			7,336		38,716
					49,961		2,058,359
				128	20,387		51,687
				26,295	19,650		68,358
					24,075		77,504
270,357	414				47,059		347,501
							1,442
							22,335
270,357	414	17,710	7,890	26,457	198,440		3,177,232
(253)	115,130	(13,755)	(7,890)	(14,783)	(67,319)		998,009
							3,837
					415		677
		12,000	6,755	167	193,622	\$ (5,921,179)	265,502
	(102,399)				(87,865)	5,921,179	(1,193,417)
0	(102,399)	12,000	6,755	167	106,172	0	(923,401)
(253)	12,731	(1,755)	(1,135)	(14,616)	38,853		74,608
28,739	26,874	11,948	4,444	58,714	214,011		1,745,526
\$ 28,486	\$ 39,605	\$ 10,193	\$ 3,309	\$ 44,098	\$ 252,864	\$ 0	\$ 1,820,134

Schedule 19 - Miscellaneous Statistics

State Facts

State Capital	Boise
Admitted to the Union	July 3, 1890
Nickname	The Gem State
Motto	Esto Perpetua (Let It Be Perpetual)
Population	1,785,000
Highest Elevation Point	Mt. Borah 12,662 Feet Above Sea Level
Lowest Elevation Point	Snake River at Lewiston 710 Feet Above Sea Level
Number of Lakes	More Than 2,000
State Bird	Mountain Bluebird
State Dance	Square Dance
State Fish	Cutthroat Trout
State Flower	Syringa
State Fossil	Hagerman Horse
State Fruit	Huckleberry
State Gem Stone	Idaho Star Garnet
State Horse	Appaloosa
State Insect	Monarch Butterfly
State Raptor	Peregrine Falcon
State Amphibian	Idaho Giant Salamander
State Song	"Here We Have Idaho"
State Tree	Western White Pine
State Vegetable	Potato

Source: Idaho Blue Book, 2019-2020
Idaho Fiscal Facts, 2019
Idaho Economic Forecast, Oct. 2018

Land Area and Use
(in square miles)

Land Area	83,569
Water Area	880
Federal Land	52,535
Total Non-Federal Land	31,034
Total Rural Land	79,391
Agricultural Land	12,535
Range Land	34,263
Forest Land	32,592

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 2019-2020
Idaho Fiscal Facts, 2019

Twenty Largest Communities in Idaho

	2010	2019
Boise	205,707	228,790
Meridian	68,516	106,804
Nampa	81,241	96,252
Idaho Falls	55,312	61,535
Caldwell	43,281	56,541
Pocatello	55,076	56,266
Coeur d'Alene	43,805	51,303
Twin Falls	42,741	49,764
Post Falls	26,909	34,691
Lewiston	31,887	32,817
Rexburg	28,856	28,687
Eagle	19,668	28,363
Moscow	24,338	25,766
Kuna	13,909	20,746
Ammon	13,942	16,475
Chubbuck	12,483	15,316
Hayden	13,190	15,166
Mountain Home	12,266	14,451
Blackfoot	11,153	11,946
Garden City	11,891	11,911

Source: Idaho Fiscal Facts, 2010 & 2019

Idaho Commodity Rankings

Commodity	U.S. Rank	U.S. %
Potatoes	1	34
Austrian Winter Peas	1	43
Barley	1	34
Alfalfa Hay	2	8
Sugar beets	2	18
Peppermint	2	29
Wrinkled Seed Peas	2	30
Hops	2	13
Lentils	4	4
Spring Wheat	4	8
Dry Edible Beans	5	8
Dry Edible Peas	6	2
Canola	7	1
Winter Wheat	7	4
All Hay	8	4

Source: Idaho Agriculture Facts, 2018

Bear Lake State Park



On the back: City of Rocks State Park



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